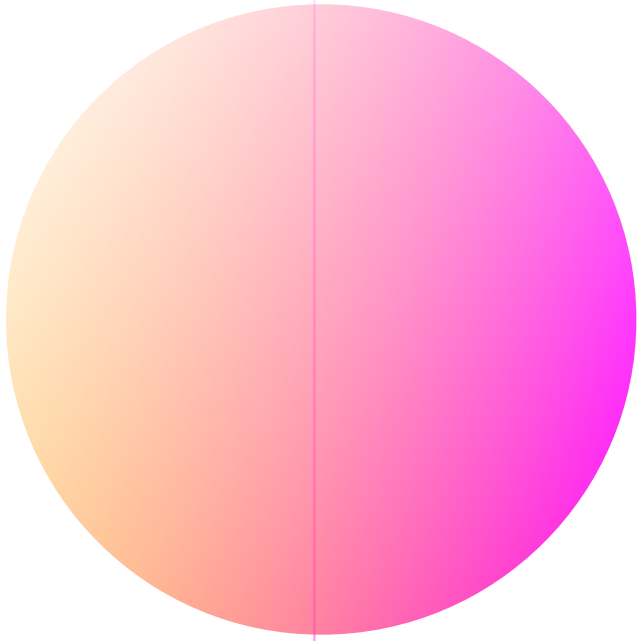


Sustainability Report 2023







Sustainability Report 2023

as of 31 December 2023

**Consolidated Non-Financial Statement
pursuant to Legislative Decree 254/2016**

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Main ESG achievements

56%

of expenditure for suppliers assessed with ESG criteria

Development of sustainable finance framework

100%

Electricity from renewable sources at the Group's main locations

The illimity Selective Credit Fund of illimity SGR is now operational

classified in accordance with Article 8 SFDR

Great Place To Work and Best Workplace Europe

GPTW for the 5th year running and Best Workplace Europe for the 3rd year running

64%

of economic value generated distributed to stakeholders

ESG factor integration in the Risk Appetite Framework

Gender Equality Certification

UNI PdR 125:2022 Certification obtained

Principles for Responsible Banking

Membership through illimity Bank

ESG Rating

Upgrade of main ESG ratings assigned to illimity

Message from the Chair and Chief Executive Officer

GRI 2-22

Dear illimity friends,

This year, illimity turns five, and thus, we present to you our fifth Sustainability Report.

In these five years, we have never stopped growing: our assets have increased year after year, now amounting to more than EUR 7 billion, and in 2023 our customer loans increased by 24% in a market context falling overall. Our profits have also always grown, exceeding EUR 100 million in 2023, keeping our overall risk profile under strict control. These figures demonstrate better than any words our determination to concretely achieve illimity's commitment: earning profits while being useful to the community.

These years haven't been easy or predictable and our illimiters have shown a great ability to adjust to completely unprecedented, often critical scenarios. We have never failed on our founding mission to serve the world of SMEs operating in Italy. In some stages, in our initial years, we worked with a greater weight of investments in non-performing loans, while now our focus is more on growth credit and company restructuring. We provide a comprehensive credit offering – from factoring to structured finance, to acquisition finance, to special situations and to asset based financing. In the non-performing loans sector, we no longer directly invest in NPL portfolios, while we remain highly active in asset based financing as well as operating in the asset management and servicing areas in the real estate sector, through our subsidiary ARECneprix. Funds managed through our SGR also exceeded EUR 500 million.

We have never stopped investing in our people - illimiters - over 900 people from 22 countries, coming from 20 different sectors, with an uncommon mix of skills and experience, brought together by strong shared values. Thanks to them, the illimity Group was recognised as a Great Place to Work for

the fifth year running, and for the third time was ranked as one of the Best Workplaces in Europe.

We have never stopped investing in new technologies. With the advent of augmented and artificial intelligence, we are prepared, having set up an AI Task Force composed of illimiters who are working on implementing action plans to integrate artificial intelligence into our operations, with the goal of improving not only our efficiency, but also our ability to serve our customers and take best decisions. Today, illimity's technology is not only a cost and investment centre, but has become an actual profit centre, as demonstrated by the partnership set up with Engineering in June 2023, which will enable us to fully make use of and further promote the market potential of several of our important IT assets.

In these years, we have allocated a portion of our profits to new business initiatives that can benefit from our skills and our technologies. These tech ventures - which do not take away from our core business in any way - are following their processes of growth in size and financials and, over time, will contribute to creating additional equity to develop the Group and satisfy shareholders.

In our process of growth, under the guidance of the Board of Directors, we have always been committed to integrating sustainability into company processes, targets and strategy, with steadfastness and determination. As a result, we have achieved important milestones. To mention a few: maintaining carbon neutrality and achieving emission intensity per FTE among the lowest in the sector, in addition to measuring financed emissions and integrating ESG factors into assessing creditworthiness and into the Risk Appetite Framework. In terms of social aspects, we have a gender pay gap below 5% and have confirmed our Gender Equality Certification obtained last year. Those results are reflected in the

“ Being an illimiter also means behaving responsibly in the concrete choices we make every day ”



significant improvement in our ESG rating, which in 2023 improved further, ranking among the sector best practises in those areas.

The 2023-2025 Sustainability Plan, presented to the market one year ago, also strengthens our commitment to these issues, accelerating the virtuous process implemented up to this point, which reflects the founding principles of the Bank. We are also already working with all business, central and control structures to respond to the regulatory changes introduced by the Corporate Sustainability Reporting Directive (CSRD), which will be endorsed by Italy during the year.

We have also renewed our full endorsement of the United Nations Global Compact, which, for illimity, is a commitment to help promote the Ten Fundamental Principles, through cooperation and part-

nerships with various stakeholders. Last November, this was joined by our endorsement of the Principles for Responsible Banking (PRB), one of the most important sustainability frameworks in the financial sector.

The work done and result achieved in our first five years of life have built a sound platform on which to build illimity's sustainable development in the next few years.

Rosalba Casiraghi
Chair of illimity

Corrado Passera
CEO of illimity





Principles of Governance



01 illimity. Bank beyond form

The Group

GRI 2-1

GRI 2-2

GRI 2-6

illimity Bank S.p.A. is the parent company of the Banking Group of the same name. Its story starts in January 2018, with the launch of SPAXS, Italy's largest and one of Europe's biggest SPAC (Special Purpose Acquisition Company), set up to acquire and invest in a company operating in the banking sector, with funds of EUR 600 million. With the acquisition of Banca Interprovinciale in 2018 and the finalisation of the merger with SPAXS, illimity Bank came into being and on 5 March 2019 was listed on the electronic stock exchange ("MTA") organised and managed by Borsa Italiana.

Since September 2020, the ordinary shares of illimity have been admitted to trading on the STAR – Segmento Titoli con Alti Requisiti (High Requirements Securities Segment) of the Electronic Stock Market (*Mercato Telematico Azionario* - "MTA"), dedicated to businesses that excel in terms of transparency and communication, liquidity and corporate governance.

illimity is a new paradigm bank, specialised in financing for small and medium-sized enterprises (SMEs) through the Corporate Banking, Specialised Credit, b-ilty and Investment Banking Division. illimity provides funding to high potential companies and financial companies for their plans for growth through innovative loans and products, including the UTP (Unlikely-To-Pay) segment. illimity supports companies in structuring market and private operations to meet their needs for capital, debt and strategic growth, also through consultancy on operations such as mergers, demergers, incorporations, acquisitions and corporate restructuring.

In line with illimity's business model of internalising the entire value chain, the Bank is supported by ARECneprix S.p.A., created through the merger by incorporation of AREC S.p.A., created through the merger by incorporation of AREC S.p.A. (acquired on 30 June 2022) by neprix S.r.l. with legal effect from 1 January 2023, now the third largest operator on the Italian market of managing large corporate UTP loans, specialising in structuring, developing real estate assets, special servicing and advisory services.

The Bank is also supported by Abilio S.p.A., a company formed by the proportional partial spin-off of neprix S.r.l. that is wholly owned by the Bank and became operational on 1 April 2022. The company manages and sells property and capital goods originating from insolvency proceedings and foreclosure, through its own network of platforms/online auctions and a network of professionals operating nationwide.

On 2 May 2023 COIMA, a leader in investment, development and management of real estate assets on behalf of institutional investors, signed a real estate partnership with Abilio. The operation was resolved upon by the Shareholders' Meeting of Abilio and was finalised on 25 May 2023. It specifically involved the transfer to Abilio by COIMA of 100% of its Residenze Porta Nuova company (now "Quimmo Prestige Agency") and the resulting subscription of 18% of the company's share capital, by means of a reserved capital increase.

On 11 October 2023, Industrial Discount S.r.l. was established (leading market portal for digital brokerage of capital goods and business units deriving from the courts, financial institutions and the free market) as an evolution of the structure of Abilio S.p.A., with the goal of creating a single legal entity specialising in the equipment sector, in which to contribute the Industrial Sales business unit of the parent company Abilio S.p.A.

The operation was approved by the Board of Directors of Abilio, and finalised on 20 December 2023, through the contribution to Industrial Discount S.r.l. of the parent company's business unit focusing on managing assets deriving from the management of assets pertaining to the equipment sector (under foreclosure and from the free market).

Thanks to **b-ilty**, illimity provides financial and loan services to SMEs through a digital banking platform featuring an intuitive interface to streamline the business management of small companies. It also offers innovative services for retail customers through its own digital bank **illimitybank.com**.

Lastly, the illimity Group also includes **illimity SGR**, which manages the assets of reserved closed-end alternative investment funds (AIF), established with own funds and the funds of third-party institutional investors.

Through the **fondazione illimity**, established in 2021, the Group promotes innovative projects for the social regeneration of real estate assets, and impact financing, working with the third sector and experts in social design, to create value for the territory and local communities.

GRI 2-1

The Bank performs management and coordination functions for the Group and has its registered office at Via Soperga 9, Milan. It also operates an operational branch located at Via F. Lamborghini 88/90, Modena.

GRI 2-6

The Group's main activities are listed below.

illimity currently has four Business Divisions, in addition to the Digital Competence Line for the component regarding the management of retail customers:

- Specialised Credit;
- Corporate Banking;
- Investment Banking;
- b-ilty.

Specialised Credit Division

(previously the Distressed Credit Division, renamed with effect from 1 January 2024), which comprises the following areas of activity:

- **Investments & Asset-Based Solutions:** asset-backed loans and purchases of loans previously classified as UTP, using a highly-specialised approach focused on the underlying, developing distinctive skills, especially in the Real Estate and Energy sectors.
- **Servicing and Asset Management:** through the subsidiary ARECneprix S.p.A, advisory services, servicing and management of distressed corporate loans are provided, specifically UTP, covering the entire value chain, from underwriting up to implementation of the best strategy to increase the value of the underlying assets.
- **Proptech:** management and sale of property and capital goods originating from insolvency proceedings and foreclosure, through its own network of platforms/online auctions and a network of professionals operating nationwide, through the subsidiary Abilio S.p.A.

Corporate Banking Division

(previously the Growth Credit Division, renamed with effect from 1 January 2024) operating in the following areas:

- **Structured Finance:** personalised loan solutions to support plans for the growth and development of companies with high industrial potential and outlook for growth.
- **Turnaround & Special Situations Finance:** the purchase of loans classified as UTP, with the aim of recovering and restoring them to performing status by identifying optimal financial solutions, which may include new loans or the purchase of existing loans.
- **Factoring:** financing of working capital and of the supply chain of operators of Italian manufacturing and industrial districts, through recourse and non-recourse purchasing of customers' trade receivables.

Investment Banking Division

The Division provides solutions that are complementary to the offering of the Corporate Banking Division. Specifically:

- **Capital Markets:** support services for SMEs to access the capital market, for enterprises that intend to undertake a process of organic and non-organic growth and optimise their financial structures through personalised solutions.

- **Securitisation:** efficient structured financing solutions that require extensive financial specialisation and expertise to achieve the objectives of diversifying funding sources, improving companies' financial positions and optimising the capital absorption of customer companies.
- **Financial Markets:** investments in the primary and secondary corporate bond markets to support companies and finance their current business and future growth plans, also offering SMEs and Mid Caps solutions to hedge market risks.

b-ilty Division

Through its b-ilty Division, illimity offers digital banking and digital lending products and services to Business customers, i.e. small and medium-sized enterprises with turnover of EUR 2 million to EUR 10 million. The Division's purpose is to define, develop and manage the offering of products and their commercial and pricing characteristics through an innovative offering of dedicated products (e.g. Digital credit, which also includes factoring and green loans), in line with illimity's mission, which aims to develop the potential of businesses.

illimity SGR

- **UTP & Turnaround Funds:** Alternative Investment Funds (AIFs) with strategies of investing in the turnaround market and, specifically, on businesses in financial difficulty with prospects for relaunch.
- **Private Capital Funds:** AIFs with strategies of investing in financial instruments issued by performing companies.
- **Area NPL Small Medium Tickets Funds:** AIFs with strategies of investing in the granular (typically unsecured) Non-Performing Loans (NPL) market, with potential counterparties both small corporates and retail businesses, and different areas of origination (utilities, consumer, commercial credit, etc.).

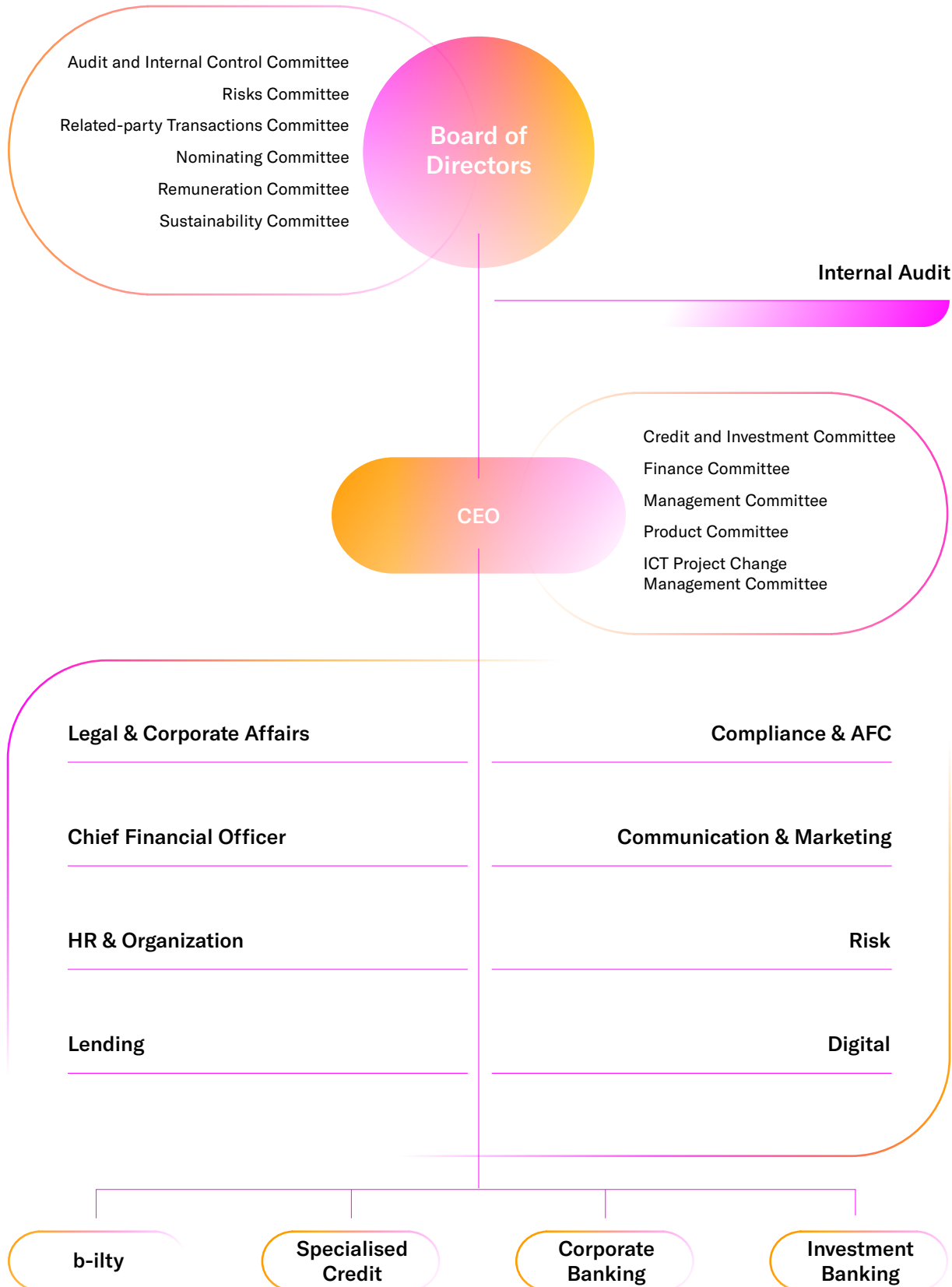
Corporate Centre – other structures

The organisation also monitors related activities through the Competence Line functions directly reporting to the Chief Executive Officer.

- **CFO:** responsible for coordinating the overall process of planning, control and administration, strategic allocation of capital, managing liquidity and funding, managing relations with the financial community, as well as developing and coordinating sustainability strategies and activities for the entire Group.
- **HR & Organisation:** responsible for procurement and facility management, managing human resources, as well as managing the organisational activities of supervision and transversal coordination for the Bank.
- **Legal & Corporate Affairs:** responsible for legal and corporate support and managing the corporate secretariat, as well as general affairs and relations with authorities.
- **Risk:** responsible for guaranteeing the strategic oversight and definition of risk management policies. Risk Management, Risk Strategy & Group Controls and Risk Analytics deal with the management of risk, and the development of new strategies using quantitative models.
- **Lending:** monitors credit analysis and approval activities. The Credit Machine unit (assessment of creditworthiness in loan transactions) and Operations, Credit Monitoring & NPE unit (monitoring credit and managing "organic" non-performing loans) report directly to the CLO.
- **Digital,** responsible for managing IT infrastructure, Back Office activities and the Contact Centre. Through the ICT Platforms & Data Monetization structure, Digital is also responsible for managing illimitybank.com, the digital direct banking platform for retail customers which offers current accounts, deposit accounts and payment services.
- **Compliance & AFC:** responsible for compliance risk management and oversight of money laundering and terrorist financing risk.
- **Communication & Marketing:** responsible for promoting and supporting the development of a single, shared identity of the Bank among the stakeholders and formulating the Bank's communications plan and brand development strategy to ensure positioning, customer acquisition results and optimal customer management.
- **Internal Audit:** carries out assurance activities for the entire system of internal controls, advising Management.

illimity's Governance and Organisational Model

(updated January 1st 2024)



As of 1 January 2024, the following companies were part of the Group, in addition to the Parent Company illimity Bank S.p.A. (“illimity”):

ARECneprix S.p.A. (“ARECneprix”), a wholly owned subsidiary of the Bank mainly operating in the non-performing loan sector, relying on the services of professionals with specific experience and know how in assessing and managing non-performing loans.

illimity SGR S.p.A. (“illimity SGR”) wholly-owned by the Bank, which manages the assets of closed-end alternative investment funds (AIFs), established with own funds and the funds of third-party institutional investors.

Abilio S.p.A. (“Abilio”), in which the Bank holds 82% of the share capital, a company whose purpose is to execute real estate operations and develop and organise sales through online and offline public auctions.

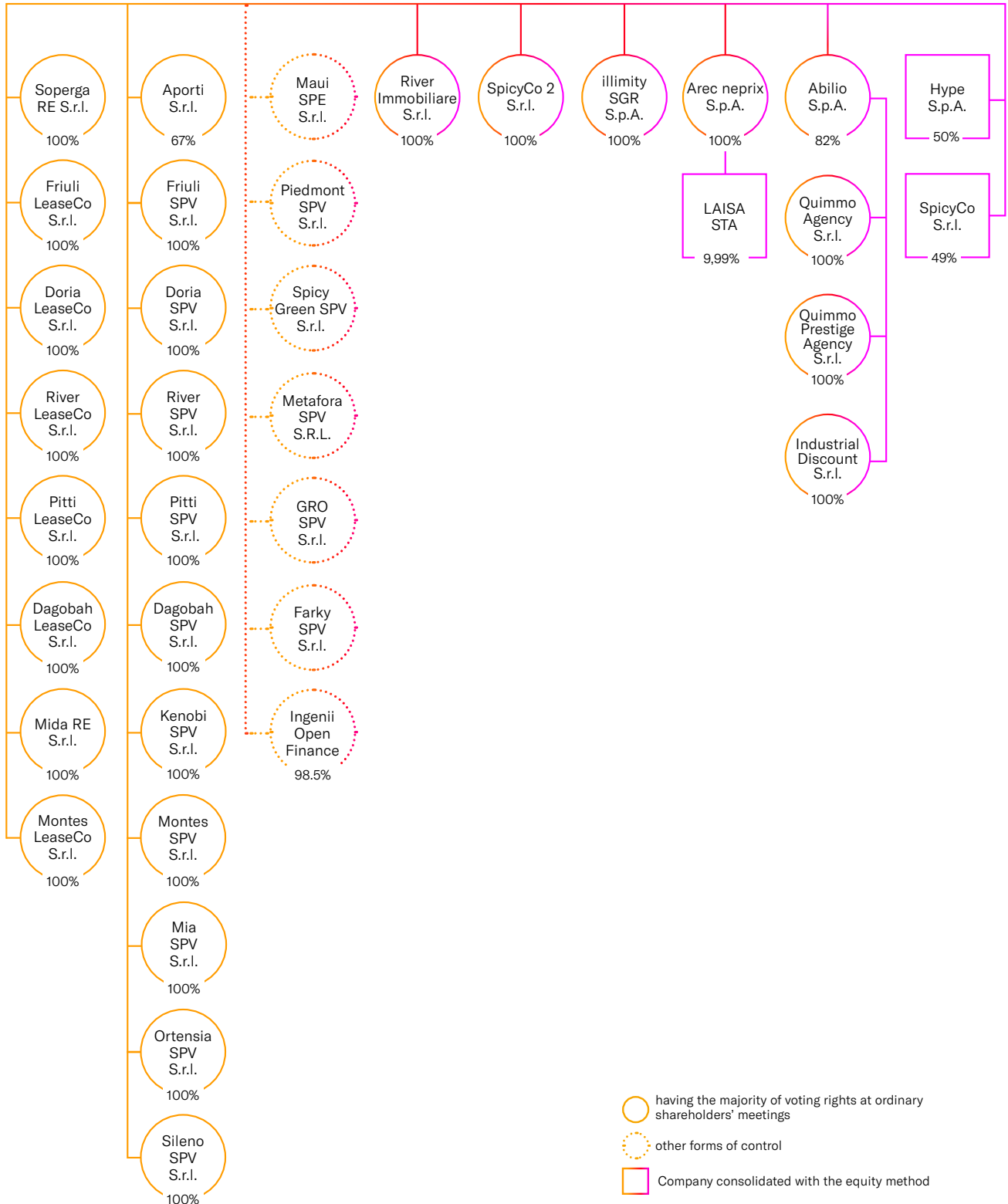
Quimmo Prestige Agency S.r.l. (“Quimmo Prestige Agency”), wholly owned by Abilio, a real-estate broker that handles sales and leases and certifies the value of properties and companies for third parties.

Quimmo Agency S.r.l. (“Quimmo Agency”), wholly owned by Abilio, a real-estate broker that handles sales and leases and certifies the value of properties and companies for third parties.

Industrial Discount S.r.l. (“Industrial Discount”), wholly owned by Abilio, a real-estate broker that handles sales and leases and certifies the value of properties and companies for third parties.

The Group also includes a number of securitisation vehicles, which are used for the acquisition of portfolios of distressed loans.

Corporate Structure of illimity Group as of 31.12.2023



The main stages in illimity's story

2018

January

Establishment of **SPAXS**, Italy's first *Special Purpose Acquisition Company* with the aim of creating a new banking operator

April

The **Business Combination of SPAXS with Banca Interprovinciale** is announced

August

The SPAXS Shareholders' Meeting approves the Business Combination **and announces the name of the new bank: illimity**

2019

March

illimity Bank S.p.A. is created on 5 March, with its concurrent listing on the MTA of Borsa Italiana (Italian Stock Exchange)

April

neprix, the servicer specialising in the management of distressed corporate loans, is presented

June

A contract is signed for the **acquisition of IT Auction** which, together with neprix, creates the first end-to-end servicer specialising in distressed corporate credit

September

illimitybank.com is established, offering direct digital banking services to retail customers

2020

February

illimity SGR is authorised to establish and manage Alternative Investment Funds

May

illimity acquires 100% of **IT Auction**

September

- **Admission to the STAR segment of Borsa Italiana**
- An **agreement is signed with Fabrick** (Sella Group) for the joint venture in the fintech HYPE

2021

March

- Qualification as a **Euronext Growth Advisor** on the Euronext Growth Milan market, expanding illimity's offering to SMEs
- The first Fund of illimity SGR "iCCT", dedicated to UTP loans, is launched

May

Carbon Neutrality (Scope 1 and Scope 2) achieved

June

- **Fondazione illimity** is established, to promote innovative projects for the social regeneration of real estate, and impact financing
- Approval of the **2021-25 Strategic Plan**

December

Endorsement of the **United Nations Global Compact**

2022

February

Launch of **b-ilty**, the first Digital Business Store for financial and credit services for SMEs

April

Launch of **Quimmo**, the Italian **prop-tech** platform created to meet the needs of both property buyers and sellers

May

An agreement is reached for **the acquisition of AREC**, which, integrated into neprix, creates a leading operator in the **servicing of Unlikely-to-Pay** (“UTP”) loans

September

iREC, the second fund of illimity SGR, is launched, dedicated to **investments in distressed real estate loans**

October

fondazione illimity presents its first projects: **Albergo Etico Cesenatico and (RE) GENERATION CAMP**

November

Gender equality certification **obtained**.

2023

January

ARECneprix, an asset management and structuring company, is created, through the merger of AREC into neprix

March

- fondazione illimity presents its new project: **Barrio21**
- **iSC**, the third fund of illimity SGR dedicated to unlisted performing Italian SMEs is created
- illimity SGR endorses the **Principles for Responsible Investments** of the UN (PRI)

April

illimity enters into a **long-term industrial partnership** with the **Engineering Group** to market and further develop the Bank's IT platform

May

COIMA invests in **Abilio**

October

ARECneprix and **Finint Investments** announce the launch of a new real estate contribution fund called **Olympus Fund**

December

- illimity enters into a partnership with **SACE** to speed up the sustainable transition of Italian companies by way of the **Green Guarantee**
- illimity endorses the **Principles for Responsible Banking** of the UNEP FI

Purpose and values

GRI 2-23



Our identity and values come from the work of all illimiters, because we have shaped our identity specifically starting from our people.

We have a clear mission:
To recognize and empower the potential of people, families and businesses.

We are a bank, and we say it proudly

We offer next-generation lending services to companies through an innovative, highly-digital business model, to discover and optimise the extensive hidden potential in our economy and society:

- companies that, if supported, could make the big leap forward
- companies that, if accompanied, could get back on track
- companies that have not made it, but where value can still emerge

There are individuals and families within and behind these enterprises, and a community around them: **our actions can help enhance their well-being.**

We live for innovation

We are a business of the new order, born from listening to the real needs of businesses and people: that was our starting point from which to redesign our guiding philosophy and build banking from the ground up, integrating the most advanced technologies with the best skills and experiences.

We believe in freedom

We have an entrepreneurial spirit and feel free to go beyond the preconceptions and conformity of the traditional system. We are autonomous from external conditioning.

We act responsibly

- **towards our shareholders**, committing ourselves to optimising the return on the capital entrusted to us
- **towards our customers** by speaking clearly, responding quickly, accompanying them in their challenges
- **towards our employees, staff and associates** by activating their potential, enhancing their diversity, promoting the right balance between work and personal life
- **towards our partners**, positioning ourselves as a platform for increasingly expanding partnerships and opportunities
- **towards society and the environment** by generating positive impacts.

We want to demonstrate our ability to produce profits through our actions, but also be useful to the community, contributing to its well-being and building trust.

We're illimity. Bank beyond form.

Associations and endorsements of international schemes

GRI 2-28

Main associations and partnerships include:

ABI (Italian Banking Association)

This non-profit organisation represents and safeguards the interests of the banking industry. Its main activities include organising studies and debates on banking issues, and providing information and technical assistance for member banks.

ASSIOM FOREX

This financial association promotes the professional growth of financial operators, the dissemination of technical aspects and market practices, contributing to the development and integrity of domestic financial markets in a European and international context.

ASSONIME

The Italian Association for Public Limited Companies. This Association studies and deals with issues concerning the development of the Italian economy, working to improve industrial, commercial, administrative and tax legislation, with a particular focus on corporate law, to promote a better knowledge of Italian law and Italy's economic situation.

ASSIFACT (Italian Factoring Association)

This Association brings together Italian factoring operators, and provides information, training and assistance for its members, working with institutions. It also oversees studies and statistics, promoting an awareness and knowledge of factoring.

ASSILEA (Italian Lease Association)

This trade association represents operators of finance and operating leases in Italy, comprising specialist or multi-product banks, financial intermediaries and commercial long-term hire companies.

VALORE D

This business association is committed to gender balance and an inclusive culture in organisations and in Italy. It promotes female diversity, talent and leadership for the growth of companies and the country.

YAS

The Young Ambassadors Society (YAS), established in 2011, is the Italian non-profit association in charge of the official processes for youth engagement in the G7/G20 Summits for Italy, which actively cooperates with institutions such as Ministries, international organisations - including agencies of the United Nations - and businesses to develop youth empowerment projects.

UN Global Compact

The United Nations Global Compact encourages businesses the world over to create an economic, social and environmental framework that can promote a healthy, sustainable world economy which guarantees everyone has the opportunity to share the benefits.

Launched in 2000, the Global Compact requires endorsing companies and businesses to comply with 10 universally accepted principles in the areas of human rights, employment, the environment and the fight against corruption, and also act to support the UN's Sustainable Development Goals (SDGs).

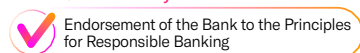
Principle for Responsible Investment

The PRI - Principles for Responsible Investment - were developed through the partnership between UNEP-FI and the Global Compact, with the intention of disseminating sustainable and responsible investments among institutional investors. The principles aim to provide a framework for integrating ESG issues into investment decision-making.

Principle for Responsible Banking

The PRB - Principles for Responsible Banking - were developed in 2019 through a partnership between the founding banks and the UN Environment Program Financial Institutions (UNEP FI). They aim to align the corporate strategies of banks with the Sustainable Development Goals and the Paris Agreement.

Sustainability Plan



fondazione illimity

For the Bank, generating value means not only earning profits, but also being useful. With this spirit, **fondazione illimity** was created in March 2021, with the goal of regenerating real estate assets for the **purpose of creating new value for the community.**

fondazione illimity is a separate entity independent from the illimity Group, financed by the Bank to promote innovative projects of social regeneration of real estate assets. The foundation acts as a driving hub and enabler of a **synergistic ecosystem of social enterprises, no-profit organisations and public and private entities** keen to support projects connected with **the creation of new spaces for inclusion, cohesion and a shared well-being.**

Due to partnerships with professionals in social planning, as well as with research centres, institutes and universities, the foundation promotes an ecosystem of partnerships to create projects and initiatives of social impact, with a **strong focus on ESG sustainability topics.**

Moreover, the Bank promoted the “Make It Double” programme, which allows each employee of the Group to allocate a monthly amount from their salary through withholding in their payslips. Each month, illimity will double the amount donated by the employees and the amounts collected will be allocated to initiatives of the foundation.

Two processes are carried out to identify and select the projects: a top-down process, which involves selecting assets starting from specific requests of non-profit entities and a bottom-up process, which consists of scouting for cooperatives near the assets to establish the possible projects together.

In October 2022, the first project was presented: **“Albergo Etico Cesenatico”** (Cesenatico Ethical Hotel), with the partner Albergo Etico, a social enterprise based on a **tourism-hotel business model with a social impact**, which inserts people with disabilities into the working world and offers them training and independence. The objective is to revolutionise the concept of the hotel business, focusing it on experiences and on the connection with people.

Albergo Etico Cesenatico promoted the employment also of people with disabilities, to increase their personal autonomy, offering them social, training and work opportunities. In the structure, in order to promote all aspects of sustainability, murals featuring the use of elements of nature, such as plants and animals, were created in order to bring to mind the importance of the environment to anyone coming into contact with the structure. To create the work, the artist was inspired by high school students who talked about what it means to them to be part of a group, and was also inspired by the issue of social inclusion.

(RE)GENERATION CAMP is a project developed in Rome, in a renovated space in the Talenti Village Shopping Centre, with the goal of promoting the integration and socialisation of new generations and multiculturalism, in a space that is friendly, free and creative.

Due to the synergy with entities, institutions, associations and schools, various laboratories and services have been activated in social, educational and psychological areas, including: a comics laboratory, which helps participants to express themselves through graphic arts, a recycling and reuse laboratory, to help increase the understanding of respect for the environment and develop creating thinking, and homework assistance, to help kids improve their methods of studying.

In March 2023, fondazione illimity, in collaboration with “Il Nodo” Consortium of Social Cooperatives, presented the **“Barrio21”** project, aimed at assisting care leavers, i.e. young adults from disadvantages situations who had to leave their families due to orders from the judicial authorities or because they arrived in Italy without family support, and now have to leave shelter homes without the necessary tools to do so.

fondazione illimity offers concrete support to these people, who will be assisted by a network of experts and will be accompanied through the process of leaving the communities, offering them help in achieving their goals and supporting them in their education and initial work experience, to help them find their place in society.

As part of the project, a structure divided into two specifically renovated apartments in the Barriera district of Catania was made available, which was the source of the name Barrio21. This has become the home of the new adults, where they can continue to enjoy the experience of co-housing, founded on the concepts of sharing and solidarity.

Sustainability Plan



Develop impact projects for the real estate sector, through fondazione illimity

illimity's Sustainability Strategy

Since the start of its operations in 2019, illimity **has placed significant focus on environment, social and governance issues (ESG)** and has innately undertaken a process to integrate them into its strategies, processes and governance.

The **2023-2025 Sustainability Plan**, approved by the Board of Directors in February 2023, is the result of a detailed analysis within and outside the Bank and the Group's increased expertise in non-financial reporting. It enabled us to start from a solid baseline aimed at defining significant, ambitious targets that integrate with the various aspects of the Bank's business and meet the requests from the various stakeholders, on the one hand, and comply with regulatory expectations regarding sustainable finance and governance of climate-related and environmental risk, on the other.

The Plan is organised into environmental, social and governance (ESG) topics and presents a set of objectives in a single period for completion and a set of cyclical annual objectives, or with recurring periods over the time period of the plan. To achieve these strategic ESG objectives, **all the Group's business, central and control functions were involved**, to identify, organise and launch operational projects and actions necessary to achieve the targets.

As of 31 December 2023, 55% of the plan had been completed, in line with the expected progress. That indicator is also reported in the Tableau de Board of quarterly risks, as RAF (Risk Appetite Framework) KRIs. For more details on the progress of the single targets, refer to the table below.

Environment



Areas	Target	Progress	Note	Page Reference
Carbon Footprint	Maintain of the Group's carbon neutrality (Scope 1 and Scope 2 emissions)	Achieved	Annual target	134
	Measure the so-called "financed emissions" (Scope 3)	Achieved		142
	Address the so-called "financed emissions" (Scope 3)	In progress		
Energy Desk	Reactivation of renewable energy plans through the Energy Desk	In progress		
ESG in the RAF	Integration of ESG factors in the credit assessment and Risk Appetite Framework (RAF)	Achieved		43
Energy used	Reach 100% of electricity energy used from renewable sources at the Group's main location	Achieved		137
FSC Paper	Maintain 100% use of FSC paper throughout the Group	Achieved	Annual target	136
Environmental Policy	Develop an environmental policy at Group level	In progress		
Environmental KPIs in Real Estate	Consider the environmental and climate impacts in the appraisal and management of Real Estate asset	In progress		



Cont. >> Environment

Areas	Target	Progress	Note	Page Reference
Green Loans and sustainable finance	Develop the offering and framework for sustainable finance products)	Achieved		125
	Develop ESG support/advisory services for SMEs	In progress		
	Reaching 15% on cumulative origination volumes (disbursed/invested) for 2023-2025 for sustainable finance (Sustainability-Linked Loans, Green Loans/Investments and Taxonomy-Eligible Loans)	In progress		
ESG Asset Management	Launch of SGR fund with ESG characteristics	Achieved		124
Climate Disclosure	Reporting aligned with TCFD disclosure	Achieved		185

Social



Areas	Target	Progress	Note	Page Reference
Gender Equity	Double the number of women in managerial roles (Gender Equity)	Achieved		95
Talent Pool & Gender Pay gap	Maintain the balance between men and women in the formalised "talent pool" and a gender pay gap with a maximum deviation of 5%	Achieved	Annual target	96
Engagement Index	Maintain the engagement index of Group employees above 70%	Achieved	Annual target	98
fondazione illimity	Develop impact projects for the real estate sector, through fondazione illimity	Achieved		20
D&I Certifications	Maintain the UNI_PdR 125-2022 gender equality certification	Achieved	Annual target	97
Anti-harassment Policy	Develop a company policy to combat harassment, inappropriate sexual conduct and bullying	Achieved		94
Training	Maintain the average number of hours of training at 42 hours per employee	Achieved	Annual target	87
	Guaranteeing 3 hours of ESG training per employee	Achieved	Annual target	87
Sustainable mobility	Develop initiatives to raise awareness on sustainable mobility (commuting) for employees	In progress		
Supply Chain	Reach more than 50% of total expenditure on goods and services as of 2025 assessed with ESG criteria	Achieved		117

Governance



Areas	Target	Progress	Note	Page Reference
ESG Rating	Enhance illimity's ESG Ratings	Achieved	Annual target	105
Remuneration	Integrate ESG Goals in incentive plans	Achieved		89
ESG Ambassadors	Identifying the specific ESG Ambassadors in the key structures (10% of illimiters)	In progress		
Endorsement to PRB	Endorsement of the Bank to the Principles for Responsible Banking	Achieved		19
Anti-Bribery and Compliance Certifications	Obtain Anti-Bribery certification (ISO 37001)	In progress		
	Obtain Compliance certification (ISO 37301)	In progress		
ESG Investment policy & limits	Develop an ESG Investment Policy (property financing) and reach 100% of Treasury and Investment Banking investments that consider ESG factors in the selection phase (ESG due diligence)	In progress		

02. Corporate Governance

GRI 2-10

GRI 2-17

The corporate governance structure of illimity sets out the relations between the Bank, its corporate bodies and stakeholders. Through this structure:

- business objectives are defined;
- the means to achieve these objectives are decided;
- the overall purpose of the objectives and their legal compliance is monitored;
- specific prior and post controls are carried out to ensure actual compliance with strategies and regulations.

Effective organisational and corporate governance structures are fundamental for all companies to achieve their business goals. For banks, they are particularly important, given the characteristics of banking and public interests, specifically considered by legislation. Besides meeting business interests, the organisational and corporate governance structures of banks must ensure conditions for a sound and prudent management - which is key to regulation and supervisory controls.

On 21 February 2022, the Extraordinary Shareholders' Meeting approved the new text of the By-laws for the adoption by the Bank of the "one-tier" system of administration and control. The changes to the By-laws also explicitly included **"sustainable success" for the purpose of creating long-term value** for the benefit of Shareholders, taking into account the interests of the key stakeholders.

Specifically, in submitting the proposal to the Shareholders' Meeting, the Board decided that the one-tier governance system (i) favours ongoing dialogue between corporate bodies, facilitating the circulation of information among the strategic supervision, management and control bodies, (ii) optimises processes, maintaining the preliminary analyses and support to decision-making carried out by all Board Committees according to well-specified duties and functions, and (iii) can be more easily recognised by institutional investors that operate on international markets, facilitating the comparison with peers and investor engagement.

Lastly, the Board deemed the one-tier system to be in line with the medium and long-term strategic objectives and long-term company strategies, as identified on approving the 2021-2025 Strategic Plan.

The "one-tier" system of administration and control assigns strategic management to the Board of Directors, while the control functions are assigned to the Audit and Internal Control Committee, established within the Board. Both of these bodies are appointed by the Shareholders' Meeting.

The independent auditing is assigned to third party independent auditors regularly enrolled in the specific register, appointed by the Shareholders' Meeting based on a justified proposal from the Control Body. The Board also operates with the support of the board committees, which make assessment, give advice and submit proposals.

The one-tier system took effect on 28 April 2022, with the appointment of the corporate bodies (Board of Directors and Audit and Internal Control Committee).

Endorsement of the Corporate Governance Code

Since being listed, the Bank has endorsed the Corporate Governance Code for listed companies, approved in March 2006 by the Corporate Governance Committee of Borsa Italiana and last amended in July 2018.

In its meeting of 22 December 2020, the Board of Directors decided to endorse the new Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana and published on 31 January 2020. During 2021, illimity aligned with the recommendations of the new Code, publishing the Annual Report on Corporate Governance and Ownership Structure of 2021 and the Guidance Document on the Optimal Quali-Quantitative Composition of the Corporate Bodies (the "Guidance"), approved by the Board at the meeting of 25 February 2022, prior to the notice of call of the Annual Ordinary Shareholders' Meeting, and confirmed by the Board of Directors' meeting of 24 February 2023.

In the Guidance, the Board confirmed the policy on diversity in the Board composition considered optimal for it to carry out its functions as effectively as possible and ensure a sufficient diversity with the perspectives and expertise necessary for a proper understanding of current affairs, risks and long-term opportunities of company operations. For this purpose, the composition of the Board must reflect an adequate level of diversification in terms of the expertise, experience, age, gender, education and professional background of its members.

At the meeting of 28 April 2022, the Board also approved the regulations of the board committees, assigning them duties, responsibilities and a specific operational budget, as provided for both by applicable regulations and the new Corporate Governance Code. Those Regulations were then further updated and finalised at the end of 2022 and beginning of 2023, considering the experience acquired in applying the one-tier administration and control system.

During 2023 the Regulation on the Board of Directors was also updated, implementing the changes regarding (i) the transition to the one-tier governance system, (ii) specification of greater detail in the information flows to and from the Board, (iii) the regulatory changes introduced by the 40th Update to the Bank of Italy Circular 285/2013, and (iv) the adjustment of the self-assessment process of the corporate bodies, as a result of the experience gained over the years. The Regulation also included (i) a specific section regarding the confidentiality required from members of the Board in relation to the data and information that they receive in carrying out their office, and (ii) a new section regarding the Secretary of the Board of Directors, in line with the provisions of the Corporate Governance Code.

Appointment and election of the Board of Directors

The laws and regulations in force shall apply to the appointment of the Board of Directors. Specifically, Illimity is a listed bank, and therefore, its corporate bodies are elected pursuant to the regulations on list voting set out in the Consolidated Law on Finance.

The concrete methods of appointment are governed by Article 14 of the Bank's By-laws, to which reference is made (Governance > Governance System section on the website www.illimity.com).

In compliance with the supervisory provisions and the Corporate Governance Code, on expiry of its term of office, in view of the appointment of the Board of Directors, the outgoing Board, with the support of the Nominating Committee and the Remuneration Committee, to the extent of their respective responsibilities, approves and makes available to shareholders (suitably in advance) Guidance on the Optimal Quali-Quantitative Composition of the Corporate Bodies (the "Guidance").

In this sense, the Nominating Committee provided and provides advice in the phases of analysis and determination of the optimal quali-quantitative composition (the Remuneration Committee provides advice as regards the overall remuneration of the Board of Directors and the Directors with Key Functions).

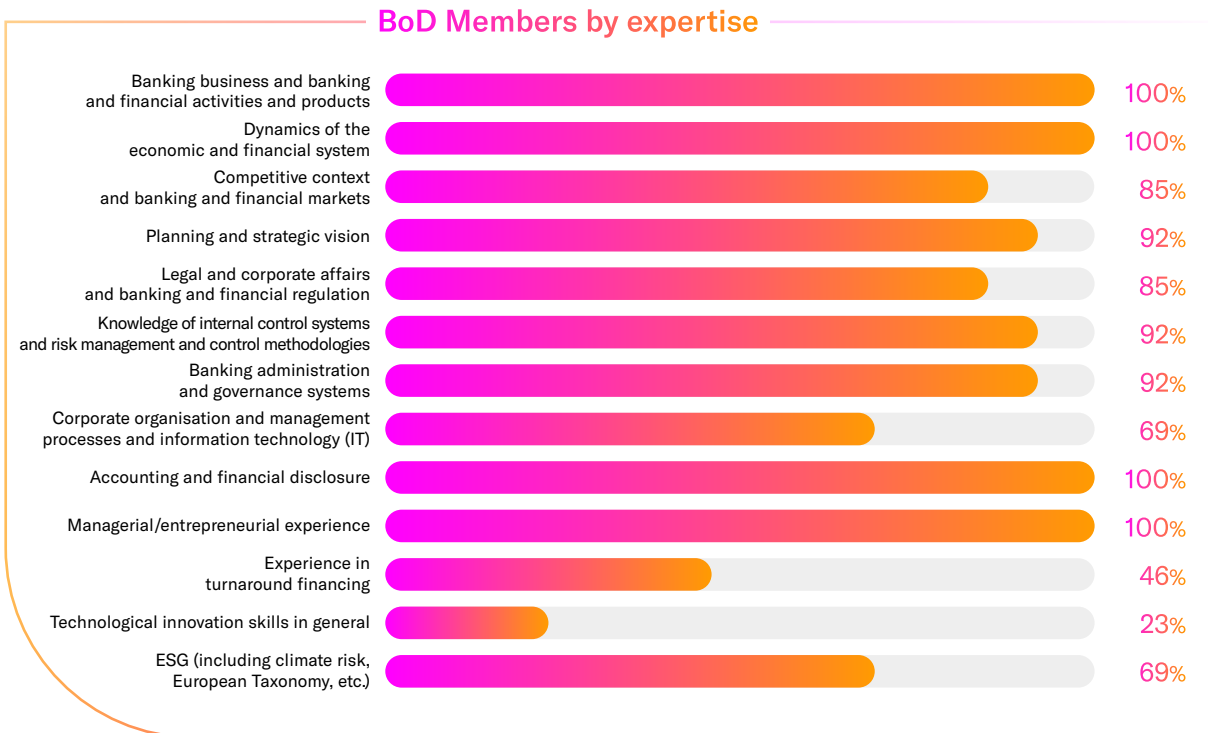
Specifically, in terms of quantity, the number of members must be suited to the size and complexity of the bank's organisational structure, in order to effectively oversee all company operations in terms of management and control, but not an excessive number. Considering the provisions of the Supervisory Provisions for Banks and Article 16 of the Bank's By-laws – which sets out an odd number of members of the Board of Directors that is not less than nine and not greater than fifteen Directors – the outgoing Board hypothesized a total of 13 members (including the members of the Audit and Internal Control Committee, a total of three Directors). That proposal was approved by the Shareholders' Meeting.

In terms of quality, the Guidance states that – in addition to considering compliance with the requirements by individual members pursuant to Article 26 of the Consolidated Law on Banking, of Italian Ministerial Decree DM 169/2020 and of Article 16 of the By-laws – the composition of the management body must as a whole express the know-how, skills, abilities and experience needed to understand the Bank's activities, including the main risks to which it is exposed. The collective composition must also be suitably diversified – from the standpoint of age, training, professional path, personal qualities and skills of the Directors, gender, diversity and the period for which Directors have held the position.

The Guidance makes references to the main aspects of the above rules and the recommendations of the outgoing Board on the professionalism and expertise requirements, aptitude and diversity profiles, and the integrity requirements and criteria of propriety, independence and incompatibility, the interlocking prohibition, time availability and maximum number of positions that can be held by directors.

It is verified that the quali-quantitative composition of the Corporate Bodies match the profile identified in the Guidance following the appointment of those Bodies by the Shareholders' Meeting, as required by the regulations set out by the Supervisory Authorities. Following the nomination, that verification was conducted by the Board at its meeting of 27 May 2022.

The Board of Directors' meeting of 24 February 2023 also confirmed the Guidance matrix, as well as approving the results arising from self-assessment process, which confirmed, *inter alia*, the ESG experience of the Directors.



Also note that the Bank has set up an annual plan for specific training of Directors, and, during 2023 an induction was carried out, during which (i) the main changes introduced by the Corporate Sustainability Reporting Directive (CSRD), (ii) ESG risk management methods, and (iii) the prevention of Greenwashing were discussed.

With regard to the renewal, where the outgoing Board of Directors resolves to submit its own List, as provided by the By-Laws, the procedure specifically set up and published on the Company's website shall apply¹.

In the above case, dialogue may be established with the stakeholders in accordance with best market practice and in compliance with applicable laws and regulations, including the principle of equality of treatment of shareholders in the dissemination of information, and with the stakeholder dialogue and engagement policy approved by the Bank. In line with that set out in the *Policy to Manage Dialogue with Shareholders in General*, as part of the process of preparing the list of candidates, dialogue may be initiated between the Chair of the Board, the Chair of the Nominating Committee and/or the Chief Executive Officer and the main shareholders, on renewal of the corporate bodies (both in the case of co-opting and the Shareholders' Meeting proposing appointments), in accordance with the best market practices and in compliance with applicable regulations. For the purpose of defining the list of candidates, the Nominating Committee and/or Board may request the support of independent third party advisors, where needed suitable.

On publishing the list of the outgoing Board (within the 30 days prior to the date of the Shareholders' Meeting, as stated), a specifically report, made available to the public, shall illustrate the process concretely followed to identify the candidates.

¹ A specific "Procedure for the presentation by the Board of Directors of a list of candidates for the renewal of the corporate bodies" is available, in line with that required by CONSOB in its notice no. 1/22 of 21 January 2022.

We also note that there is a policy entitled “*Succession Planning Policy for Company Officers*”, desired by the Board, which defines the emergency plan for renewing the top management in the event of a hypothetical sudden need for replacement. With reference to the termination of office due to the natural expiry of the term of the members of the Board, the policy outlines the process for defining and submitting a list of candidates, involving the Chair, the Chief Executive Officer and the Nominating Committee, pursuant to the pro tempore By-laws in force (only for the Group entities to which the mechanisms of appointment of officers through list voting applies, as governed by the Consolidated Law on Finance). The policy states that the process of defining the candidates must also consider that set out in the pro tempore document reporting the “*Guidance of the Board of Directors of illimity Bank S.p.A. on the Optimal Quali-Quantitative Composition of the Board of Directors*”, which outlines the guidance on diversity with regard to the *optimal quali-quantitative* composition of the Board.

The establishment of the Board Committees (other than the Audit and Internal Control Committee) and the appointment of their members are approved by the Board, considering the role assigned to each Committee and the skills and experience held by each member of the Board.

The composition of each Committee varies from three to five members, all non-executive, with a majority of independent Directors. The Committees must differ by at least one member, and each member must be part of at least one Committee. The Chair of each Committee is selected from the independent members. The Related-party transactions Committee Transactions is composed exclusively of Independent Directors.

The Chair of the Board of Directors or the Chair of other Board Committees cannot be appointed as Chair of the Risks Committee.



For further details:

[illimity Bank S.p.A. By-laws – 30 June 2023 and Corporate Governance Report 2023](#)

Composition of the Board of Directors and the Board Committees

GRI 2-9

GRI 2-11

The Board of Directors plays a key role in corporate organisation and it is responsible for setting out strategic and organisational guidelines, as well as ensuring the existence of the necessary controls to monitor the progress of the Company and the Group companies. The composition of the Board of Directors and the Board Committees following their appointment by the Shareholders' Meeting of 28 April 2022 and the Board Meeting held on the same date is shown below.

BOARD OF DIRECTORS

Chair

Rosalba Casiraghi

Chief Executive Officer

Corrado Passera

Directors

Filippo Annunziata

Marco Bozzola

Massimo Brambilla

Patrizia Canziani²

Stefano Caringi

Elena Cialliè

Nadia Fontana

Paola Elisabetta Galbiati

Francesca Lanza

Giovanni Majnoni d'Intignano

Marcello Valenti

BOARD COMMITTEES

Audit and Internal Control Committee

Marco Bozzola, Chair

Stefano Caringi

Nadia Fontana

Risks Committee

Elena Cialliè, Chair

Filippo Annunziata

Patrizia Canziani

Stefano Caringi

Sustainability Committee

Rosalba Casiraghi, Chair

Massimo Brambilla

Patrizia Canziani

Elena Cialliè

Remuneration Committee

Paola Elisabetta Galbiati,
Chair

Francesca Lanza

Marcello Valenti

Nominating Committee

Marcello Valenti, Chair

Rosalba Casiraghi

Giovanni Majnoni d'Intignano

Related-party transactions Committee

Giovanni Majnoni d'Intignano,
Chair

Nadia Fontana

Paola Elisabetta Galbiati

² Please note that the Director, on February 22, 2024, resigned from the positions held at illimity Bank S.p.A. She will remain in office until March 31, 2024 included.

illimity's Board of Directors provides for significant representation of independent members and members with high standing, with significant, complementary skills and experience, also at international level. The average tenure of the members of the Board Directors is about 3 years.

Name and surname	Office	Gender	Classification	Executive / Non-executive	In office since	Term of office (years)
Rosalba Casiraghi	Chair	Woman	Independent	Non-executive	09/20/2018	5
Corrado Passera	CEO	Man		Executive	09/20/2018	5
Filippo Annunziata	Director	Man	Independent	Non-executive	04/28/2022	1
Marco Bozzola	Director	Man	Independent	Non-executive	04/28/2022	1
Massimo Brambilla	Director	Man		Non-executive	09/20/2018	5
Patrizia Canziani	Director	Woman	Independent	Non-executive	04/22/2021	2
Stefano Caringi	Director	Man	Independent	Non-executive	04/28/2022	1
Elena Ciallié	Director	Woman	Independent	Non-executive	09/20/2018	5
Nadia Fontana	Director	Woman	Independent	Non-executive	04/28/2022	1
Paola Elisabetta Galbiati	Director	Woman	Independent	Non-executive	02/10/2021	2
Francesca Lanza	Director	Woman	Independent	Non-executive	12/15/2021	2
Giovanni Majnoni d'Intignano	Director	Man	Independent	Non-executive	04/22/2021	2
Marcello Valenti	Director	Man	Independent	Non-executive	02/10/2021	2

During the year ended 31 December 2023, the Board of Directors held 24 meetings. The average duration of the Board Meetings was approximately 3 hours, 30 minutes, and the average participation was 91%. In detail:

Meetings		2023	2022	2021
Board of Directors		24	29	26
Control body	AICC ³	42	19	-
	Board of Statutory Auditors ⁴	-	7	20
Risks Committee		22	17	20
Sustainability Committee		9	12	12
Remuneration Committee		7	8	14
Related-party transactions Committee		7	7	9
Nominating Committee		2	9	13
Induction meetings		8	6	5

Average duration		2023	2022	2021
Board of Directors		3 hours, 25 min	3 hours, 20 min	3 hours, 30 min
Control body	AICC	2 hours, 35 min	2 hours, 30 min	-
	Board of Statutory Auditors	-	2 hours, 8 min	2 hours, 29 min
Risks Committee		3 hours, 30 min	4 ore e 50 min	4 hours, 30 min
Sustainability Committee		1 hours, 50 min	1 hour, 50 min	1 hour, 50 min
Remuneration Committee		1 hours, 30 min	1 hour, 15 min	1 hour, 30 min
Related-party transactions Committee		50 min	1 hour, 15 min	1 hour, 35 min
Nominating Committee		1 hours, 5 min	1 hour, 10 min	1 hour, 30 min

³ The Audit and Internal Control Committee was established on 28/04/2022 following the change to a one-tier administrative system.

⁴ The Board of Statutory Auditors, appointed by the Shareholders' Meeting of 18 January 2019, remained in office until the Shareholders' Meeting of 28 April 2022

Governance of Sustainability and management of its Impacts

GRI 2-12

GRI 2-13

GRI 2-14

The issues of sustainability and the management of ESG impacts are overseen, in accordance with international best practice and each according to its responsibility, (i) by a Board Committee specifically established in January 2020 and composed of four Directors (the Sustainability Committee) and (ii) the Risks Committee. The Chief Executive Officer, CFO, Head of IR & Sustainability, Secretary of the Board of Directors and the Chair of the Audit and Internal Control Committee (or other member designated by him/her) are asked to permanently participate in the Sustainability Committee meetings.

illimity's **Sustainability Committee** is mainly tasked with assisting the Board of Directors, in giving advice, making assessments and taking decisions on sustainability issues (ESG - Environmental, Social and Governance) and on issues of technological innovation and artificial intelligence, also coordinating, where necessary, with the Risks Committee and, for the purpose of pursuing sustainable success, with the Business Plan of the Bank and the Group, as well as on corporate governance to the extent of its responsibility (also coordinating with the Nominating Committee).

The Committee is assisted by the IR & Sustainability Department, and promotes a responsible, sustainable culture within the Group, establishing medium/long-term sustainability goals.

The Committee receives periodic (quarterly) reporting on the progress of sustainability projects involving the Bank and the Group.

The **Risks Committee**, through a process involving the identification of ESG risks by the CRO is also responsible for assessing and analysing the risks and opportunities climate-related and a correct system of internal control so that the Board may correctly and effectively determine the RAF (Risk Appetite Framework) and the ESG risk governance policies.

The Sustainability Committee and the Risks Committee, coordinating with each other, express an opinion on the integration of climate and environmental risks and their assessment and management, into the company culture, strategy and processes, as well as the risk appetite and limits, and in the supervisory reporting and reporting to the market on exposure to climate and environmental risk, which inform all stakeholders of the Group's positioning in the process of transitioning to a more sustainable economy. They also assess the trend in exposure to climate-related risks, and their management. Lastly, the Risks Committee examines and assesses the technological innovation initiatives and applications of artificial intelligence to company processes.

The **Audit and Internal Control Committee** performs the control functions and duties provided for by the applicable supervisory and regulatory framework, and reports to the Supervisory Authorities pursuant to the regulations in force.

The Board of Directors steers the Company, pursuing sustainable success in order to create long-term value benefiting shareholders, while considering the interests of stakeholders that are significant for the Company (Article 16 of the By-laws).

As regards the development, approval and update of the sustainable development targets, it performs the following activities:

- revision and steering of the sustainability strategy, also through the support of the Sustainability Committee and the Risks Committee, each to the extent of its responsibility;
- revision and steering of main action plans;
- revision and guidance of the climate risk management policies;
- definition and monitoring of the sustainability performance targets;
- monitoring and supervision of the progress

The Boards plays an active role of guidance and supervision in integrating sustainability risks, including those linked to technological innovation and artificial intelligence, as well as climate-related and environmental risks, in the company culture and strategy and in the Risk Appetite Framework.

Within the risk limits of the portfolios managed, this is accomplished by consistently incorporating the main internal policies and adapting the organisational and management systems, as well as by explicitly assigning roles and responsibilities.

Specifically, the Board of Directors also plays a key role in the management and control of climate-related and environmental risks, in defining the strategic guidelines, objectives and limits of risk, in assessing the degree of efficiency and adequacy of the Internal Control System and in approving the policies related to those activities. Lastly, the Board of Directors is responsible for approving the materiality analysis resulting from Stakeholder Engagement activities, as well as the annual Consolidated Non-Financial Statement, which represents and conveys the Bank's commitment, results and goals for improvement in terms of sustainability issues⁵.

The **CFO**, through the **IR & Sustainability Department** and the ESG Governance operating area, monitors the Group's sustainability activities, coordinates the implementation of the Sustainability Plan and the process of monitoring and reporting on these issues, working at all times with the Group's various Departments and Divisions. The CFO reports to the Sustainability Committee at least every quarter, and to the Board of Directors at least annually.

illimity has also identified **ESG Ambassadors** in various Divisions, Competence Lines and Departments, responsible for the development of specific ESG initiatives and the promotion of a culture of sustainability within their own teams.

Evaluation of the performance of the Board of Directors

GRI 2-18

The Board of Directors and Board Committees (including the Audit and Internal Control Committee) annually conduct a self-assessment of its composition and functioning, according to that set out in Circular 285 of the Bank of Italy, the Board of Directors Regulation and the Corporate Governance Code. Moreover, at least every three years, and, in any event at the end of the term of office of the directors, that activity is conducted with the assistance of an external independent professional.

The self-assessment process involves the Body as a whole (including the Board Committees) and assesses the contribution that single Directors make to its work. On election of new directors, the self-assessment also aims to define an optimal composition of the Corporate Bodies, in line with their functioning and representative objectives. That process is conducted by the personnel identified by the Chair of the Board of Directors.

The areas that are subject to assessment are: (i) the quali-quantitative composition; (ii) functioning of the body as a whole; (iii) induction activities; (iv) the Chair; (v) the Chief Executive Officer; (vi) approaches to shareholders; (vii) composition and functioning of the Board Committees.

The self-assessment considers the checks required pursuant to Article 26 of the Consolidated Law on Banking and the additional requirements of the law and the By-laws for taking on offices (such as, for example, compliance with the prohibition on interlocking directorships set out in Article 36, Italian Decree Law no. 201 of 6 December 2011, converted into Law no. 214 of 22 December 2011). Where possible, the self-assessment is conducted at the same time as those checks.

The analyses conducted are formalised in a specific document approved by the Board and submitted, where requested, also to the Bank of Italy. The results of the self-assessment for 2023 are mentioned in the Annual report on "Corporate Governance and Ownership Structure", to which reference is made.



For further information:

[Corporate Governance Report 2023](#)

⁵ For more details, see Chapter 3 "Materiality analysis and stakeholder engagement".

Risk management and ESG risks

The illimity Group has a structured **Risk Management Process** (hereinafter, also “RMP”), with the aim of contributing to the sustainable process of value creation, ensuring at the same time legal compliance.

The Board of Directors of the Parent Company plays a fundamental role in risk management, including ESG risks and opportunities, specifically regarding the assessment and management of climate-related and environmental risks and opportunities. It sets the strategic guidelines, objectives and limits for risk, assesses the level of efficiency and adequacy of the **Internal Control System** and approves relevant risk management policies.

The Board of Directors uses the assistance of:

- the **Risks Committee**, for the activities relating to internal control and monitoring, as well as performing the analysis/support function so that the Board of Directors may correctly and effectively determine the RAF (Risk Appetite Framework) and the risk governance policies;
- the **Sustainability Committee** which, jointly with the Risks Committee, expresses an opinion on the integration of climate-related and environmental risks, and their assessment and management, into the company culture, strategy and processes, as well as the risk appetite and limits, and in the supervisory reporting and reporting to the market on exposure to climate-related and environmental risks (which inform all stakeholders of the Group's positioning in the process of transitioning to a more sustainable economy) for the Bank and Group Companies concerned. It is informed on the trend in exposure to climate-related and environmental risks, and their management;
- the **Audit and Internal Control Committee**, which monitors the adequacy and concrete functioning of the Company's organisational structure and internal control system. It also supports the Board of Directors in defining the guidelines for the internal control and risk management system, in line with the Bank's strategies and in assessing, at least annually, the adequacy of that system with respect to the characteristics of the Bank and the risk profile assumed, as well as the efficacy of the system.

For the **Internal Control System**, illimity has established three levels and types of controls, reported below, based on business practices and in compliance with prudential regulation.

Level 1 controls

The **operating structures** carry out “line controls”, to ensure that operations under their responsibility are carried out correctly.

Level 2 controls

The **CRO (Chief Risk Officer)** ensures constant oversight of the risks assumed by the Group, governing the process of identification, analysis, modelling, assessment and measurement, control and reporting, and the verification of consistency with the RAF limits, while the **Chief Compliance & AFC Officer** prevents, manages and mitigates compliance risk as well as the risk of money laundering and terrorist financing. The Department meets legal obligations on personal data protection at a Group level, and appoints the Chief Compliance & AFC Officer as the Data Protection Officer. In relation to the Supervisory Authorities, the CRO covers the role of head of the risk control function with regard to Bank of Italy Circular no. 285 of 2013 – Supervisory provisions for banks, and works in a separate, independent manner from the **Business Divisions**.

Level 3 controls

Internal Audit monitors the regular performance of operations and the evolution of risks, and assesses the completeness, adequacy, functionality and reliability of the organisational structure and the internal control system, notifying the company bodies of possible improvements, with specific regard to the RAF, the risk management process and the risk measurement and monitoring tools.

In the Process to Manage Risks that are significant, current and forward-looking, traditional and ESG-related, and, in compliance with supervisory regulations, the Group has implemented:

- a system of risk limits and objectives of the **RAF**, that represents an organic and structured approach which has implications on integrated risk management and governance processes, producing impacts on nearly all company functions. The RAF is structured and set out at an operational level by Company, Business Division and business and operational segments, and covers escalation processes, metrics and quantitative limits, as well as qualitative guidelines, indicated annually in the Risk Appetite Statement

(RAS). The formalisation of the risk management process is fundamental to ensure a sound and prudent company management;

- the internal capital adequacy assessment process (**ICAAP**) and the internal liquidity adequacy assessment process (**ILAAP**), which have the objective of providing an internal assessment of the assets with respect to exposure to the risks that characterise their operations and the operational and structural liquidity profile: these assessments are conducted under ordinary and stressed conditions, also on a forward-looking basis on achievement of the objectives of the Strategic Plan and the Budget;
- the process to assess *ex ante* **Material Transactions (MT)**, with a prior opinion on their sustainability at a credit, equity, financial and income level, as well as in terms of reputational and ESG profiles, and their consistency with the RAF.

In conjunction with these processes to manage and control risk under normal operating conditions, the Group has implemented a process connected with drawing up the **Recovery Plan**, which governs the management of crisis situations, and strategies and options for intervention designed to restore ordinary operations, as well as the **Contingency Funding Plan** procedure (emergency plan to manage liquidity in crisis situations).

The Group carries out an operational risk mapping and risk analysis process at least annually, based on quali-quantitative metrics and rules shared within the organisation, which identifies and, if necessary, updates the individual types or components of risk that the Group's operations are the most exposed to, in terms of relevance and materiality. The result of the identification process is contained in the **Risk Radar**, and represents, in relative terms, the risks inherent in the Group's present and future operations at overall level, structured according to the Companies and Business Divisions that generate these risks in order to determine overall risk exposure.

ESG risks and opportunities

GRI 2-25

The insights on Italian banks conducted by Bank of Italy - *"Impatti contabili dei rischi climatici e ricognizione delle disclosure ESG. Prime evidenze sulle banche italiane"* (Accounting impacts of ESG risks and of the ESG disclosures. First evidence on Italian banks), Bank of Italy, December 2023 - show that ESG factors and climate-related and environmental risks may have an extensive impact on various financial aspects. Nonetheless, for banking and financial intermediaries it is reasonable to wait until the initial impacts can be attributed to the classification and valuation of financial assets, the expected losses are estimated and the financial instruments are measured at fair value. These risks may influence the exposure of intermediaries to credit risk: physical risk events (e.g. floods) and the process of transitioning to a low-carbon economy (which for example determines the need of significant investments by companies) negatively impact the borrower's ability to fulfil the obligations undertaken. Moreover, the collateral provided (e.g. properties and plant) may become inaccessible or deteriorate due to climate-related and environmental events, with resulting effects on the estimated cash flows that can be recovered from the collateral and on the sustainability of the debtor.

ESG topics as a whole and risk management applications fall within a medium/long-term ESG risk process being developed and implemented, a significant portion of the 2021-2025 Strategic Plan. Lastly, they are also represented in the Action Plan set up with a view to aligning with the Expectations of the Bank of Italy on climate-related and environmental risks..

This section illustrates the results of the structured process of identifying and assessing the illimity Group's exposure to ESG risks.

In compliance with the requirements of Legislative Decree 254/2016, the Group has identified - through a process led by the CRO Department, assisted by the IR & Sustainability Department - the main environmental, social and governance (ESG) risk factors also for 2023, related to each material topic reported on, attributing these factors to existing risks (reported in the "Risk Radar"). Specifically, the process consists of a preliminary analysis of ESG risk factors, in order to identify the economic, financial and reputational risks defined by prudential supervisory regulations and best practices, and identified as material by the Group during the 2023 ICAAP and ILAAP processes. The table below shows the **main ESG risk factors** (classified as generated or incurred)⁶ to which the illimity Group might be exposed.

⁶ As indicated by Article 3, paragraph 1 of Legislative Decree 254/2016.

Areas of Legislative Decree 254/2016:

ENVIRONMENT

Topics	Opportunities	Specific risk ⁷	Risk classification	Horizon (short, medium or long term)	Risk level
Environmental impacts and climate-related challenges	Strengthening of the Group's reputation through compliance with environmental regulatory requirements in force	Non-compliance with environmental regulations (e.g. Italian Legislative Decree 152/2006)	Generated	Medium-term	High
Management procedure: Adoption of safeguards regarding the Compliance function, such as internal procedures and policies to manage/mitigate the risks linked to environmental impacts and climate challenges, as well as preparation of and continual updates to an <i>ex post</i> control system adequate for ensuring, as regards compliance risks, that the activities of the various business areas are in line with applicable internal and external regulations and with the company strategies and policies, based on the principles of sound and prudent management, in accordance with a risk-oriented approach.					
Environmental impacts and climate-related challenges	Strengthening of the long-term resilience of the business	Operational and credit losses related to an increase in climate-related and environmental risks, both physical and transition-related	Incurred	Long-term	High
Management procedure: Safeguards in place during origination (<i>policies, ESG rating and business sector/model analysis</i>) and the management of guarantees (<i>prudential pricing strategies and credit recovery and insurance process management</i>).					
Value chain and business relationships	Selection of a supply chain focused on ESG issues, with specific regard to environmental aspects	Signing of agreements with counterparties that do not meet environmental sustainability requirements	Generated	Medium/Long-term	High
Management procedure: The supplier qualification process involves the acknowledgement and acceptance of the illimity Way and the <i>Sustainable Supply Chain Policy</i> , containing the details of the Bank's commitment to sustainability. A "Self-Certification pursuant to Law 231" is also required, by which the supplier confirms that they have no pending convictions, accepts the illimity Way and acknowledges the fact that illimity has adopted an Organisation and Management Model pursuant to Italian Legislative Decree 231/2001. That document is renewed every 12 months. An ESG assessment is also conducted annually, through a specific questionnaire, on all suppliers identified as material due to their economic impact on the Group, with the goal of identifying a sustainability rating and, where available, also the details of their emissions.					

⁷ Specific risk: the main risks, generated or impacting the Group, related to the material topics of the illimity Group, and which arise from the organisation's activities, its products, services or business relations, including, where significant, supply or subcontracting chains (ref. Italian Legislative Decree 254/2016, Article 3, paragraph 1 c).

Areas of Legislative Decree 254/2016:

SOCIAL

Topics	Opportunities	Specific risk	Risk classification	Horizon (short, medium or long term)	Risk level
Customer satisfaction	Improve customer satisfaction to incentivise attracting new customers	Little ability to attract new customers	Generated	Medium-term	Medium
Management procedure: Safeguards in place regarding marketing, development and customer care, that have ensured and are ensuring a continual increase in the customer base and customer satisfaction; Safeguards implemented to monitor the Group's reputation (e.g. sentiment analysis indicators).					
Customer satisfaction	Strengthening of the system of listening, insight activities and surveys to identify and manage customer needs	Customer dissatisfaction, with a consequent negative turnover	Incurred	Medium-term	Medium
Management procedure: Safeguards in place regarding marketing, development and customer care, that have ensured and are ensuring a continual increase in the customer base and customer satisfaction; Expert personnel work at contact centres, on hand to help customers at any time, from onboarding to the operational management of services offered.					
Cybersecurity and Data Protection	Creation of relationships of trust and respect of the sensitive data of customers and parties that interact with the Bank	Non-compliance with applicable regulations and laws on privacy (e.g. the GDPR)	Generated	Medium/Long-term	High
Management procedure: Alignment with regulations regarding the confidentiality of personal data, a principle required by law, and the prevention of the risk of data leakage (the illimity Way); Adoption of safeguards in place for controls (such as the activities of the Compliance Function, with regard to the requirements defined by the GDPR and prudential regulations, and IT systems with access profiling); Adoption of a system to actively monitor the conduct of users connected with the bank system; Training (at least annual) of personnel involved in personal data processing; Application of the Third Party Risk Management process to monitor, during the life cycle of the supply, the supplier's security position and services or products supplied to the Group, by assessing the outsourcer's technological and organisational measures and transmitting the fundamental requirements for information security also as contractual requirements.					
Cybersecurity and Data Protection	Maintenance and expansion of the security of IT systems, with benefits in terms of company reputation and as the creation of stable relationships of trust with customers and parties that interact with the Bank	Loss and theft of sensitive data due to cyber attacks	Incurred	Medium/Long-term	High
Management procedure: Commitment to the internal rules on security and the use of IT tools (the illimity Way); Adoption of safeguards for controls (such as access protocols and systems of defence); Activation of the illimity Security Awareness Programme, providing training, at least annually, on phishing, business e-mail compromise, malware and data protection, for all employees and interns, tailor-made to the risk profile of each user; Monitoring quantitative indicators (such as the number of serious IT security incidents out of the total number identified), to help understand how the security measures adopted by the Group guarantee an excellent level of protection and actions to tackle cyber attacks; Application of Vulnerability Assessments and Penetration Tests (VAPT) carried out to identify any security vulnerabilities in the Bank's applications and ICT systems, to prevent and tackle cyber attacks; Publication of guidelines on the correct security measures to adopt depending on the various types of criticality levels; Monitoring of a dual operational risk indicator in the RAF: business operating losses and ICT operating losses identified in the year.					
Sustainable finance	Outlining of a sustainable finance strategy, implementation of regulatory requirements in advance and strengthening of the Bank's reputation	Transactions with companies operating in sectors with negative social/environmental impacts	Generated	Medium-term	High
Management procedure: Excluding - during the due diligence phase - counterparties applying for loans, in the sectors set out in internal regulations; Assessment of counterparties' ESG profile (such as certifications and ESG ratings), during credit origination, as well as any monitoring; Activation of indicators/models that can classify counterparties according to the social/environmental impact of their sectors (such as a heatmap); Checks on endorsement of ESG standards on analysing the offering of deals (by Corporate Banking, the CLO and Risk Strategy).					

Cont. >> Areas of Legislative Decree 254/2016: SOCIAL

Topics	Opportunities	Specific risk	Risk classification	Horizon (short, medium or long term)	Risk level
Support to entrepreneurs and financial inclusion	Support SMEs, guiding them through a process of recovery, relaunch and growth	Insolvency or worsening of the creditworthiness of counterparties to which the Group is exposed	Incurred	Long-term	Medium
Management procedure: Safeguards for the selection, assessment, issue of risk opinions and monitoring/controls (of ratings and other indicators) during origination and on a continual basis.					
Support to entrepreneurs and financial inclusion	Limiting of the sector concentration of businesses	Lack of diversification in the SME portfolio, with resulting potential impacts on the Group's business	Generated	Medium-term	Medium
Management procedure: Safeguards regarding the monitoring of sector and single name concentration limits.					
Innovation	Development of sound IT platforms that guarantee IT security that favours a positive digital experience for customers and a company culture of innovation	Inadequate level of IT security management on technological platforms (e.g. illimitybank.com app)	Generated	Medium/Long-term	High
Management procedure: Commitment to the internal rules on security and the use of IT tools (the illimity Way); Adoption of safeguards for controls (such as access protocols and systems of defence); Activation of the illimity Security Awareness Programme, providing training, at least annually, on phishing, business e-mail compromise, malware and data protection, for all employees and interns, tailor-made to the risk profile of each user; Monitoring quantitative indicators (such as the number of serious IT security incidents out of the total number identified), to help understand how the security measures adopted by the Group guarantee an excellent level of protection and actions to tackle cyber attacks; Application of Vulnerability Assessments and Penetration Tests (VAPT) carried out to identify any security vulnerabilities in the Bank's applications and ICT systems, to prevent and tackle cyber attacks; Publication of guidelines on the correct security measures to adopt depending on the various types of criticality levels; Monitoring of a dual operational risk indicator in the RAF: business operating losses and ICT operating losses identified in the year.					
Innovation	Monitoring of the outsourcing of IT infrastructure to facilitate customers' digital experience and the company culture of innovation	Lack of contractual power deriving from the outsourcing of the IT infrastructures essential for certain Group processes (e.g. predictive models of the credit process)	Incurred	Long-term	Medium
Management procedure: The outsourcing of essential or important functions is managed through a multi-stage assessment process conducted by Compliance, Risk, Legal and ICT Security. In any event, the counterparties to whom essential or important functions are outsourced fall within the supplier qualification process, through which they are assessed, and the checks in the process are conducted (collection and checking of documentation, AML audit, audit of related parties, etc.). The outsourcing of essential or important functions also requires an exit strategy to protect the Bank.					
Value chain and business relationships	Strengthening of the value change and reduction of possible reputational risks linked to suppliers	Partnerships with third parties not aligned with the same social responsibility objectives of the Group	Incurred	Medium/Long-term	High
Management procedure: The supplier qualification process involves the acknowledgement and acceptance of the illimity Way and the Sustainable Supply Chain Policy, containing the details of the Bank's commitment to sustainability (ESG). A "Self-Certification pursuant to Law 231" is also required, by which the supplier confirms that they have no pending convictions, accepts the illimity Way and acknowledges the fact that illimity has adopted an Organisation and Management Model pursuant to Italian Legislative Decree 231/2001. That document is renewed every 12 months. An ESG assessment is also conducted annually, through a specific questionnaire, on all suppliers identified as material due to their economic impact on the Group, with the goal of identifying a sustainability rating and, where available, also the details of their emissions.					

Areas of Legislative Decree 254/2016:

PERSONNEL

Topics	Opportunities	Specific risk	Risk classification	Horizon (short, medium or long term)	Risk level
Diversity, Equity and Inclusion in the company	Consolidation of an inclusive company culture, reducing any discrimination and increasing awareness of employees	Low level of effectiveness of programmes focused on Diversity, Equity & Inclusion topics	Generated	Long-term	Medium
<p>Management procedure: Adoption of the HR Policy, which takes account of the value of diversity (such as gender, education, experience and nationality) from recruitment onwards, up to the professional development of employees; Adoption of Group policies targeting the empowerment of diversity (in terms of gender, education, experience and nationality); Plans for programmes and initiatives on the topic of diversity; Adoption of a Diversity, Equity & Inclusion Policy; Adoption of an Anti-Harassment Policy; Monitoring to confirm the maintenance of the Gender Equality certification; Inclusion of the factors of diversity and inclusion in the human capital base and the company culture (taken from the illimity Way document); Commitment to guarantee fairness in remuneration packages and, more generally, in treatment (e.g. gender and age).</p>					
Diversity, Equity and Inclusion in the company	Adoption and consolidation of an inclusive company culture that ensures equal opportunities for wages to incentivise female personnel and reduce any discrimination	Increase in the gender pay gap, with consequent discouragement of female personnel	Generated	Long-term	Medium
<p>Management procedure: Application of the “gender neutral” process supported by the Group internal HR, DEI and corporate governance policies and the Remuneration Policy; Definition of remuneration based on the principle “equal pay for equal work (DEI Policy), guaranteed by safeguards to ensure that remuneration decisions are diversity neutral (e.g. systematic analysis of internal and external remuneration benchmarks, when defining financial packages during the annual salary review process and in the commitment to neutralise the equity pay gap, monitored through checks activated on hiring, during the individual salary review and in the periodic review of remuneration policies); Definition of the annual involvement of the Board of Directors, with the support of the Remuneration Committee, to analyse the gender neutrality of the remuneration policies and to check the Gender Pay Gap and its evolution over time (Remuneration Policy); Adoption of a measurable, transparent remuneration and incentive policy. In selecting employees as well as in remuneration policies, we guarantee equal access to work irrespective of gender or origin (the illimity Way); Specific monitoring activities to maintain the Gender Equality Certification.</p>					
Empowerment, involvement and well-being of illimiters	Promotion of processes of professional growth and a simulating organisational ecosystem where the potential of each individual can be developed and converged into superior collective performance	Inability to attract and retain talent	Generated	Short-term	Low
<p>Management procedure: Definition of a framework to attract and develop human resources based on company values and the “illimity leadership model”, aimed at guaranteeing a working environment steered by inclusion, collaboration, accountability and meritocracy. The appeal of this framework is continually monitored through continual check points of managers/HR with each illimiter, and also by the annual Great Place to Work certification process and analysis of independent bodies (such as Universum); illimity considers it important to engage personnel in a view to increasing the feeling of belonging and continuous development (the illimity Way).</p>					
Empowerment, involvement and well-being of illimiters	Inclusion of sustainability criteria in the incentive systems for Bank employees in order to achieve ESG objectives	Failure to achieve sustainability objectives, due to the absence of appropriate criteria in management performance measurement and incentive systems	Generated	Medium-term	Medium
<p>Management procedure: The rules underlying illimity’s sustainability plans are defined consistent with the purposes of alignment with the company objectives and values, including the creation of value and corporate social responsibility, through the commitment to achieving the Group’s ESG objectives in addition to its economic-financial objectives. For the third performance cycle (2023-25) the presence of ESG KPIs was confirmed (accounting for 20% of the objective plan) in the 2021-2025 Long-Term Incentive Plan (“LTI Plan”) for the Chief Executive Officer, the remaining Top Management and the other key personnel of the Group, which includes among ESG targets measurable elements regarding Diversity, Equity & Inclusion. ESG KPIs were also identified with specific regard to D&I issues (accounting for 15% of the objective plan) in the MBO variable annual incentive plan) for the Chief Executive Officer and all managers of the Group (with a specific focus on the Executives with Strategic Responsibilities and the CEOs of the subsidiaries). Moreover, the illimity Group’s leadership model also explicitly and in detail calls for the adoption of ESG and “digital-oriented” behaviour at all levels of the organisation. In that sense, a specific KPI has been set out regarding the evaluation of behaviour based on the illimity leadership model (accounting for 10% of the 2023 MBO objectives plan of the Chief Executive Officer).</p>					

Areas of Legislative Decree 254/2016::

HUMAN RIGHTS

Topics	Opportunities	Specific risk	Risk classification	Horizon (short, medium or long term)	Risk level
Safeguarding of human rights	Strengthening of the promotion of respect of human rights by applying the principle of non-discrimination within the Group	Failure to adopt the principle of "non-discrimination" within the Group, in relations with staff and associates and in internal policies and procedures (e.g. concerning access to work, training and professional promotion)	Generated	Medium-term	Medium

Management procedure: Adoption of policies and processes with specific attention paid to the principle of non-discrimination in the illimity Way (the Group's Code of Ethics), and Diversity, Equity & Inclusion Policy, defining the commitment to tackling any discrimination, and promoting a culture of diversity and inclusion in compliance with applicable regulations and international best practices at all levels of the organisation, and also by the Group's stakeholders;
 Adoption of an Anti-Harassment Policy;
 Adoption of fair, consistent conduct in recruiting and human resources management, avoiding favouritism, abuse or discrimination based on gender, ethnic background, religion, political and trade union affiliation, sexual orientation and identity, language, age or disability;
 Guarantee of respect for human rights and fundamental freedoms in third-party relations, which are based - in terms of contracts and relations - on the principles and values in the illimity Way, and in internal relations. Given the Group's operating and business model, and contextualisation at national level, safeguarding human rights is deeply-rooted in the human resources management policies, supported by national collective bargaining agreements and specific rules on occupational health and safety, in the context of a nationwide regulatory framework.

Safeguarding of human rights	Supporting companies that respect human rights, including the application of the principle of non-discrimination in a manner to guarantee equity and individual freedom.	Failure of companies which the Group finances and/or invests in, to comply with principles of non-discrimination	Incurred	Medium-term	Medium
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Management procedure: Safeguards for controls at an application level (business, risk opinion), but ongoing only at an indirect level;
 Adoption of the Consolidated Credit Procedure, which governs the exclusion of funding for some types of parties considered to be excluded sectors by Corporate Banking and Specialised Credit Divisions (excluding portfolios and individual positions managed as a gone concern), taking account of the UN's principles on the approach to business and human rights, and in keeping with the Bank's strategic guidelines and guidance on credit strategies;
 Adoption for those parties, in the application stage, of in-depth controls, also consulting external lists, where available, paying particular attention to the purposes of the Bank's funding and considering the weight of activities excluded in relation to the overall operating activities of the party (company or group) to receive funding.

Areas of Legislative Decree 254/2016:: ANTI-CORRUPTION

Topics	Opportunities	Specific risk	Risk classification	Horizon (short, medium or long term)	Risk level
Integrity in company conduct	Guarantee the actual compliance with the laws and regulations in force and the principles and values of the Group	Internal and external fraud	Incurred	Short-term	High
<p>Management procedure: Internal fraud: the Bank's rules and regulations define periodic controls to mitigate risks in various company processes, including the risk of internal fraud. In this regard, both manual and automatic controls are put in place to guarantee the "segregation of duties" of people who perform/request an operation, and people who control/authorise it, based on defined powers and authorities. Aside from strictly operational rules, personnel must observe the general principles of integrity and transparency defined in the illimity Way, in performing their duties. External fraud: assessments during , on request of the Smart Care unit and Branch, using intelligence tools. Ongoing quantitative assessment of all customers in relation to the single transaction and conduct of the customer as regards own current account transactions.</p>					
Integrity in company conduct	Guarantee the actual compliance with the laws and regulations in force and the principles and values of the Group	Group operations concerning money laundering and terrorist financing	Generated	Short-term	High
<p>Management procedure: Internal Policies and Procedures which describe the safeguards adopted to manage/mitigate the risks in question and related rules of conduct to observe (above all the Anti-Money Laundering Policy and Anti-Money Laundering Manual), the Organisation and Management Model (231), and the illimity Way (Group Code of Ethics); training courses delivered through e-learning, dedicated webinars and specific training programmes/initiatives for personnel involved, also with on-the-job training; controls during processes (e.g. during customer pre-screening and onboarding) and ex post, carried out both manually and using automated tools; periodic risk assessment.</p>					
Transparent communication and company reputation	Improvement of the reputation among stakeholders	Lack of consistency between Group values and the conduct of personnel directly working with customers, through the free phone service, chats, video calls or email	Incurred	Medium/Long-term	High
<p>Management procedure: Transparency Fairness with Customers Policy; the Organisation and Management Model (231), and related Code of Ethics and illimity Way; dedicated webinars and specific training programmes/initiatives for personnel involved, also with on-the-job training; training material as "mini" educational sessions sent by email; support for business/marketing functions in assessing compliance with consumer protection requirements in advertising, to avoid unfair business practices.</p>					
Transparent communication and company reputation	Building of solid relationships with customers by transparently sharing corporate and business information	Lack of transparency in disclosure with the resulting impacts on the relationship of trust with customers	Generated	Medium/Long-term	High
<p>Management procedure: Specific safeguards already in place (selection and training policies; first and second level controls, surveys conducted on customer satisfaction, etc.)</p>					

Areas of Legislative Decree 254/2016:: BUSINESS TOPICS

Topics	Opportunities	Specific risk	Risk classification	Horizon (short, medium or long term)	Risk level
Robustness and creation of shared value	Adoption of effective strategic choices that create and distribute long-term economic value to the Bank's stakeholders	Ineffectiveness in strategic choices for long-term stability	Generated	Medium-term	High
<p>Management procedure: Commitment to concretely implementing the strategies in relation to stakeholders to create relationships of trust over the long-term (the illimity Way); Adoption of safeguards such as processes, resources, and tools in the area of the various levels of the internal control system.</p>					
Robustness and creation of shared value	Monitoring and maintenance of the risk management process to maintain good capitalisation levels and the ability to conduct sound, profitable transactions	Ineffectiveness of risk monitoring and management processes	Generated	Medium-term	High
<p>Management procedure: Adoption of specific internal policies that ensure the governance of risk management processes; Adoption of safeguards such as processes, resources, and tools for second and third level controls.</p>					
Integrity in company conduct	Provision of policies and controls to guarantee the actual compliance with the laws and regulations in force and the principles and values of the Group in order to maintain a good reputation in relation to stakeholders and avoid any financial losses	Considerable financial loss or harm to reputation due to failure to comply with laws and regulations	Incurred	Short-term	High
<p>Management procedure: Adoption of safeguards such as processes, resources and tools for Compliance Function activities; Definition of Compliance Policy which includes the description of the organisational model adopted by the Banking Group to manage compliance risk, and the proper oversight of legal compliance issues; Promotion of a company risk compliance culture, through initiatives and specific training programmes delivered (based on e-learning, dedicated webinars and specific training programmes/initiatives for personnel involved and more exposed to risks); Preparation of and continual updates to a control system that is adequate for ensuring, as regards compliance risks, that the activities of various areas are in line with applicable internal and external regulations, and with company strategies and policies, based on the principle of sound and prudent management; Oversight by the Bank's Compliance & AFC Competence Line of compliance risk management for all company activities and services/products, maintaining ongoing dialogue with the personnel of the Bank's entities and subsidiaries, also ensuring that company processes and procedures are, starting from the design stage, suitable for preventing/mitigating this risk, based on a risk-oriented approach.</p>					
Integrity in company conduct	Provision of policies and controls to guarantee the actual compliance with the laws and regulations in force and the principles and values of the Group in order to reduce any violations and legal or administrative penalties	Legal or administrative sanctions as a result of violating mandatory regulations	Incurred	Medium-term	High
<p>Management procedure: Safeguards in place regarding processes, resources, and tools for second and third level controls Definition of company internal regulations/Organisation and Management Model (231) and the illimity Way (Group's Code of Ethics) Promotion of a company compliance risk culture, through initiatives and specific training programmes Periodic reporting to competent bodies (for example: Tableau de Bord).</p>					

illimity's commitment to environmental, social and governance issues brings with it the resulting management of and potential exposure to additional risks. Climate-related risks and opportunities have been identified by the Bank **over the short, medium and long-term** in order to create a strategy that protects the Group from the various types of events.

Specifically, in the **short-term** (indicatively over a time horizon of up to 1 year), the execution of the process of identifying material risks for the Group is overseen by the CRO, together with the CFO, with the support of other organisational units of the Parent Company illimity Bank and the Subsidiaries ARECneprix (formerly neprix) and illimity SGR allows for, *inter alia*, the identification of ESG risks and opportunities. The results of this process represent the assessment and input measures used to develop processes related to the ICAAP and ILAAP, the Strategic Plan, Budget and RAF, and are therefore validated by the Top Management, discussed and analysed by the Risks Committee, and subject to approval by the Board of Directors of the Parent Company.

The analysis regards both the risks connected with the Bank's counterparties (i.e. counterparties financed/served) and the risks that the Bank is directly exposed to or contributes to, and is based on specific logical steps: risk mapping on the single Divisions/Departments/Companies; risk analysis in light of the current business model and continuing operations, planned evolution of the business and strategies, policies for taking on, managing and establishing organisational safeguards against various risks and the evolution of the external and market/regulatory reference scenarios; attribution of an opinion on the probability of occurrence of the risk analysed and final assessment by the CRO. If the total score exceeds the threshold of acceptability, the risk is deemed material is inserted into the Official Risk Radar of the illimity Group.

With regard to the **medium-term** (indicatively in the range from 1 year to 3 years) and the **long-term** (beyond 3 years), the Sustainability Committee carries out its role of promoting a responsible and sustainable culture within the Group, submitting proposals to the Board of Directors to define the targets over that time horizon. Among these, ESG objectives have been integrated into the **Long-Term Incentive Plans (LTIP)** – as well as into the **MBO Annual Incentive Plan** of the Chief Executive Officer and the Top Management of the Group – in line with the provisions of the 2021-2025 Strategic Plan⁸.

The Group has adopted and identified multiple indicators for monitoring the climate and environmental aspects of its operations and the credit and investment portfolio. Furthermore, the Bank evaluates its positioning with respect to external communication on commitment to ESG issues through the analysis of ESG Ratings assigned to the Bank, which are also subject to periodic monitoring.

The evidence from the monitoring of individual risks, the analysis of developments in internal and external factors, public information, sector studies and the evolution of best practices. etc. all elements which contribute to pinpointing potential emerging trends and, as a result, also potential **emerging risks** connected with ESG profiles, to which the Group might be exposed. The quick identification of those types of risk is significant with a view to continuously updating the processes of identifying risks, modelling, assessment/measurement and management that includes them.

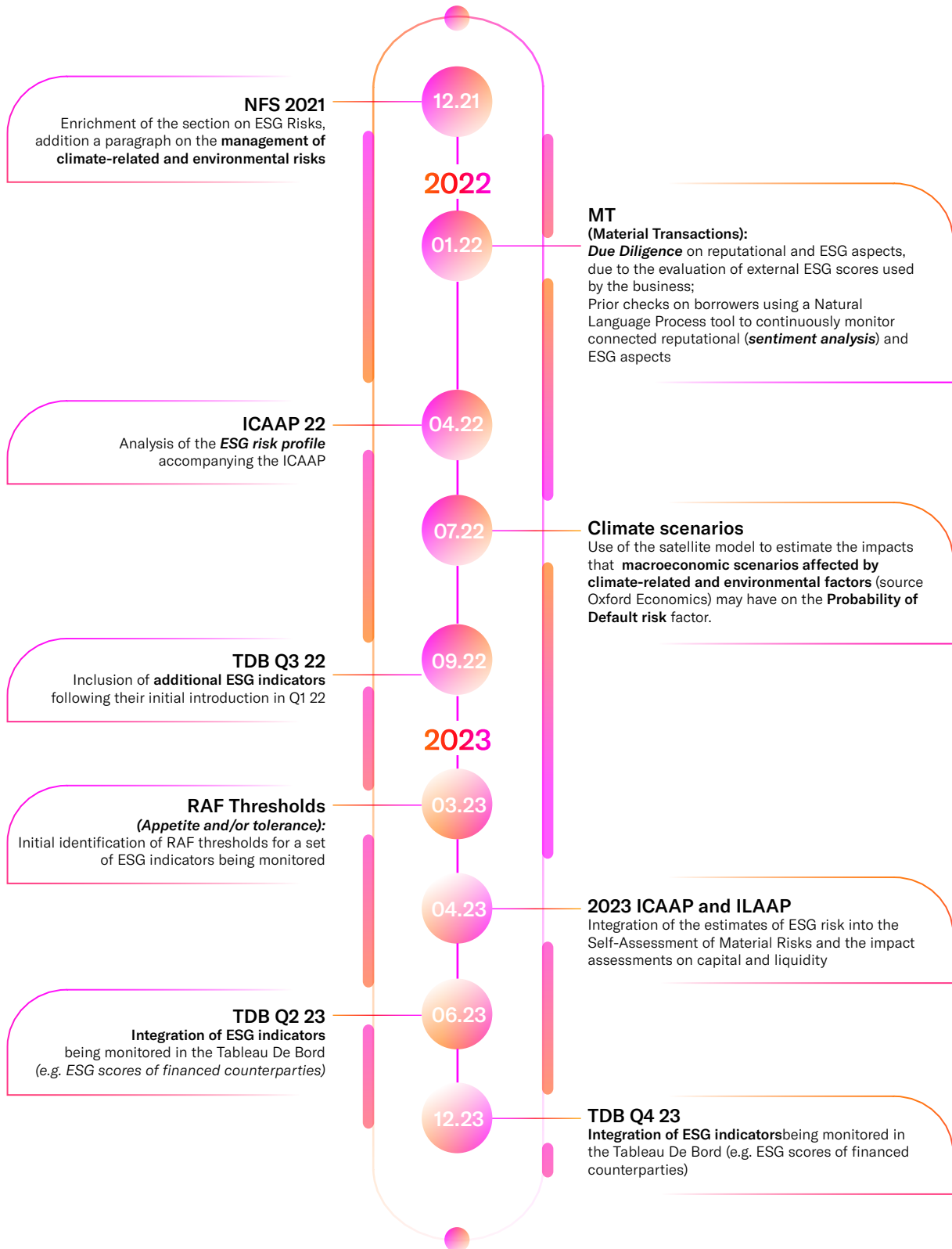
For example, the emerging trend of increasing digitisation of technological infrastructure, as well as greater automation of processes by leveraging machine learning and artificial intelligence techniques (**ML and AI**), techniques which will be increasingly applied, also to change the business model and develop new types of services/products, have led to a change in the assessment of several risks, such as IT risk, cyber security and third party risks (regarding the increased dependence on systems and services offered by third parties, to which not only processes, but also cloud or IT services are outsourced). Aspects of sustainability and protection of the privacy and the rights of natural persons in relation to the use of "high risk" ML and AI models are also important in this area⁹.

Lastly, the Bank continued its efforts also in 2023 to **integrate ESG factors in its overall risk management**, mainly focusing on climate-related and environmental issues. The initiatives managed by the CRO of illimity involved the continuation of analyses, development and implementation based on evidence taken from regulatory guidelines, indications from interbank work groups, best practices available and the 2021-2025 Strategic Plan as well as the Plan to Align with the Expectations of the Bank of Italy on climate-related and environmental risk, thus intervening on the risk assessment system (composed of processes, databases, assessment frameworks, models and reporting, *reporting*) as illustrated below.

⁸ For more information, see the section "illimity Total Reward – The Value of Recognition" in Chapter 6.

⁹ For more information, see the section "Ethical aspects related to the use of Artificial Intelligence and Machine Learning techniques" in Chapter 5.

Main activities carried out in 2021-2023



Lastly, in June 2023, the RAF 2023 was updated **introducing Risk Appetite/Tolerance thresholds** on an initial set of material indicators linked to ESG risks and opportunities, both for illimity and for the financed counterparties and issuers of securities purchased for the proprietary portfolios, with a particular focus on climate-environmental risks, which are monitored and reported in the RAF Tableau de Bord. Specifically, by way of example, the following indicators are referred to, shown in the table below: ESG scores of financed counterparties, hydraulic and hydrogeologic physical risk score of collateral for NPL portfolios, sustainable finance targets in terms of volumes of loans disbursed/financial instruments acquired, ESG rating attributed to the illimity Group, operating losses generated by ESG factors, and illimity's emission intensity (Scope 1+2 per FTE).

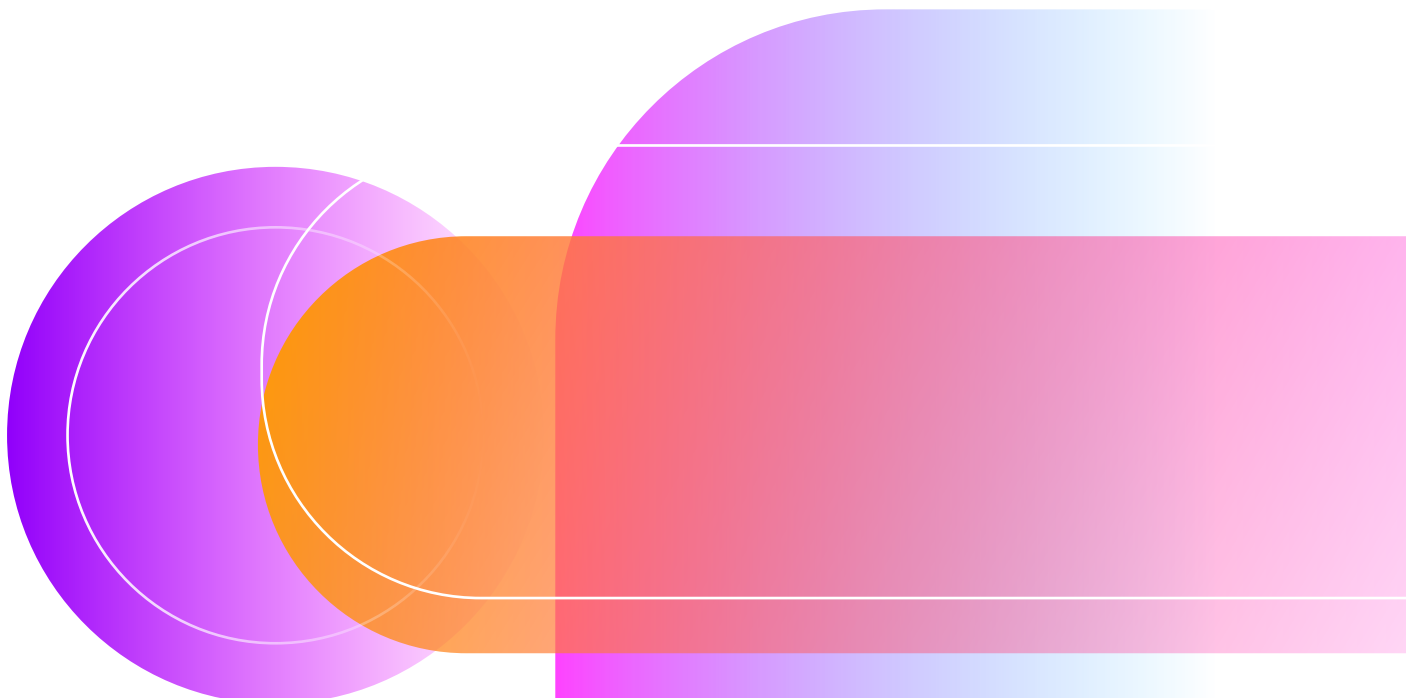
ESG Indicator	Frequency
ESG score of financed counterparties	Quarterly
Hydraulic and hydrogeologic physical risk score of collateral for NPL portfolios	
Sustainable finance targets in terms of volumes of loans disbursed/financial instruments acquired	
ESG rating attributed to the illimity Group	
Operating losses generated by ESG factors	
illimity's emission intensity (Scope 1+2 per FTE)	Annual (six-monthly target)

The Risk Appetite/Tolerance thresholds at the level of individual ESG indicators are defined by the CRO through an internal methodology that factors in elements such as the observed historical trend of the risk, budget objectives, expected targets, and also judgmental elements, the results of which are shared with the Sustainability Committee and Risk Committee and approved by the Board of Directors of the Parent Company.

Sustainability Plan



Integration of ESG factors in the credit assessment and Risk Appetite Framework (RAF)



03. Materiality analysis and stakeholder engagement

Methodological Note

GRI 2-3

GRI 2-4

GRI 2-5

The illimity Group has drawn up its fourth Consolidated Non-Financial Statement (NFS) and its third pursuant to Article 4 (*Consolidated Non-Financial Statement*) of Italian Legislative Decree 254/2016. From as early on as 2020, illimity opted to prepare its first NFS on a voluntary basis pursuant to Article 7 (*Conforming Voluntary Non-Financial Statements*) of the Decree.

The Decree, enacting Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, regards the disclosure of non-financial and diversity information by certain large undertakings and groups on environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters.

Also this year, as the scope of Directive 2014/95/EU and consequently Italian Legislative Decree 254/2016 apply, illimity has disclosure obligations concerning its own economic activities considered to be eco-sustainable. This reporting is contained in the Non-Financial Statement pursuant to Article 8 of Regulation (EU) 2020/852 on European Union Taxonomy, as described in Chapter 12 “European Taxonomy and eco-sustainable activities”.

This statement has been drawn up in compliance with the “GRI Sustainability Reporting Standards” published by the Global Reporting Initiative (GRI), as indicated in the attached table “GRI Content Index” under the “in accordance” option in the 2021 version. Moreover, in order to provide complete disclosure on the Group’s performance to the financial community and all other stakeholders, additional qualitative and quantitative indicators on some material topics produced according to an independent methodology, were added, alongside the GRI Standards. For more information on the correlation between the chapters of this NFS and reference indicators (GRI and additional KPIs), reference is made to the tables in the GRI Content Index.

The NFS is prepared through the annual coordination of the Investor Relations & Sustainability Department, that is responsible for defining the work plan, and meeting the deadlines indicated in the Decree, i.e. aligned with the financial reporting process. In particular, the Department is tasked with starting and supervising the entire process to collect data and qualitative information, using software developed to manage the entire reporting chain through a collaborative approach, and with preparing the draft version of the NFS, assisted by all structures involved, to submit to the Sustainability Committee which, possibly through additions or requests for changes, presents it to the Board of Directors for approval by the same deadline set out for presenting the draft financial statements.

The reporting boundary of the document corresponds to the 2023 Consolidated Financial Statements and considers all entities consolidated on a line-by-line basis that are part of the illimity Group, as described in Chapter 1. Compared to the previous year, the reporting also includes ARECneprix S.p.A.¹⁰, Quimmo Agency S.r.l. and Quimmo Prestige Agency S.r.l. any perimeter limits or changes to the data published in the previous reports have been suitably emphasised in the document.

In order to ensure the comparability of the information included in this document with that reported in the previous years, a comparison of the information for the three-year period is provided, as required by the GRI. The qualitative and quantitative data and information in this document refer to activities carried out by the Group regarding the year ended 31 December 2023, and were compared with those referring to the two previous years. In order to correctly represent the performance and ensure the reliability of the data, the use of estimates was limited as much as possible. If present, they are founded on the best methodologies available and suitably noted.

¹⁰ Created through the merger by incorporation of AREC S.p.A. (acquired on 30 June 2022) by neprix S.r.l. with legal effect from 1 January 2023. In 2022, the reporting of AREC S.p.A. referred only to the second half of the year, as the company joined the Group on 1 July 2022.

The 2023 NFS was approved by the Board of Directors in the meeting of 8 March 2024.

The Statement was audited on a limited basis by KPMG S.p.A. The results of audits, conducted pursuant to Article 3, paragraph 10, of the Decree and according to criteria indicated in ISAE 3000 Revised, are presented in the independent auditors' report, attached to this document.

For further information on the contents of illimity's Non-Financial Statement, please write to:

sustainability@illimity.com.

Stakeholder identification and engagement

GRI 2-29

The GRI standards define materiality as a fundamental principle underlying the reporting process and referring to topics that:

- reflect the significant economic, environmental and social impacts of the organisation, or
- substantially affect stakeholders' evaluations and decisions.

In developing its business, the illimity Group interacts with a multitude of categories of stakeholders that are directly and/or indirectly influenced by its activities, services and products, or which actively influence the Group's operations. In 2023, the categories of illimity stakeholders identified based on their significance are presented below:



It is fundamental to engage these categories in order to understand their interests, expectations and disclosure needs. This is carried out mainly in the performance of normal business activities. Communications are constant and transparent, allowing the Group to maintain a stable, proactive dialogue.

In general, the channels used for dialogue, at least monthly, in stakeholder relations are:



In line with the 2022 NFS, for the 2023 NFS, stakeholder engagement involved over 1,500 illimity stakeholders, as described further in the next section.

Materiality analysis

GRI 2-29

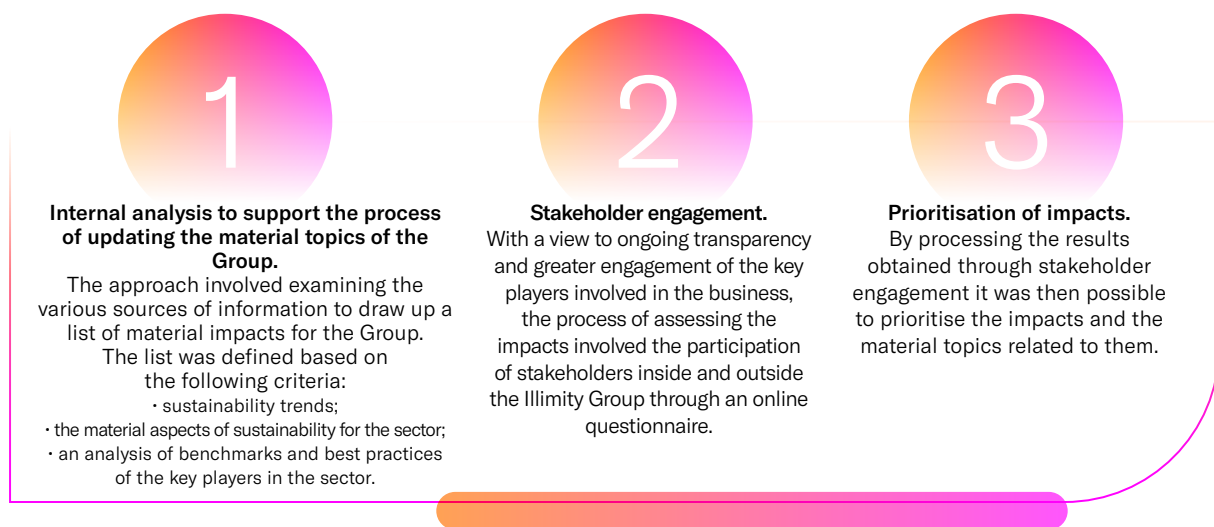
GRI 3-1

For illimity's first year of non-financial reporting - with the 2019 Sustainability Profile - the Group conducted an analysis leading to the definition of the 2019 materiality matrix. The materiality analysis the matrix is based on was then updated annually, in order to identify any changes in the Group's internal and external context.

In 2023, coordinating with the IR & Sustainability Department and involving the Sustainability Committee, illimity further updated its materiality analysis to confirm the significance of the topics identified so far.

The new 2023 materiality analysis aims to prioritise the impacts and, as a result, the related material topics, on which the illimity Group will focus its sustainability initiatives.

The process is structured in three stages according to the methodology suggested by the GRI Standards:



1. Internal analysis to support the process of updating the material topics of the Group.

The process of identifying and selecting the potential impacts generated or suffered by the illimity Group involved a careful internal analysis, with the consultation of internal documents, media publications, benchmarks, best practices in sustainability reports, aspects of sustainability that are material for the sector, external trends and legal developments.

2. Stakeholder engagement

Downstream from the previous stage, the impacts identified as potentially material from the starting point for the stakeholder engagement activities. These impacts were assigned a materiality score (scale and scope) by the stakeholders using an online questionnaire.

3. Prioritisation of impacts

In light of the results obtained from the rating, the materiality scores assigned by each category of stakeholder were aggregated, and are illustrated in the following section.

illimity's materiality results

GRI 3-2

The list of topics deemed material following the identification and prioritisation of material impacts. Each topic is associated with its impact and the impact's characteristics.

Material topics	Impacts	Positive/ Negative	Description of the impact
Integrity in company conduct	Ethical conduct of the business	Positive	Compliance with the laws in force and the principles and values of the Group by adopting the principles of fairness, fair competition and transparency, as well as the fight against active and passive corruption and the implementation of procedures and systems to report irregularities and unlawful conduct.
	Non-compliance with laws and regulations	Negative	Non-compliance with laws and regulations or internal and external fraud with negative impacts relating to reputational damages for the organisation.
Cybersecurity and Data Protection	Strengthening IT security of sensitive data and IT infrastructures	Positive	Strengthening the security of IT systems to reduce the risk of interruptions in banking operations, guaranteeing the confidentiality, integrity and security of the data processed, in compliance with regulations.
	Breach and loss of client data and incompetent management of IT security	Negative	Loss and theft of sensitive data due to cyber attacks and/or non-compliance with privacy laws or regulations (e.g. the GDPR).
Transparent communication and company reputation	Accurate, transparent communication with stakeholders	Positive	Accurate, transparent corporate and commercial communication, with the resulting increase in stakeholders' feeling of trust.
	Communication misaligned with the values of the Organisation	Negative	Non-transparent corporate or commercial communications or conduct of personnel with direct contact with customers misaligned with the values of the Group, with resulting reputational damage.
Safeguarding of human rights	Promotion of values of equity and non-discrimination	Positive	Respect for universally-recognised human rights, the values of equity and the application of the principle of non-discrimination within the Group.
	Non-application of the principle of non-discrimination inside and outside the Group	Negative	Breach of the principle of non-discrimination with the Group and/or unnoticed/unaware financial support to companies involved in the violation of human rights.
Support to entrepreneurs and financial inclusion	Support for SMEs through facilitated access to the Group's services	Positive	Promotion of the development and growth plans of high-potential SMEs through activities such as support in recovery through bank loans, favouring the competitiveness of the Italian entrepreneurial system of SMEs, stimulating investments and facilitating the access to credit.
	Lack of structured loan processes	Negative	Difficulty in accessing credit for SMEs due to unclear loan processes and little diversification in the customer portfolio.
Empowerment, involvement and well-being of illimiters	Employee satisfaction and well-being	Positive	Creation of a stimulating, cooperative work environment thanks to rewards systems and processes for professional growth, as well as incentivising a company culture of listening, focusing on the health and well-being of employees.
	Failure to meet employees' expectations in terms of well-being	Negative	Lack of a work-life balance, with resulting negative turnover, inability to attract talents and increase in work stress.
Diversity, Equity and Inclusion in the company	Fair remuneration policies and equal opportunities	Positive	Consolidation of an inclusive company culture that guarantees equal opportunities in terms of wages and reduces any discrimination.
	Discrimination in terms of compensation and career advancement	Negative	Discouragement of female personnel due to cases of discrimination in the company, development plans that do not guarantee equal opportunities or an increase in the gender pay-gap.
Environmental impacts and climate-related challenges	Incentivising activities to protect the environment inside and outside the Organisation	Positive	Incentivising positive conduct by the Bank in managing and mitigating climate change risks and negative environmental impacts attributable to the operations of the Bank or third parties the Bank deals with (e.g. Customers and suppliers).
	Generation of direct and indirect GHG emissions (Scope 1, 2 and 3)	Negative	Increase in climate-related and environmental risks and non-compliance with environmental regulations and voluntary codes and/or due to activities that generate negative environmental impacts such as the increase in direct emissions of the Group.

Material topics	Impacts	Positive/ Negative	Description of the impact
Customer satisfaction	Strengthening of customer satisfaction and attraction of new customers	Positive	Strengthening of customer satisfaction and attraction of new customers through systems of listening such as surveys and insights to identify and manage needs.
	Lack of attention to customers' needs and requirements	Negative	Lack of attention to customers' needs and requirements, with the resulting limited ability to attract new customers, and negative turnover.
Sustainable finance	Support to sustainable transactions of SMEs	Positive	Consideration of the environmental, social and governance (ESG) aspects in the Bank's investment and lending choices, by defining a business strategy to support SMEs in the transition to sustainable development and the creation of specific products with social/environmental impacts.
	Lack of ESG screening	Negative	Support to companies operating in sectors with highly negative social/environmental impact, due to a lack of adequate ESG screening.
Innovation	Technological innovation of processes, products and services	Positive	A simple, easy-to-use digital experience for customers and employees, incentivising the culture of innovating company processes through digitisation and technological upgrading actions.
	Lack of technological innovation	Negative	Lack of readiness and obsolescence of products and services offered, with negative impacts within the company and towards external stakeholders.
Robustness and creation of shared value	Maintenance of the Group's financial stability	Positive	Financial stability of the Group in accordance with the regulatory restrictions, and creation of long-term economic value for stakeholders through monitoring and maintaining the risk management process, aimed at maintaining sound levels of capitalisation and the ability to carry out healthy, profitable transactions.
	Unstable economic performance	Negative	Long-term instability of the Bank due to the ineffectiveness of the risk monitoring and management processes, with resulting incorrect strategic decisions.
Value chain and business relationships	Monitoring of suppliers' ESG performance	Positive	Strengthening of the management of the value chain by enhancing relations with suppliers and commercial partners, selecting and engaging them based on transparency and integrity, with a focus on ESG issues.
	No monitoring of suppliers' performance	Negative	Negative environmental, social and economic impacts and reputational damage for the organisation due to partnership with suppliers engaged in commercial practices or conduct that was found to be unfair and not in line with the Group's values.

The materiality analysis was presented to the Sustainability Committee at the meeting of 22 November 2023 and approved by the Board of Directors at the meeting of 23 November 2023.

The material topics have a dual function of guiding the company in choosing individual disclosures to report and of guaranteeing compliance according to the areas contemplated by Italian Legislative Decree 254/2016.

Correlation table for reporting areas pursuant to Italian Legislative Decree 254/2016 and material topics:

Environment	Environmental impacts and climate-related challenges
	Sustainable finance
Social	Support to entrepreneurs and financial inclusion
	Customer satisfaction
	Value chain and business relationships
	Transparent communication and company reputation
	Innovation
	Robustness and creation of shared value
Personnel	Empowerment, involvement and well-being of employees
	Diversity, Equity and Inclusion in the company
Anti-corruption	Integrity in company conduct
	Cybersecurity and Data Protection
Human Rights	Safeguarding of human rights

04. A culture of rules

The value of **integrity in corporate conduct** is a fundamental principle and foundation of the illimity Group's operations, characterising the approach and conduct of personnel in achieving objectives, and is reflected in the Group's commercial offering and relations with the external community.

illimity ensures the lawfulness and sustainability of the Group's activities in compliance with all applicable laws, regulations and internal standards.

illimity is committed to promoting a conduct among its employees and associates, that is based on integrity in all activities, with the aim of proactively managing the risks connected with a failure to comply with legal obligations, best principles or ethical principles.

The dissemination of a solid compliance culture is facilitated by an effective, extensive control model, at all organisational levels, and by adequate personnel training, and sanctions in the case of violations.

The Compliance & AFC Structure monitors compliance risk management for all company activities and services/products, maintaining ongoing dialogue with the personnel of the Bank's Divisions and subsidiaries, also ensuring that company processes and procedures are, starting from their design stage, adequate for preventing/mitigating this risk, based on a risk-oriented approach.

The Group's compliance model is described in a specific internal policy ("*Compliance risk management and the Compliance model*"), which establishes a structure to oversee this mission:

- supporting the continuous improvement of company processes and procedures aimed at correct compliance risk management, controls on adequacy, the proper use and need for training, and providing practical and operating information for business structures (guidance);
- providing opinions and interpretations on regulations, taking an active part in specific projects, monitoring in advance the compliance of new products, processes, organisational solutions, procedures and systems (compliance by design);
- preparing a compliance risk controls system that is adequate for ensuring that the activities of various areas are in line with applicable internal and external regulations, and with company strategies and policies (second level controls);
- promoting a company compliance risk culture, through initiatives and specific training programmes, together with the Chief HR & Organization Officer (*Compliance Culture*);
- actively managing, together with the legal functions of the Bank and subsidiaries, as well as any other subjects involved, feedback on claims received from customers, also to identify attention points and areas for improvement to include in the plan of activities and controls.

In a dimension of compliance and integrity of own actions, internal regulations require the Group and its employees to:

- ensure and promote strict compliance with applicable laws and regulations, and establish that pursuing the Bank's interests can never justify a conduct that goes against the principles of loyalty, honesty and fairness;
- guarantee transparent relations with stakeholders, through the dissemination of information that is complete, accurate and comprehensible, enabling readers to always make informed decisions regarding the relations they have with the Bank;
- promote strict compliance with all organisational and procedural rules adopted, with a particular focus on rules aimed at preventing the commission of crimes;
- promote compliance and also require staff, associates and commercial partners to comply with all laws, regulations, principles and organisational rules;
- refrain from adopting a conduct that is unlawful, or does not conform to the Bank's principles, in relations with the authorities, partners, employees, staff and associates, customers, suppliers and, more generally, the community at large;
- guarantee compliance with principles of transparency, honesty and reliability in dealing with partners, customers, counterparties and the community, and also avoid real or potential conflict of interest situations;

- promote environmental protection and safety, with particular reference to occupational health and safety;
- avoid, prevent and repress all forms of discrimination based on gender, age, sexual preference, race, nationality, physical and/or socio-economic conditions, religious beliefs, political opinions;
- ensure the confidentiality, integrity and security of data and information processed, strictly conforming to applicable laws on confidentiality and privacy, and also prevent the use of confidential information for purposes not directly related to the performance of professional activities.

Likewise, persons that hold representative, administration, and/or management positions within the company, as well as supervision and control positions, are required:

- to base their own conduct on the utmost honesty, transparency, fairness and independence;
- to ensure their own staff and associates meet requirements of professionalism, integrity and good standing, and empower resources properly, also through training and continual professional development;
- to carry out their own role with an awareness and sense of responsibility, providing full cooperation and reciprocal information, in order to promote the attainment of company goals and guarantee the accuracy and authenticity of documents and information provided in their functions, in compliance with principles of confidentiality and integrity, and ensuring their use only for purposes concerning work activities;
- not to carry out activities that may harm the interests of the Group or pursue own or third-party interests, even if only in potential conflict and/or potentially harmful for the Bank and, if acting otherwise, to inform competent internal functions in compliance with the Bank's regulations;
- to guarantee that all their team members understand and adopt the Group's principles, set out in the document *illimity Way* and in relevant internal regulations.

GRI 2-15

In **managing conflicts of interest**, the *Conflict of Interest Management Policy* identifies the main cases of conflict and describes the process to identify and assess them, as well as the measures necessary to prevent and manage them, also clarifying the roles and responsibilities of the various departments involved. Specifically, the document identifies relevant parties for the purpose of identifying conflicts of interest, as well as the various types of conflict that may arise between these parties, and sets out the criteria for identifying concrete situations that can generate a conflict of interest. It also defines the safeguards and organisational and control measures to prevent, manage and monitor conflicts of interest, and establishes the activities to be carried out in the event that the safeguards and measures adopted are insufficient to neutralise the effects of the conflicted detected.

The Board of Directors is responsible for approving and revising the internal policies on conflicts of interest on a regular basis, identifying - in relation to the operating characteristics and the strategies of the Bank and the Group - the business sectors and types of financial relationships in which conflicts of interest may arise. The Board is also tasked with identifying, assessing and managing the most significant conflicts of interest, with the support of the Compliance & AFC Structure.

The Compliance & AFC Structure maintains and ensures the periodic update of a specific register of situations that have caused an actual or potential conflict of interest. The data in the register remain available for any requests received or put forth by the Supervisory Authorities, and are also used for the periodic review of the *Conflict of Interest Management Policy* by the Board of Directors. Regarding MiFID Conflicts of Interest, the Compliance & AFC Structure submits to the Board of Directors annual written reports on the conflicts of interest that arose during the reference period.

The Organisation, Management and Control Model

illimity has put in place a specific **Organisation, Management and Control Model**, (the “Model”), that sets out the principles of control and conduct that must be adopted in order to prevent the risk of committing the crimes and offences contemplated in Italian Legislative Decree 231/2001 including, in particular, crimes of corruption and crimes against the Public Administration, financial and corporate crimes, IT crime and unlawful data processing, tax crimes and organised crime, as well as money laundering.

The Model was developed, considering first and foremost the regulations, procedures and internal control systems intended to prevent crimes and unlawful conduct in general, including the crimes and offences contemplated in Italian Legislative Decree 231/2001.

More specifically, the Model comprises:

- the Corporate Governance System, adopted pursuant to the Corporate Governance Code, corporate rules and significant regulations;
- internal regulations, procedures and policies of the company;
- illimity Way and the Anti-Corruption Policy;
- the internal controls system;
- the system of powers and authority;
- the internal whistleblowing system and sanctions system.

The effective, concrete implementation of the Model is also guaranteed by the Supervisory Board, appointed by the Board of Directors, vested with autonomous powers of initiative and control on the correct application of the Organisation Model.

The Bank’s Supervisory Board is also tasked with:

- monitoring the Model’s adequacy, i.e. whether it is suitable to prevent crimes and offences being committed, as well as assessing its actual implementation, also with regard to the company structure;
- monitoring the Model’s effectiveness and compliance with it, i.e. if actual conduct aligns with conduct formally expected in the Model;
- monitoring company operations, carrying out audits and controls at regular intervals and identifying follow-up;
- overseeing updates to the Model, making proposals to the Board of Directors, if necessary, on its alignment, to improve its adequacy and effectiveness, also considering any (internal and external) regulatory developments and/or changes in the organisational structure or company activities, and/or significant violations of the Model found;
- promoting and monitoring initiatives to encourage the dissemination of the Model to all parties required to comply with its provisions;
- promoting and monitoring initiatives, including courses and communications, to encourage all recipients to have an adequate knowledge of the Model;
- replying to requests for clarification and/or consulting from the company departments or resources, or from the administrative and control bodies, where connected with and/or linked to the Model, in a prompt manner, also by preparing specific opinions;
- ensuring that all interested parties promptly carry out all reporting activities on compliance with the Model;
- examining and assessing all the information and/or reports received or connected with compliance with the Model, including those regarding any violations thereof;
- informing competent bodies of activities carried out, relative results and planned activities;
- reporting to competent bodies so that they take appropriate measures, any violations of the Model and the persons responsible, proposing the sanction considered most suitable for the concrete circumstance;
- providing necessary information to audit bodies, in the case of controls by the institutional entities, including the Public Authorities.

The powers of the Supervisory Body, merely by way of example, are as follows:

- conducting, also without advance notice, all the audits and inspections deemed appropriate in order to correctly execute its duties, with the support of the company departments involved in each case;
- freely accessing all the departments, archives and documents of the Company, without any prior consent or need for authorisation, to promptly obtain all information, data or document deemed necessary;
- setting up, where necessary, interviews with resources who can provide useful details or information regarding the performance of company business or any failures or violations of the Model;
- under its direct surveillance and responsibility, availing of the assistance of all the Company's structures or of external consultants;
- using the financial resources allocated by the Board for all requirements relating to the correct performance of its duties;
- agreeing on suitable corrective measures with the departments involved, where critical situations are identified.



For further details:

[Organisation, Management and Control Model](#)

The illimity Way

GRI 2-24

illimity Way, illimity's **Code of Ethics and Conduct**, is an integrity manual created as the Group's "charter of relations", describing its commitment to customers, shareholders, suppliers and business partners, the Supervisory Authorities and the public administration, the media and country, expressing the values and conduct of the Group and its corporate culture of responsibility, lawfulness, transparency and value creation it has committed to promoting and disseminating, at all levels of the organisation, through sustainable development.

illimity Way also sets out illimity's commitment to respecting the environment, caring for its own human capital and company assets, as well as protecting the Bank and the reputation of the entire Group, as it forms the basis for principles and rules that put into practice the values the Group recognises.

Working with company bodies, managers, employees, associates partnering the Group that contribute in any way whatsoever to illimity's activities, is a way to provide guidance each day, to make a distinction between conduct that is permitted and conduct that is not accepted.

The document was also updated in June 2022 to include the references and international principles expressed by the United Nations, the OECD and the EU, which guide the Group in pursuing its objectives and the values expressed by the relevant internal regulations, with specific consideration of those regarding environmental and social sustainability and governance (ESG) and ethics in the use of artificial intelligence, in line with market best practices.

illimity Way is an integral part of the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001, as it prevents the commission of relevant crimes, and is thus disseminated to all recipients, who comply with its principles and make an active contribution to its circulation, as well as being published on illimity's website.



For further details:

[The illimity Way](#)

Safeguarding human rights

illimity is aware of the importance of values of fairness and safeguarding human rights, and is committed to eliminating all discrimination, and to respecting differences in gender, age, ethnic background, religion, political and trade union association, sexual orientation and identity, language or disability. The Group works for the full observance of the fundamental freedoms proclaimed in the Universal Declaration of Human Rights, approved in 1948 by the General Assembly of the United Nations, as explained in the Group's illimity Way. During 2021, the Bank also endorsed the United Nations (UN) Global Compact, undertaking to respect and promote the ten universally accepted principles, including those regarding the safeguarding of human rights by companies (principles 1 and 2).

Given the Group's operating and business model, and contextualisation at national level, respect for those rights is a fundamental of illimity's human resources management policies, supported by national collective bargaining agreements, international principles and specific rules on occupational health and safety, in the context of the applicable nationwide and supranational regulatory framework.

The Bank guarantees and maintains a work climate that is inclusive, that values uniqueness and plurality as ways of developing humanity. The Bank's conduct is geared towards an approach that does not favour or tolerate any violation whatsoever of human rights, and that promotes the widest possible dissemination of a culture and awareness of employees to welcome diversity in all its forms.

Special attention is also paid to third-party relations, which are based - in terms of contracts and relations - on the principles and values in illimity Way.

In line with the international principles of the United Nations, the OECD and EU, illimity also has the objective of:

- safeguarding human rights in all areas where it operates;
- respecting freedom of association and the personal political involvement of its employees;
- guaranteeing that each person who operates or works for the Group does so of his or her own free will in a healthy, safe environment;
- aspiring to a greater solidarity, based on the recognition of cultural diversity, an awareness of the unique nature of mankind and the development of intercultural exchange;
- avoiding any discrimination, form of slavery or child labour, paying a great deal attention to these issues also when identifying the parties it has dealings with;
- ensuring gender equality;
- respecting labour laws and promoting sustainable working hours.

Moreover, due to the importance given by the Group to issues related to Diversity & Inclusion, the gender pay gap and absence of discrimination, further information is given in Chapter 3 of "illimity Way" - "People" and in Chapter 7 "Diversity, Equity and Inclusion" of this document. In general, respect for human rights - because it covers all the diverse areas of the Group's operations - is part of a narrative that runs throughout the Consolidated Non-Financial Statement.

GRI 406-1

No cases of discrimination at work were reported during 2023.

Corruption, Money Laundering and Financial Sanctions

The Group promotes the principles of the United Nations, the OECD and EU, in the development of policies on the fight against corruption, safeguarding human rights, workers' rights and environmental protection. Compliance with rules and integrity in company conduct are also ensured by compliance activities dedicated to monitoring corruption, money laundering, terrorist financing risk and managing embargoes.

Anti-corruption

illimity is actively involved in fighting against all types of corruption, including private-to-private corruption, ensuring full cooperation with the authorities and the preparation of adequate measures and controls carried out by independent functions.

The risk of corruption is offset by stringent rules of conduct, that prohibit all employees, staff and associates from requesting, offering or accepting cash payments that are not part of the Bank's contractual obligations. Dedicated measures have also been adopted to regulate the exchange of benefits and/or gifts with counterparties, suppliers and, more in general, with third parties, that could be classified, depending on the context and methods used, as an act of potential corruption. More specifically, an internal regulation has been approved on giving and/or receiving gifts and on business entertainment, and on organising and participating in charity events and sponsorships.

illimity has put in place anti-corruption measures for personnel recruitment, for processes for the purchase, management and sale of investments and other assets, and also for the purchase, management and sale of property for Bank credit purposes and/or purchases to guarantee investments in impaired loans.

Applicable regulations are the document illimity Way, the "Anti-corruption Policy", the "Expenditure Procedure", the "Audit Management Procedure" and the "HR Procedure".



For further details:

[Anti-corruption Policy](#)

GRI 205-2

Anti-corruption policies and procedures are notified to the entire company population, in a document pack that each employee receives when hired, and through the illimity Group's Internal Regulations portal on its website. All updates to internal regulations are appropriately notified, in periodic email alerts, sent by the HR & Organization Department. illimity's policies and procedures are instead sent to business partners on their request, and are also published on illimity's website.

The obligatory training provided by Compliance & AFC Structure is a dynamic annual offering, essentially focused on webinars dedicated to current business topics, including the participation of highly specialised third party trainers, provided to specific target populations, accurately identified based on their degree of involvement and responsibility in the topics covered in each case. The Compliance & AFC Department focuses the initiatives on the internal needs and specific characteristics based on a gradual approach, with the objective of significantly impacting the conduct engaged in by illimiters. Alongside the standard training, provided through online courses, the Compliance & AFC Department provides complementary initiatives such as "Compliance Notes", educational meetings/initiatives that guarantee greater interactivity and meet the specific training needs of the operational and business departments.

During 2023, the Compliance & AFC Structure provided specific web-based courses (i) on Anti-Corruption, to explain the precautions and controls to implement in carrying out the operating activities exposed to a higher risk of corruption, as well as (ii) on illimity Way, with a focus on the company culture of responsibility, legality, transparency, creation of value and respect for the environment promoted and disseminated to all levels of the organisation, taking an in-depth look at the Group's values and commitment to clients, shareholders, suppliers and commercial partners, to the supervisory authorities and the public administration, as well as to the media and the country.

Lastly, for the purpose of fulfilling the obligations set out in the internal company regulations, in December the Compliance & AFC Structure requested that personnel fill out a specifically-created form in order to report any gifts received and/or provided during the year. The form includes information regarding the nature and purposes, the beneficiary, type and value of such gifts.

Employees who have received training on anti-corruption	2023 ¹¹		2022		2021	
	Number	%	Number	% ¹²	Number	%
Senior managers	67	82.7	77	n.a.	65	97.0
Middle managers	369	97.6	350	n.a.	288	95.1
Professional areas	445	96.3	426	n.a.	323	90.7

GRI 205-3

During 2023, no episodes of corruption were confirmed, nor were any public legal proceedings brought against the organisation or its employees regarding corruption.

Anti-money laundering

illimity Group pays particular attention to complying with national and international laws on combating money laundering and terrorist financing and ensures prevention consistent with the corporate structure, complexity and scale, the type of services and products offered, and characteristics of customers served, through:

- the definition of strategic guidelines and policy for the overall management of money laundering risk at Group level;
- the organizational systems and procedures suitable for guaranteeing compliance with customer due diligence obligations, suspicious activity reporting and the retention of data;
- the clear definition of roles, duties and responsibilities of each organizational oversight entity;
- the establishment of the Anti-money laundering Structure as a control function supervising money laundering risk prevention and management;
- continual control of compliance by personnel, internal procedures adopted and legal and regulatory obligations on money laundering.

The Group is committed to preventing and mitigating the risk, even when unaware, of being exploited for money laundering and terrorist financing purposes, and adopts measures in proportion to the risk depending on the type of customer, type of product or service requested, the geographic reference area and distribution channels used.

To avoid involvement in money laundering and terrorist financing, the Group adopts general principles of conduct, above all concerning bans and obligations of applicable external and internal regulations, and in keeping with the values of company codes of ethics.

The Group governance system to combat money laundering and terrorist financing is set out in the Anti-Money Laundering Policy and related Operating Manual - documents that define a systematic and functional reference framework, based on the principle of the Group's active cooperation, and that describe at a granular level the safeguards adopted by each Group company - also in terms of processes and information systems - for preventing these types of unlawful activity. In fact, specific processes and procedures are in place regarding customer due diligence, suspicious activity reporting, the registration of relations and transactions, the retention of documents, risk assessment and management, internal control and guarantees of compliance with all relevant provisions to prevent transactions connected with money laundering, terrorist financing and the violation of embargoes.

The guidelines defined in the Parent Company's Policy are set out and adopted by individual operating structures, and subsidiaries, in proportion to the characteristics and complexity of activities carried out, the size and scale of the organisation, in compliance with regulations, ensuring the sharing of information at a consolidated level.

Procedures are also in place to carry out automatic controls on records and transactions, to mitigate the risk of having customers on black lists of persons designated by the UN Security Council, the European Union, decrees of the Italian Ministry of the Economy and Finance and those of the Office of Foreign Asset Control (OFAC) of the United States. illimity guarantees efficient anti-money laundering oversight, that can also mitigate additional risks, such as reputational risk, which may have consequences due to a negative

¹¹ The total figure is net of the personnel of Quimmo Prestige Agency, as the integration of their ERP programme was completed on 1/01/2024.

¹² As this is a training notice sent to the Group's personnel, the percentage value of "uptake" of the initiative is not applicable (different from the participation in training events such as webinars), considering, in any event, that that notice was sent to all employees of the illimity Group.

perception of the image of the Group, Bank or individual companies of the Group, held by customers, counterparties, shareholders, stakeholders of the supervisory authorities.

During 2023 the Group carried out monitoring to identify phenomena of money laundering and terrorist financing, using specific tools. These mainly included: (i) the transaction monitoring system “illimity AML Detection and Monitoring” (i-AdaM) to identify potential suspicious transaction, making it possible to intercept “anomalous transactions” in relation to the standard of conduct of the cluster that the customers belong to (through “transactional” alerts) and anomalous transactions in relation to the information provided by the customer during due diligence (through “consistency” alerts); (ii) the Information Monitoring System, which monitors the subjective profile of corporate customers of the Group, to identify and steer potential non-compliance situations, identify trigger events in risk management (e.g. Change in corporate structure, change in business conducted, participation in public tenders) or to intercept significant relationships (e.g. New directors, beneficial owners or partners/shareholders in common with other companies) by enriching the database using reliable, independent public sources (e.g. Infocamere or specialised info providers).



For further details:

[Anti-Money Laundering Policy](#)

Financial Sanctions

The Group ensures suitable oversight of the regulations in force on financial sanctions, in line with the type of customer, type of product or service offered and the specific geographical area, through:

- the definition of strategic approaches and policies to guarantee compliance with the provisions on financial sanctions;
- suitable organisational systems and procedures to guarantee the correct management of transactions directly or indirectly involving counterparties and countries subject to restrictive measures;
- the clear definition of roles, duties and responsibilities of each organisational oversight entity;
- the appointment of a Sanction Compliance Officer, specifically charged with overseeing the preventing and management of risks of breach of financial sanctions;
- the exercise of continual control of compliance by personnel, internal procedures adopted and legal and regulatory obligations on money laundering.

Where necessary, the financial restrictions established by the reference national or international organisations, set out by the regulations in force at the time.

The Group is strongly committed to guaranteeing compliance with the laws and regulations applicable on financial sanctions, adopting control and oversight measures based on the risk associated with each country that is the target of financial sanctions.

The safeguards on financial sanctions are integrated at Group level, formally assigning those responsibilities to the structure dedicated to anti-money laundering controls, given the related nature in terms of processes and procedures of the two issues. The Sanction Compliance Officer, identified as the Chief Compliance Officer, is assigned responsibilities for activities that the structure carries out in the area of financial sanctions, which, by way of example, include:

- ongoing verification of the adequacy of the process of managing the risk of breach of financial sanctions and the suitability of the internal control system and procedures;
- the assessment of risks relating to non-compliance with financial sanctions through the Self Risk Assessment outlined based on Framework defined by OFAC;
- the issue of opinions on the execution of operations involving countries exposed to greater restrictive measures in order to assess the actual exposure to the risk of breach of the financial sanctions in force against those countries.

The safeguards to prevent, mitigate and manage the risk of violation of financial sanctions are outlined in the Financial Sanctions Policy, implemented at Group level, which defines the general principles to be applied to conducting company business and sets out provisions regarding:

- the roles and responsibilities of the company bodies and departments of the illimity Group;
- safeguards for compliance with and management of restrictive measures and embargoes;
- safeguards for control over transactions;

- assessment of the risks associated with financial sanctions imposed for breaches of embargoes and restrictions defined at international level.

Lastly, the Group has set up a catalogue of second level controls dedicated to financial sanctions, to assess, on a continuous basis, compliance with the reference regulations, as well as the correct application of the processes defined within the ongoing controls, to oversee the risk of breach of financial sanctions.



For further details:

[Financial Sanctions Policy](#)

A culture of compliance

The illimity's Group commitment to creating and disseminating a culture of compliance is strongly embedded in the compliance by design principle, which inspires and guarantees the proper configuration of commercial processes, relative procedures (including ICT & Security issues) as well as commercial channels and, more generally, the model of relations with customers that monitors the offering of products and services of the Bank and other subsidiaries.

The **compliance by design** principle behind the company's main processes sets out concretely sets out a model of mutual collaboration between business and control functions, to correctly balance different analysis perspectives, with the aim of achieving business goals, while complying in full with applicable rules.

This model has been created based on the belief that compliance is an enabler not only in containing risks and ensuring the sound and prudent management of the Group, but also at ensuring customer satisfaction in the context of efficient relations.

To promote an adequate compliance culture, the Group pays particular attention to **personnel training and education**, with courses dedicated to main applicable regulations (anti-money laundering, market abuse, anti-corruption and administrative liability of the organisation, pursuant to Italian Legislative Decree 231/2001), as well as specific training initiatives to promote the effective dissemination of principles and best practices which must underpin conduct in the company, including that of senior management. Specific classroom induction sessions are organised for members of the Board of Directors and Board of Statutory Auditors.

Besides standard online training, the Group annually organises numerous educational meetings/initiatives, and on-the-job training, with classes welcoming a small number of participants, as well as live webinars, to promote continual interaction and engagement with participants, as well as opportunities to analyse case histories presented by operating or business functions.

Compliance Risk Assessment

The compliance risk assessment methodology requires that, along with the results of the most significant controls in terms of situations of non-compliance detected, a summary indicator of the underlying risk be provided, calculated based on four specific factors, i.e.:

- the presumable impact of the administrative sanctions that can be imposed by the competent supervisory authorities;
- the presumable adoption of other, non-sanction measures, by those authorities (and/or the judicial authorities) impacting the current or future business of the Group companies;
- the possibility of disputes with customers, also in terms of class actions, each time damage incurred by customers can be identified (business conduct risk);
- the effects on reputation caused by measures of the authorities or clear situations of non-compliance.

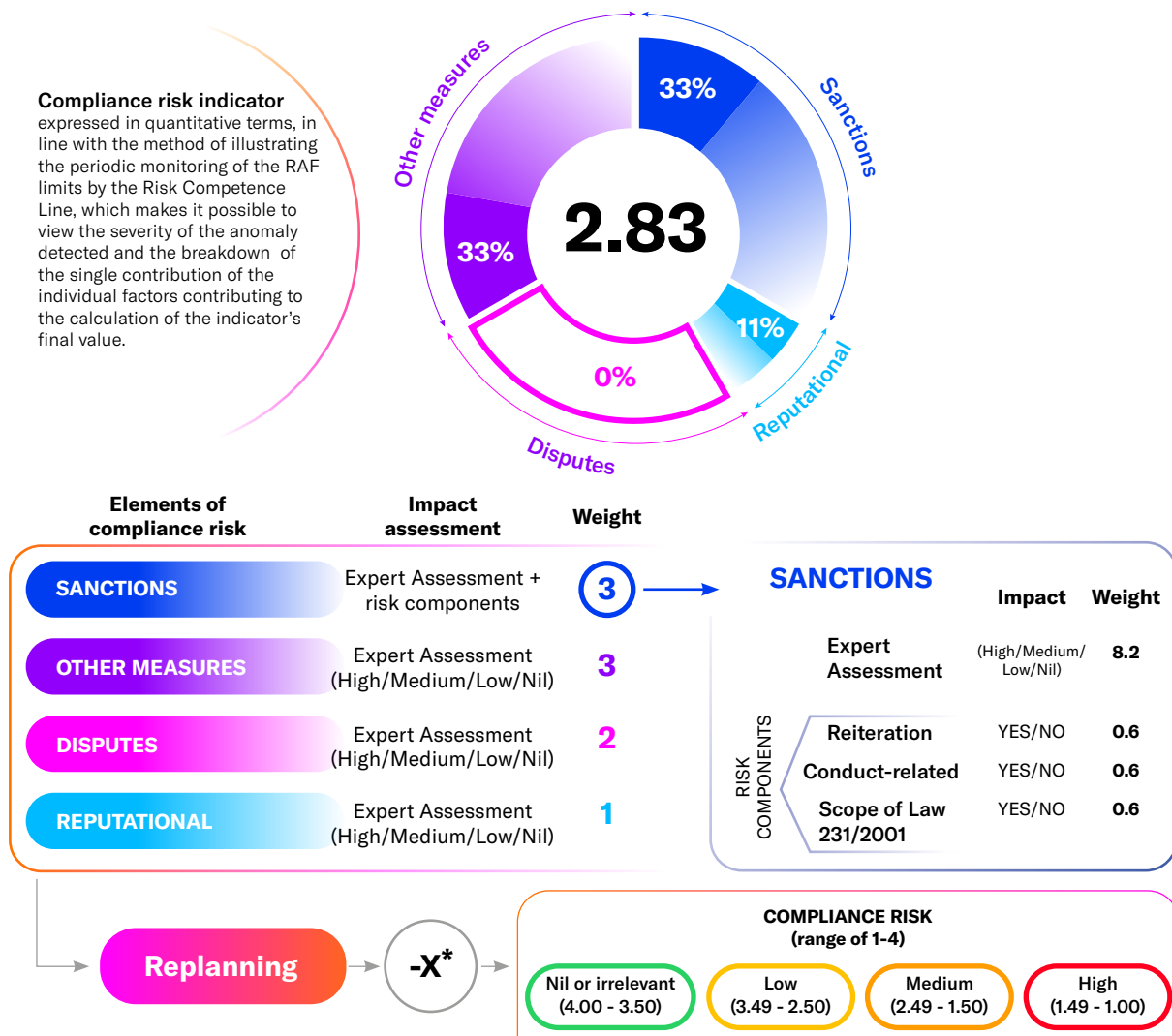
With the goal of supporting the company bodies in the decisions and actions to be taken regarding situations of non-compliance arising in each case, each of the above factors is assigned a preset weight that expresses the (relative) significance of each of these in the overall measurement of compliance risk and enables weighted calculation of the total value of the risk indicator. As this is a hypothetical assessment, featuring a necessary discretionary component, a key element is the assessment by the analysis of the existence and significance of each single factor, which considers numerous elements, such as, for example, the nature of the breach, the existing supervisory practices, the amount of the sanctions imposed for equivalent or similar non-compliance, the number of parties involved and the duration of the non-compliant situation.

With specific reference to the factor assessing the administrative sanctions that can be imposed by the competent supervisory authorities, in addition to the expert assessment, other elements are considered which, if detected, will result in an increase in the compliance risk indicator. Those elements are:

- repetition of the breach, where non-compliance conduct is detected that has already been challenged and sanctioned by the authorities;
- the behavioural nature of the breach, determined by concrete conduct of the interested parties in breach of the processes and related procedures adopted; as well as
- its significance for the purposes of Italian Legislative Decree 231/2001, every time that a breach is verified of the processes/procedures codified in the Organisation, Management and Control Model implemented pursuant to the mentioned regulations in order to avoid the administrative liability of the company for (predicate) crimes committed by its employees.

Lastly, faced with the second rescheduling (deemed not adequately justified) of the corrective measures agreed with the action owners, the final value of the compliance risk indicator will be increased by an additional notch as a result of the continuation of the non-compliant situation. Any replanning beyond the third shall be escalated to the Chief Executive Officer as the “person in charge of setting up and maintaining the internal control and risk management system”.

A flowchart of the method described is shown below.



* Increase in the risk of non-compliance applied from the second rescheduling, as described below:
 - second rescheduling -0.20;
 - third rescheduling -0.80.

Any further rescheduling beyond the third will be subject to escalation to the CEO as the "person responsible for the establishment and maintenance of the internal control and risk management system".

Whistleblowing

GRI 2-16 GRI 2-26

The Board of Directors of each company in the illimity Group¹³ has appointed the Head of Internal Audit as the “**Head of Whistleblowing System**”, who is tasked with receiving, reviewing and evaluating disclosures made, and with directly reporting to corporate bodies through suitable escalation mechanisms. The people involved in checking disclosures are required to keep the information received confidential, also as regards the whistleblower’s identity and in any case, the whistleblower must be protected from any retaliation, discrimination or unfair conduct as a result of the disclosure made.

The internal regulations of each Group company include the **Regulation** on the internal whistleblowing system. An **annual report** is also produced, prepared by the Head of the Whistleblowing System, containing all information on the results of activities carried out following disclosures made.

With reference to specific regulations on **whistleblowing**, illimity has set up a dedicated platform, consisting of a Digital Room for each Group company, called “**@Whistleblowing**”, where disclosures can be sent and are managed. The use of this digital platform enables people involved in managing whistleblowing to easily exchange documents and information, ensuring a greater traceability of the entire process and a greater level of confidentiality for the identity of the whistleblower, who may opt to proceed also in a totally anonymous manner.

The platform allows personnel and members of the Corporate Bodies and any external party to report – in a guided online procedure – alleged unlawful conduct or irregularities, violations of internal regulations and company provisions in general, as well as violations of external regulations applicable for each Group company. The reports also include grievances and all conduct that violates the Code of Ethics. The whistleblowing system guarantees the **confidentiality** and **protection of personal data** of the whistleblower, the person reported and any persons that may be mentioned. The system is set up in such a way that disclosures are received, reviewed and evaluated through specific, autonomous, independent channels that differ from ordinary reporting lines.

In fact, the Head of Whistleblowing System displays reported information from a dashboard in the tool that can also be accessed (in read-only mode) by the members of the Audit and Internal Control Committee and the Supervisory Board of each Group company. If reported information concerns the Whistleblowing Officer, an “alternative” management process is used, where reporting is visible (in read/write mode) to the Chair of the Audit and Internal Control Committee and (in read only mode) to other members of that Committee and to members of the Supervisory Board. In this case, the activities usually overseen by the Head of the Whistleblowing System shall be carried out by the Chair of the Audit and Internal Control Committee and the Supervisory Board.

In addition to the IT platform, it is also possible to make a hard copy report, by sending a letter addressed to the Head of the Whistleblowing System or a verbal report, by calling the specific number (not subject to recording) monitored by the Head of Whistleblowing System. In both cases, the Head of the Whistleblowing System shall record the report in a specific section of the @Whistleblowing IT tool, including the email address reported by the whistleblower, to enable the whistleblower to monitor the progress of the processing of the report.

Disclosures may be sent anonymously or otherwise, with the confidentiality of personal data guaranteed in any case. The Group has adopted special protection measures for parties involved, in compliance with Italian Legislative Decree no. 196 of 30 June 2003, Regulation (EU) 2016/679 on personal data processing and subsequent rulings issued, adequately protecting the reporting party “from retaliation, discrimination or in any case unfair conduct as a result of reporting information” in a climate that respects their dignity.

For each report acquired by Head of the Whistleblowing System, a procedure of analysis is launched, whose result is communicated to the whistleblower within a period of no more than three months from the confirmation of receipt of the report.

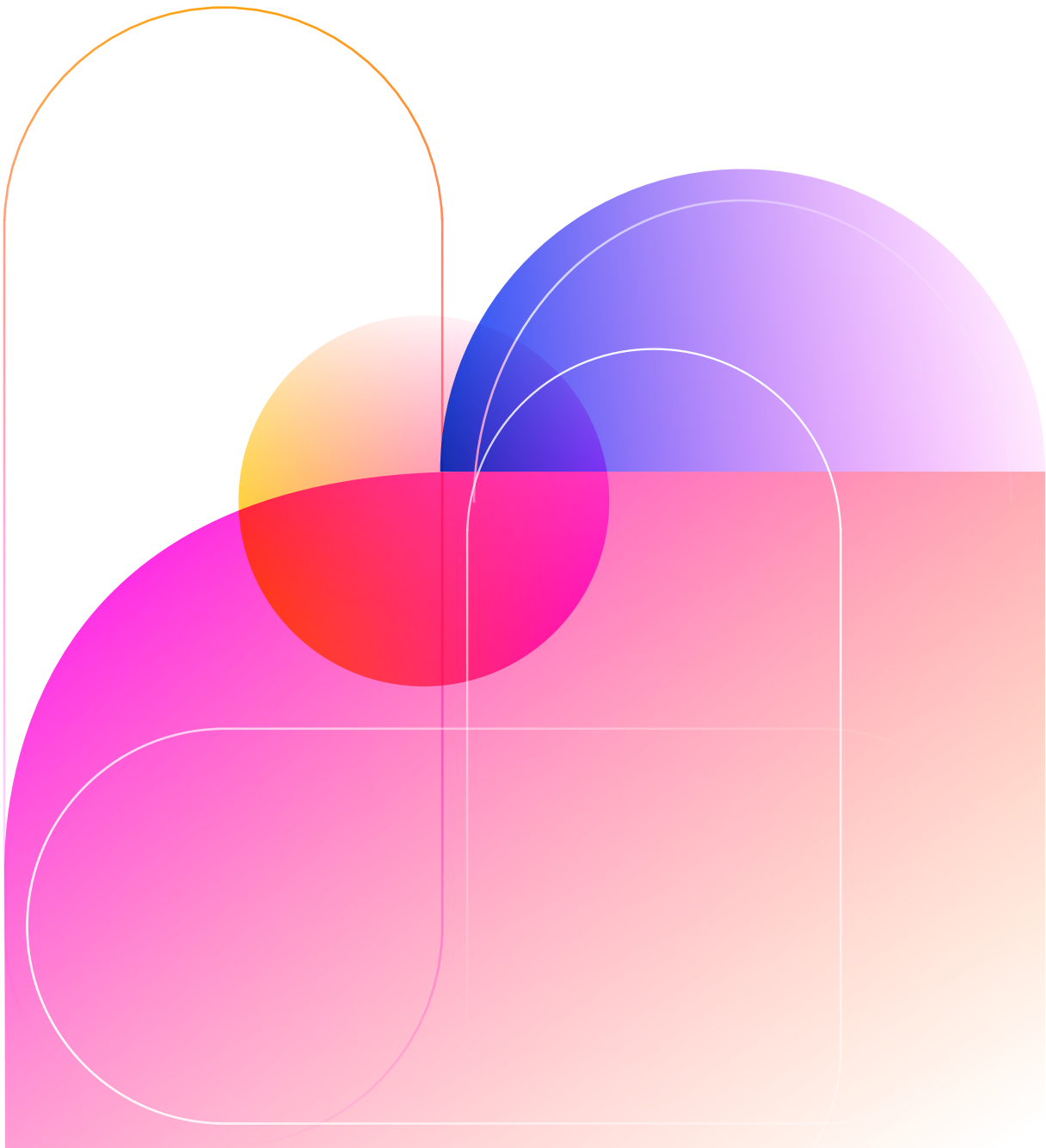
¹³ The perimeter of companies is composed of illimity Bank, ARECneprix, illimity SGR and Abilio, which are the recipients of the obligations introduced by Italian Legislative Decree 24/2023.

During 2023, 2 reports of violations were received regarding Abilio. Following the investigations carried out, only 1 of these was founded, resulting in the application of disciplinary measures.



For further details:

[Whistleblowing Policy](#)





Innovation

05. Innovation and digital transformation

illimity innovates first and foremost in the way it does banking.

Being a new paradigm bank, without a legacy, means being innovative in combining a business model offering structural and sustainable competitive benefits with a strategy focused on major market segments that are not adequately served by traditional operators.

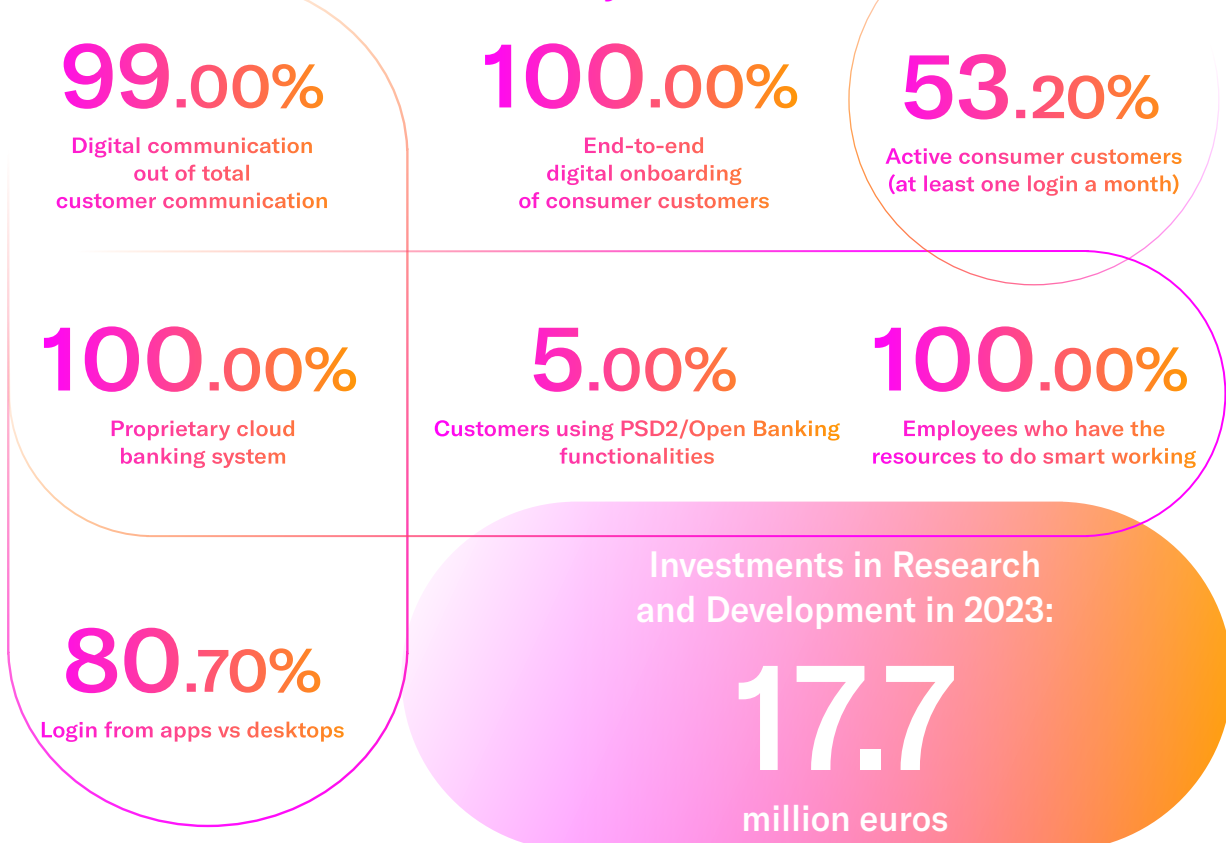
At illimity, innovation is a strategic driver permeating the entire organisation: from **company culture**, to **operating processes**, up to **technological infrastructure**.

The Bank strongly believes that innovation, if embraced throughout the organisation, is the driver capable of generating value for the entire company. So it is essential for innovation to be well integrated in every single division, area and work group and for processes to be shared that enable illimiters to work in cross-cutting teams, honing their expertise, generating ideas and identifying new opportunities.

The ability to innovate contributes to achieving business goals and to meeting customer requirements, through a new inclusive model centred on the synergy of services, designed for the needs of people and businesses, always guaranteeing a digital approach combined with the human touch, which is customer centric, always available, anywhere, plus a range of banking and non-banking services centred around artificial intelligence.

illimity is also the first cloud native bank in Italy, with a modular, scalable architecture, enabling an all-round vision of all data of the bank and its customers. This is fundamental from various aspects: to browse the Internet and use services from mobile phones, for corporate and retail customers, to managing and purchasing credit, and accounting and risk management. The efficient, scalable IT infrastructure, accompanies the Bank in its growth, through customised, innovative solutions with high security standards in processes.

An overview of innovation at illimity



Digital Mindset Revolution

The **Digital Mindset Revolution (DMR)**, promoted by the Top Management of illimity, is one of the strategic projects of the Group, with the goal of **favouring a significant internal digital revolution, both in terms of mindset and of skills.**

2023 was a year of **consolidation of the processes** launched during 2022 and of further **dissemination of the distinctive, creative approach**, based on **Design Thinking**, which involved the day-to-day engagement of a hybrid work group with varying skills such as IT, HR, Service Design and Communication.

The pillars on which the push for digitalization is based and the related activities are summarized below:

1. Digital Mindset & Collaboration

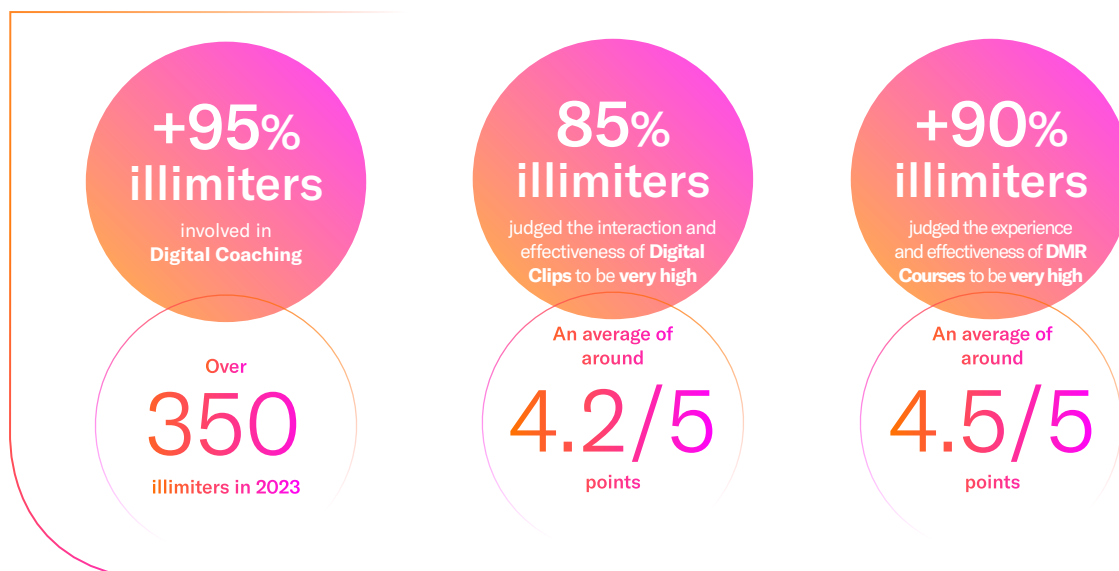
- **Digital Clips:** dynamic clips of information on issues of strong interest for illimiters. After the publications in 2022 on the culture of digital meetings and effective communication in hybrid contexts, in 2023 the issues regarding the management of **hybrid space** and **artificial intelligence** were investigated;
- **Digital Coach:** a personalised system of alerts on workers' computers with reminders of all the DMR issues. In line with the trends defined in 2022, in 2023 the number of colleagues involved in this initiative increased (+95%);
- **Card Game:** a personalised card game on the issues covered through other types of training. The result was a pack of 30 cards distributed to illimity's Management and Team Leaders to favour continuous inspiration;
- **Edutainment, with the "from illimiters to illimiters" courses:** design and provision of courses that leverage the skills of selected colleagues, who become trainers for this specific occasion. The dynamic, practical format guarantees extensive interaction and an increasingly informed use of the tools and data available. Training on the digital mindset, which began in 2023 on applications such as **SQL** and **Power BI**, will continue in 2024, also covering new topics.

2. Process & Experience Design

Based on the internal needs mapped, several existing processes were revised and new tools were created to integrate into collaborative dynamics. By way of example, the projects launched include:

- **Application** to digitise the process of collaboration for the procedures to be approved in the Committees and in the Boards of Directors;
- **Web and Mobile App** to **book workstations** in the offices to favour better organisation and management of spaces (currently in the pilot phase at the Milan office);
- **Dashboard** to view aggregate information on topics of **mandatory training.**

Figures on the dissemination of DMR initiatives:



With regard to Digital Mindset & Collaboration, in 2023, colleagues made a significant commitment, totalling around **893 dedicated hours**, broken down as follows:



The activities are monitored using KPIs which reflect the two main drivers of the process: **Design Workshop Satisfaction** (average level of **satisfaction** with the Digital Mindset & Collaboration Workshop) and **Digitized Processes** (number of Group **processes** revised using a digital approach, with increased digital maturity). Moreover, on completion of each project, **questionnaires** are conducted on satisfaction and to map any improvements.

In 2024, there will be many new activities and initiatives, including those on topics related to artificial intelligence, in order to democratise the knowledge and use of AI and favour sound training on it.

Leveraging the potential of Artificial Intelligence

illimity was created with the awareness that technology combined with skill is the key to making the difference and taking on a leadership position in the market.

Since the beginning, the Group has approached artificial intelligence (AI) with curiosity and interest. Its potential represents a stimulating, revolutionary outlook that opens up innovative scenarios on the ways of doing business and working.

The illimity Group deems that artificial intelligence can have an immediate strategic application not only to tech professions but also in general, with a significant impact on the entire value chain. Acting as a pioneer, also counting on its partnership with **Microsoft**, illimity has explored the option to set up an internal artificial intelligence platform, in a specifically protected and proprietary environment.

To fine-tune the platform and ensure it evolves in line with the company's needs, illimity has set up a dedicated Task Force, the **AI Task Force**, a small group of illimiters (28 members) from various Group Divisions and Competence Lines. Each Division selected people from over 80 illimiters who applied to give their own contribution to this strategic project to identify the first business use casts on artificial intelligence and create an action plan to implement them.

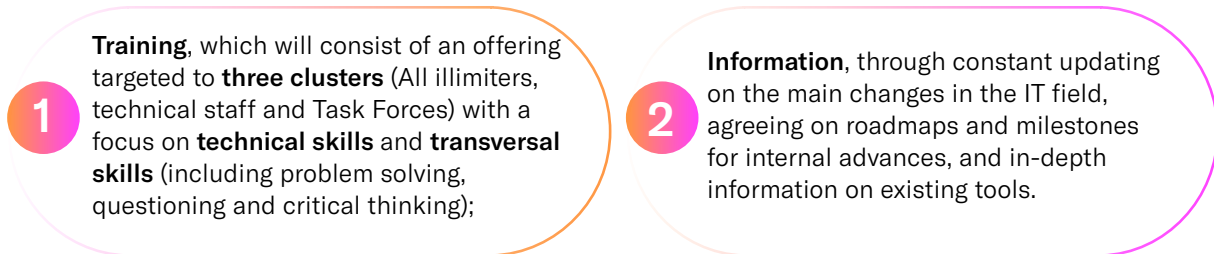
To support and enhance the work of the AI Task Force, numerous dedicated initiatives were activated, summarised below:

- A kick off where the members were officially appointed to their role, where the Top Management participated and the main challenges to be dealt with were illustrated;
- Preparatory training to align language and find common ground in terms of knowledge, as the partnership with Microsoft and access to the LinkedIn Learning catalogue were guaranteed to all employees, as well as dedicated sessions with sector experts from other leading AI companies;
- Design sessions to stimulate creativity and generate ideas, also considering the dialogue with other illimiters not directly involved in the AI Task Force;
- Tech Matches to interface with the AI experts of the illimity Group and initially verify the feasibility and maturity of the creative ideas;
- Participation in the Management Team Offsite to discuss the use cases that the AI Task Force is working on with the managers of each member's Division/Competence Line and to set the priorities for implementation.

The members of the AI Task Force can count on the ongoing support from the project team (which includes people in the Digital, HR & Organisation, Communication & Marketing perimeters), in addition to the research work of the Design team based on first line managers to understand the vision and wants of the decision

makers, and customised surveys of the second line to investigate the awareness of the issue and possible areas of application.

The gradual and informed process of adoption by all illimiters is based on two pillars:



With regard to the latter aspect, a new **internal newsletter** was inaugurated, **dedicated to the field of AI**. In the first editorial, the CEO Corrado Passera described to the illimiters the results of the Offsite Management Team's work to trigger the interest of the entire company population and favour the drive to create. The newsletter will be issued periodically and will include a look at the markets, events, talks, most interesting people and companies that may inspire us.

Ethical aspects related to the use of Artificial Intelligence and Machine Learning techniques

The illimity Group is aware that the use of artificial intelligence and machine learning algorithms may entail potential ethical implications, depending on the methods of use and objectives pursued. For this reason, in 2021, the *Policy on the Governance of Internal Risk Models* formally set out the reference framework for ethical aspects related to the use of artificial intelligence and machine learning techniques. The framework indicates the zero or negligible risk of models in illimity's perimeter, in ethical terms, as these are not sold, they are not used for commercial products but instead only for internal risk assessments, and they are not included in AI systems prohibited or defined as high risk under Articles 2 and 6 of the Proposed Regulation of the European Parliament on artificial intelligence.

In June 2022, given the increasing significance of issues regarding the use of artificial intelligence and machine learning techniques, illimity was one of the first banks to set up a customised **Artificial Intelligence (AI) Policy**. The Policy aims to implement, in coherence with the characteristics of illimity Group's business model, the voluntary indications regarding ethical profiles as defined from time to time by the European Union and the Organisation for Economic Co-operation and Development (OECD), specifically regarding the governance of the AI (Artificial Intelligence) models used by the Group, which also undertakes to implement them in compliance with the Information Security rules. In particular, referring to the European Commission Communication of 25 April 2018 on Artificial Intelligence for Europe, and taking into account the fact that the General Data Protection Regulation (GDPR) became effective on 25 June 2018, as well as the Proposal for a Regulation of the European Parliament and of the Council establishing harmonised rules on artificial intelligence (Law on Artificial Intelligence) of 21 April 2021, **the illimity Group recognises the importance of addressing the challenges associated with the use of AI and the ethical implications that derive from it**. By the end of the first half of 2024, the AI Policy will be revised and expanded, in order to implement the main changes in the new regulations – known as the “AI Act” – which is being approved at EU level (definitions, high-risk cases, validation and control processes, rules for deployers of models developed by third parties, etc.) and the resulting strengthening of the internal safeguards for control in relation to the gradual dissemination of Artificial Intelligence and Machine Learning tools in company processes.

The illimity Group continuously monitors regulatory developments, also in terms of regulations and guidelines, for accurate and timely implementation and adaptation of its internal regulations, where deemed appropriate. Furthermore, with regard to the OECD Council Recommendation on Artificial Intelligence, the Group undertakes to comply with the application of the best standards in the field of Artificial Intelligence, extending to all the AI models used by the Group the principles set out for “high risk” models by the Proposal for Regulation of the European Parliament.

It is important to note that the models of interest to the Group include additional characteristics: the underlying data are traditional, meaning public (e.g. Financial statements) or derive from private regulated credit bureau, whose codes of ethics are contractually applicable to the Group. For models applied to individuals: (i) the underlying data do not include sensitive data; and (ii) the prediction features of the model do not include sensitive data or data that make direct or indirect identification possible. If a new model, a change to an already approved model, or a new type of model does not meet the above characteristics, their production is subject to specific, ethical-based assessments, and to the approval of relevant bodies.

Also for the purpose of monitoring the adoption of high-risk artificial intelligence systems applied to individuals, the Group has implemented an **internal catalogue relating to all the AI models used** (developed internally or by external suppliers) which lists characteristics and purposes, illustrates the safeguards against the main risks adopted by the Group, and contains a risk assessment by the first and second level functions, including compliance assessments for high-risk models.

Lastly, the specific indicator - number of applications of “high-risk” AI models – was included in the Group’s Risk Appetite Framework. It is calculated by measuring the **number of applications of “high-risk” AI models** used by the illimity Group (both models developed internally and those acquired from third parties).

The indicator aims to limit the use of high-risk AI models, in line with the illimity Group’s voluntary endorsement of the principles adopted in relation to high-risk models for individuals in the Proposal for Regulation of the European Parliament. It is also noted that the level of risk limits defined reflects the choice to restrict those models to internal use and to the first and second level risk controls, with a “zero or minimum” appetite for that risk.

To date, there have been no applications of AI models classified as high risk.



For further details:

[Artificial Intelligence \(AI\) Policy](#)

Cybersecurity

The illimity Group’s IT system was designed to maximise the new opportunities offered by the digital universe and innovate the traditional paradigms of IT management of banks.

As envisaged in legislation and regulations, illimity focuses its information security policies on safeguarding the **confidentiality, integrity and availability** of its data, with regard to both its customers and to carrying out business and internal strategic activities, availing of experts in the fields of ICT Security, Compliance, Risk Management and Data Analysis, as well as of advanced artificial intelligence technology.

In that regard, it is noted that the ICT Security Area, in charge of defining and implementing the security policies of the Bank, in the last few years:

- strengthened its capacity to **prevent and combat IT fraud** perpetuated through the Internet Banking channels, using artificial intelligence and machine learning algorithms that make it possible to:
 - fine-tune the procedures for identifying and assessing the security position of prospects during the onboarding stage;
 - ensure more promptness and effectiveness in blocking fraudulent transactions, through assessing the risks associated with single transactions carried out by customers.
- developed its own **operational governance procedures**, optimising the Business Continuity Management system, which increased the resilience of the bank’s system to the occurrence of crisis events;

- strengthened the internal procedures of **selection and prior evaluation of suppliers** and outsourcers, setting up a third party management system that aims to analyse and assess the ICT security measures of IT service providers. That process strengthens the preventive screening of suppliers, by verifying and measuring the exposure to cyber risk;
- made ongoing investments in preparing and providing **IT security training courses**, targeted to all employees in accordance with their different levels of roles and duties covered in the company, to increase the company's awareness of cybersecurity issues. The courses were accompanied by campaigns simulating attacks (e.g. phishing), which made it possible to verify the effectiveness of the training provided.

The illimity Group continues to invest in IT security and develops solutions that offer an efficient service for stakeholders.

Assessment of ICT risk and Security of the Group's ICT assets

The protection of company data, business continuity, information integrity and the availability of IT systems are further overseen within the Group by the second and third level control functions:

- *Risk Management*, responsible for defining ICT and security risk governance and the resulting methods of analysis, processing, monitoring and reporting;
- *Compliance*, which provides support in designing the processes of analysis, processing, monitoring and communication of ICT and security risk;
- *Internal Audit*, which provides assessments of the main technology risks that can be identified and the overall management of Group ICT and security risk.

In 2023, the Risk Management and Compliance & AFC Structure both began to contribute, as regards their specific areas of responsibility, to carrying out the second level controls to monitor ICT and security risk, in line with the regulatory changes introduced with the 40th update of Bank of Italy Circular no. 285 of 2013.

Especially in the first half of 2023, that regulatory change led to the launch of an extensive process of aligning the Group's internal policies dedicated to ICT and security to the regulations. These policies have reached full compliance with the changes introduced by the supervisory authorities, in terms of governance, processes and controls.

At that time, the ICT and security risk assessment process linked to the proposal of changes to or new projects in the ICT area was also strengthened, setting up a new internal committee to approve changes or projects. That committee involves the second level control functions in addition to the Chief Information Officer and the members of the structures in charge of security, cloud infrastructure management and ICT governance.

In addition to these measures regarding regulatory changes in ICT and security, the main periodic activities carried out in 2023 to manage and monitor ICT risk regarded:

- **Assessment of ICT risk and Security of the Group's ICT assets.** Through six-monthly assessments of potential risk, residual risk and specific risk, with the support of the competent departments, the exposure to ICT risk of the single assets of the Group was estimated. Updates and customised assessments were also carried out of the risk associated with assets, at the time of structural changes to the Group's organisation, inclusion of new applications in the catalogue, or to ensure the correct, ongoing update of the assessments, also outside of the set six-month schedule;
- **Operational risk indicators – RAF.** Approved by the Board of Directors, the Risk Appetite Framework and the Risk Appetite Statement included, starting in 2021, a dual operational risk indicator that distinguishes between business operating losses and **ICT operating losses identified in the year**;
- **Collection of IT incidents.** Information on **ICT incidents**¹⁴ reported by users of the Parent Company illimity and its Subsidiaries ARECneprix (formerly neprix) and illimity SGR was gathered and analysed for prompt identification, to monitor possible IT and operational risk situations. This is joined by the assessments and related annual reports produced in application of the supervisory regulations, specifically:
 - Summary report on ICT risk, which reports the results of the illimity Group ICT and security risk assessment process conducted by the second level control functions (risk control function and compliance function);
 - Annual report on the results of the operational risk and security risk analysis relating to payment services.

14 For further details see the next section "Management of systems, evolutions and IT incidents".

Moreover, since 2021 the Bank has specifically monitored **exposure to cyber risk of companies offering IT services to the Group**. The platform chosen by illimity constructs a model to calculate exposure to IT risk, processing open information on the web, and establishing engagement with the supplier through a detailed questionnaire on cyber, data governance, compliance, IT Service Management, etc. that contribute to identifying a final **“Cyber Risk Rating”**.

The security assessments activated by the platform consider international regulations and standards which the supplier must observe, as well as the organisation’s own security policies, and the business and technological relationship that is established. Cyber Risk Ratings enable illimity’s security professionals to make quick decisions about a potential or existing supplier.

Management of systems, evolutions, projects and IT incidents

Considering the structured and complex nature of an information system, the Group has adopted a model to manage and control, based on market best practices and the most common standards, considering the outsourcing of its information system as well as legal constraints.

Also based on the regulations of the Bank of Italy, in 2020, the Group put in place its own policies, which were further updated and strengthened in terms of active safeguards during 2023 in response to the 40th update of Bank of Italy Circular no. 285.

In fact the Group has put its guidelines for secure planning, developed and updated in relation to OWASP¹⁵ best practices and related to changing threats which are monitored by the dedicated Cyber Security team on the company intranet.

Moreover, in 2023, specific internal training was provided on the supports introduced to the change management and ICT demand management processes, including the methods for performing the ICT and security risk assessment linked to changes and new projects regarding the ICT system. That assessment requires that, when a change request or a project demand is created on ICT services or systems, the proposing function directly involves the Asset Owner, who assesses whether the planned change will have a significant impact on the asset’s exposure to ICT and security risk, while also assessing the risk inherent to the nature and complexity of the planned developments, net of the related mitigation measures.

In order to ensure the continuous oversight of the level of ICT security, the applications developed by the Group are subject to white box static application security testing and black box testing, through dynamic application security testing.

The tools and procedures create a classification of potential vulnerabilities within the management illustrated in the company vulnerability management process, which links the classification of the vulnerabilities detected by the continuous monitoring with specific remediation periods, agreed on and accepted by the Risks Committee.

Vulnerabilities are classified by the Cybersecurity Penetration Testing Expert and assigned to the application or infrastructure owners, who are charged with correcting them according to a well-defined schedule, linked to the criticality of the vulnerability.

15 Open Web Application Security Project.

The resolution times (RT) reported below for the vulnerabilities are expressed as number of calendar days, while indicating:

- the maximum time for which the Bank deems it can remain exposed to the risk;
- the maximum time in which the Bank intends to have the competent teams resolve the vulnerabilities.

Ratings table

ASSET RATING \ VULN RATING	CRITICAL	HIGH	MEDIUM	LOW
CRITICAL	7	15	45	90
SENSITIVE	15	45	70	acceptance or delayed planning or best-effort
RELEVANT	45	70	acceptance or delayed planning or best-effort	acceptance or delayed planning or best-effort

As regards the process to manage and report ICT security incidents, the Group, based on indications from the Bank of Italy, adopts a system to process and analyse reported anomalies, comprising several levels of oversight, which manage the incident and its resolution, based on the severity and type. A specifically selected Incident Manager assesses the severity of the incident, and in more severe cases, reports it to the authorities and control functions, taking action based on criteria of economic and reputational impact, and customer involvement, as contemplated by regulations.

The next table shows the quantitative indicators to help understand how the security measures adopted by the illimity Group guarantee an excellent level of protection and actions to tackle cyber attacks.

Additional indicators	2023	2022	2021
Number of serious IT security incidents out of the total of IT security incidents reported ¹⁶	0	0	0
Percentage of software covered by security application checks in the process to manage application vulnerability	100%	100%	100%
Percentage of vulnerabilities resolved, identified by the Vulnerability Management process	82%	90%	98% ¹⁷

The perimeter evaluated within the Vulnerability Management process is defined according to the framework adopted by the Bank and reviewed annually, which has seen an increased analysis perimeter compared to the previous year due to a greater number of released applications. The vulnerabilities found and not resolved by 2023 are subject to intervention and will be resolved by the first half of 2024.

During 2023, no serious IT incidents occurred that had negative, significant impacts on the integrity, availability, confidentiality, authenticity and/or continuity of services with consequence financial loss, harm to the company's image or prolonged, significant poor service for customers and other parties.



For further details:

[ITC Security Policy](#)

¹⁶ Classified according to the guidelines in the Bank of Italy Circular no. 285.

¹⁷ The figure refers to Vulnerability Assessments and Penetration Testing (VAPT). During 2021, this process, which manages the vulnerabilities of subjects continually monitoring defects of applications used by the Bank and their developments, was further consolidated.

IT security awareness and training

Given the sharp rise in the last few years in IT threats that aim to steal personal and financial data, the information campaign on online fraud was expanded, committing to constantly update retail and corporate customers on the main cyber attacks and provide them with necessary indications to recognise and combat such attacks. The illimity Group is one of the partner banks of the information campaign on IT security “**Cybersecuri – impresa possibile**” (Cybersecure- It’s Possible), promoted by CERTFin, to raise the awareness of businesses on the importance of investing in security systems and training their employees, increasing their level of responsibility and awareness of the risk of cyber attacks.

This program is active on numerous platforms, such as YouTube, Radio24 and the social media pages of the project, where you can put your knowledge to the test and find informational materials to work more securely, safe from online frauds.

The same commitment is also made to the Group’s employees, staff and associates: in June 2023, a monthly newsletter dedicated to Cybersecurity and Business Continuity issues was launched to keep illimiters always up to date on the issues that increasingly influence the society and the way of life. The Group’s intranet also contains informational materials that provide illimiters with an overview of the issues, make it possible for them to defend themselves from any cyber attacks.

That focus also takes the form of the **illimity Security Awareness Programme**, providing training on phishing, business e-mail compromise, malware and data protection, for all employees and interns, tailor-made to the risk profile of each user. The programme, which is held annually, consists of three types of activity:

- **assessment:** a test to define the level of initial knowledge of IT security;
- **training clips:** provided at regular intervals to explore cybersecurity issues;
- **simulations:** simulated phishing campaigns to test user learning progress.

Programme uptake (constant) has reached over 95% of those entitled, with an awareness of the most important risk scenarios and confidence rating of over 90% in terms of positive results.

Data management and data protection

illimity promotes and is continually committed to protecting the privacy of its customers and all other natural persons it does business with, through the Group’s companies, in compliance with legal requirements in force from time to time at national and EU level, and with the decisions and rulings issued from time to time by the Italian Data Protection Authority.

For this purpose, illimity has adopted a Privacy Policy that sets out the principles of personal data processing performed at both a business line and technical/operating entity level, and also by supporting entities - and describes the organisational model as well as the processes and procedures that govern all related activities, in compliance with the fundamental principles of lawfulness, fairness and minimisation, as well as the legal bases contemplated in regulations.

The Group has adopted a model to manage privacy based on data protection by design & by default principles, directly linked with the operating and business processes of Group companies, thus benefiting the correct and transparent configuration of all activities that involve the processing of personal data, starting from the creation and design stages, and has also effectively defined and continually manages the (technical and organisational) safeguards for this purpose.

To guarantee an integrated Group approach and consistent management of relations with all stakeholders, illimity has appointed a **Data Protection Officer (DPO)** at Group level, who is the Chief Compliance & AFC Officer and steers the organisational model adopted for the proper oversight of personal data processing issues and legal obligations, acting as the single, official contact point for all Group companies and third parties, as well as for the Regulators, and for individual data subjects.

The Group guarantees necessary, periodic updates to the internal policy, which all personnel must observe, to guarantee the correct management of personal data processing issues. Periodic revision covers the safeguards adopted for compliance with obligations to provide disclosure to data subjects, as well as the processes to obtain and manage data subjects' consent and requests to exercise their rights, the methodology to assess the impact of data protection, the correct adoption of data protection by design & by default principles, the procedures to manage and notify data breaches, as well as the functioning of information flows to the Data Protection Officer.

In compliance with internal regulations, illimity continually adopts all necessary organisational and technological measures to ensure that customers and all natural persons are adequately informed about the processing activities of the Group, and above all, about their rights and how to exercise them.

GRI 418-1

During 2023, the illimity Group guaranteed the correct management of all requests to exercise rights, received from data subjects, confirming that there were no cases of significant data breaches. In that year, one episode of unauthorised disclosure of personal data regarding several data subjects occurred, which caused the accidental, unauthorised access to a very limited number of data and - after necessary internal assessments - did not pose a risk for the rights and freedoms of the subjects involved. The violation was promptly solved and appropriately registered in the Group's internal records, in compliance with applicable regulations.



Per approfondimenti:

[Privacy Policy](#)

Cookie Policy

The Group has a **Consent Management Platform (CMP)** on the use of cookies, that has been appropriately aligned with the needs and specific aspects of Group companies, opting as far as possible for a standard approach to guarantee a uniform and adequate level of data processing and protection.

The platform guarantees that the Group's websites display an appropriate, updated cookie banner on the cookies and trackers present, in compliance with the most recent, applicable regulations. Users are given the utmost visibility and transparency about cookies that use various websites and about the nature and purpose of technologies activated on them. The cookies banner also enables users, through simplified interaction, to keep browsing without installing optional cookies as well as to control their own data and privacy settings, by selecting single cookie types or specific, single cookies. Users can also manage and change the cookies used in their browsing session at any time by using a specific button in the footer of the websites.

Specific consent and detailed information on each cookie, with the related purposes, suppliers, duration and types, guarantee the confidentiality and protection of users' browsing data, in compliance with their preferences.

Innovative and high-value projects

Through partners, collaborations and people with which the Bank shares values and visions, high-quality projects are developed with impacts on society.

illimity Talks

A format of meetings created by illimity to look beyond patterns and shape possible futures. Alongside Corrado Passera, Founder and CEO of illimity, exceptional guests speak on the hottest issues of the moment: thought leadership, innovation, technology, artificial intelligence, society, the environment and corporate social responsibility.

b-ilty webinars

During 2023, a cycle of webinars was launched involving spokespeople of b-ilty accompanied by journalists from digital newspapers to increase their attractiveness even further. All the webinars focused on b-ilty, its products and services, and how these can make entrepreneurs' lives easier, simply and easily making available all the financial and other types of instruments to allow them to free up their business.

Real Estate Observatory

The study promoted by Abilio, in partnership with Immobiliare.it, aimed to study the dynamics regarding judicial real estate sales in Italy, by analysing sales both as part of foreclosure proceedings and those triggered as part of bankruptcy proceedings, providing evidence of the single characteristics, critical issues and current opportunities for growth.

Abilio Talks

A series of meetings on real estate and securities liquidation, dedicated to professionals and stakeholders in the sector. The objective of each meeting was to provide in-depth information and useful tools for professionals working in this area, by analysing the reference regulations and their updates, focusing on the status and evolution of judicial sales, identifying the best tools and most effective methods for managing liquidation. Through these initiatives, Abilio is continuing its process of development as an enabler of services for all professionals that orbit the world of the courts, judicial auctions and bankruptcy receivership.

Abilio View

AbilioView is space dedicated to news and strategies of the Abilio network. The project was created to bring together a wide group of points of view among professionals in the real estate sector and in the sales of capital goods. AbilioView puts a spotlight on innovation and internal processes, but also on news and current events which inspire future goals and challenges.

It is streamed directly each month from the studios in Faenza.

Quimmo Academy

Quimmo, the illimity Group's real estate tech for digital brokerage of real estate, has launched Quimmo Academy, the first school in Italy dedicated to professional development of its real estate agents, Quimmo Real Estate Managers ("QREM"). Quimmo intends to develop a network of real estate managers working under an exclusive, who are assigned a specific geographical area, with the goal of reaching widespread coverage throughout Italy in 5 years, with one professional for each 30-50,000 inhabitants.

Projects through partnerships

TECH.EMOTION

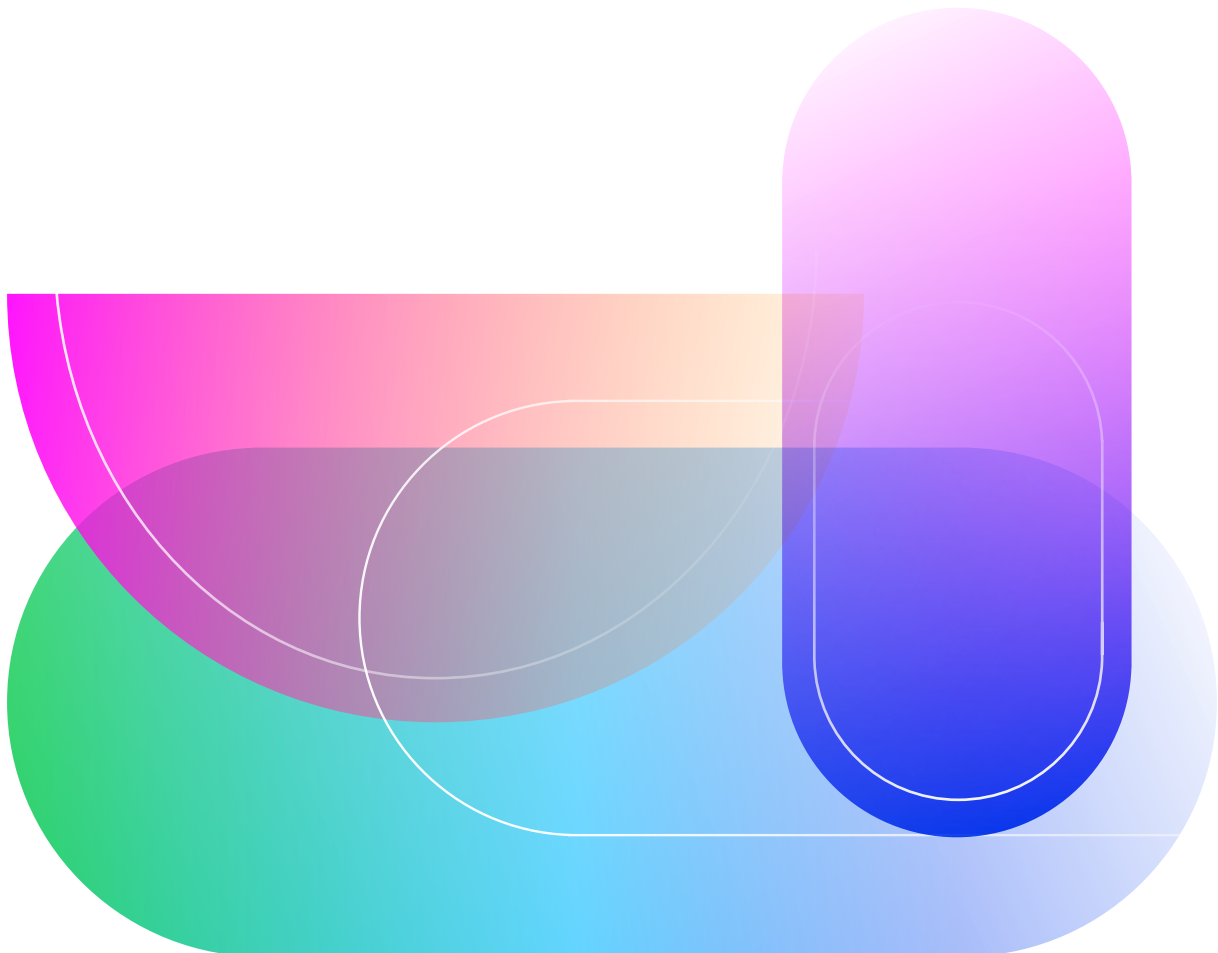
A podcast form Corriere della Sera and Emotion Network, supported by illimity, where important guests tell their stories: decisions and processes that best expressed the link between innovation, emotion and products and services Made in Italy. These also include Corrado Passera, Founder and CEO of illimity, and Andrea Clamer, illimity Head of Specialised Credit.

HabiSmart

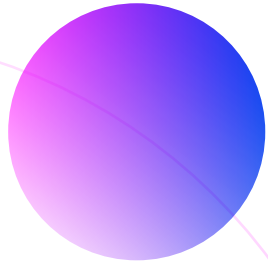
illimity supports the project from CDP Venture Capital “HabiSmart”: the unique accelerator for the growth of start-ups that develop innovative solutions or services for the real estate sector. A programme that supports the growth of young companies specialising in high potential markets.

YEP

YEP (Young Women Empowering Program): keeping the focus on safeguarding STEM subjects, also in 2023, illimity worked with the Fondazione Ortygia Business School, joining the YEP (Young Women Empowering Program) mentoring program, designed with the aim of including and empowering female talent and supporting economic and social growth in the South of Italy. The project, that will conclude in June 2023, involves 5 colleagues as Mentors to 5 university students studying economics and STEM in the South of Italy. Interaction is one-to-one and six individual mentoring sessions are held, to optimally steer students on their own professional and personal growth journey.







People

06. Empowerment, engagement and well-being of illimiters

illimity Journey – The Value of Care

illimity’s People Value Proposition is the set of actions that create the HR ecosystem, with the purpose of favouring the engagement, development and well-being of illimiters and their families.

Specifically, the illimity journey is a process that maps all the important moments and starts with the empowerment of people (the illimiters) right from the selection process, which aims to identify people with the skills, mindset and motivation that will add value to and, at the same time, receive value from the Group.



GRI 2-7 | GRI 2-8 | GRI 2-30

At the end of 2023, the Group had **921 employees** (+8% compared to 2022), 43% women and 57% men, of which 24 employees with disabilities (2.6%), in addition to 66 staff and associates (41 internships, 5 seasonal workers and 20 collaboration agreements). Nearly all employees have a permanent contract and are in full-time employment.

This total includes 6 employees and 1 associate of Quimmo Prestige Agency S.r.l., the company established in May 2023 through COIMA’s contribution to Abilio of 100% of Residence Porta Nuova.

The employees of illimity Bank and illimity SGR are covered by the “National Collective Bargaining Agreement for senior managers and personnel of professional areas, employed by credit, financial and operating companies”, while ARECneprix, Abilio, Quimmo Agency, Quimmo Prestige Agency and Industrial Discount employees are covered by the “Supplementary agreement for the credit sector”, referred to in Article 3 of the aforementioned agreement.

Employees by gender and region	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Lombardy	272	406	678	241	372	613	202	319	521
Emilia-Romagna	108	86	194	107	86	193	97	80	177
Lazio	10	15	25	8	13	21	0	0	0
Other Regions ¹⁸	9	15	24	10	16	26	10	17	27
Total	399	522	921	366	487	853	309	416	725
<i>of which employees with disabilities</i>	12	12	24	11	10	21	9	7	16
<i>of which employees in protected classes</i>	1	0	1	1	1	2	1	0	1

¹⁸ For 2023: Marche (2 Women and 4 Men), Sardinia (2 Women and 1 Man), Sicily (2 Women and 4 Men), Tuscany (2 Women and 2 Men) and Veneto (1 Woman and 4 Men).

Employees by contract type, by gender and region	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Lombardy	272	406	678	241	372	613	202	319	521
Permanent contract	269	405	674	236	372	608	202	318	520
Fixed-term contract	3	1	4	5	0	5	0	1	1
Emilia-Romagna	108	86	194	107	86	193	97	89	177
Permanent contract	103	85	188	106	86	192	89	79	168
Fixed-term contract	5	1	6	1	0	1	8	1	9
Lazio	10	15	25	8	13	21	0	0	0
Permanent contract	10	15	25	8	13	21	0	0	0
Fixed-term contract	0	0	0	0	0	0	0	0	0
Other Regions	9	15	24	10	16	26	10	17	27
Permanent contract	9	15	24	10	16	26	10	16	26
Fixed-term contract	0	0	0	0	0	0	0	1	1
Total	399	522	921	366	487	853	309	416	725

Employees by contract type, by gender and region	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Lombardy	272	406	678	241	372	613	202	319	521
Full-time	272	405	677	241	371	612	202	318	520
Part-time	0	1	1	0	1	1	0	1	1
Emilia-Romagna	108	86	194	107	86	193	97	80	177
Full-time	104	85	189	104	85	189	94	79	173
Part-time	4	1	5	3	1	4	3	1	4
Lazio	10	15	25	8	13	21	0	0	0
Full-time	8	15	23	6	13	19	0	0	0
Part-time	2	0	2	2	0	2	0	0	0
Other Regions	9	15	24	10	16	26	10	17	27
Full-time	7	15	22	8	16	24	8	17	25
Part-time	2	0	2	2	0	2	2	0	2
Total	399	522	921	366	487	853	309	416	725

illimity Onboarding – The Value of Embracing

Through an integrated process, illimity supports the entry of new illimiters, favouring their knowledge of the Group, its culture and its values. All actors are asked to personally contribute to the onboarding process, to emphasise the significance of this time, which enables new hires to feel that they are illimiters from their first day, breathing in the Group's values and culture, and feeling free to explore.

The main channel used to identify candidates in line with the Group's needs is the Career Page on the website, which reflects a simple, integrated recruiting process. illimity also uses social media channels to support recruiting activities. Specifically, LinkedIn is used to directly contact potential illimiters and promote the searches under way, through posts with photos of the faces of illimiters on the hiring team and a brief job description.

illimiters are selected for internships and junior positions working with numerous universities, publishing advertisements on dedicated portals and carrying out Employer Branding activities (e.g. Career day, round tables and presentations), in which we meet with young students and graduates interested in working for the Group.

illimiters are the main brand ambassadors, representing an important channel for finding applicants: in this sense, they are incentivised to mention open positions to potential illimiters, also through an internal programme which, where the applicant is hired, rewards the referring illimiter with a gift card or the choice of allocating double the amount to fondazione illimity.

Only in specific cases does illimity use head-hunters, with which it has close, long-lasting partnerships that are based on the cardinal principles of the Diversity, Equity and Inclusion Policy.

During 2023, **there were 142 new hires** (65 women and 77 men), mainly under age 31. There were 79 employees whose employment contract has ended (of which 10 involuntary exits). Turnover of incoming personnel came to a total of 15.4%, compared to outgoing turnover of 8.6%.

Since January 2021, the Group has consolidated a process of new hires onboarding which is managed through three channels:

- **Buddies**, a point of reference present in the life of illimiters even before they join the Group, which assists new hires in their first 8 weeks to favour their acclimation, helping to familiarise them with the way of working, business etiquette and how to build effective relationships. During 2023 the community of Buddies was further expanded to welcome new hires, through the dedicated course “Hello, Buddy!”, to give them all the necessary tools to increase the quality of their onboarding experience;
- the **digital training programme** which, by combining theory and situation-based tests, introduces new hires to the illimity w.o.w. (way of working) and the pillars of its leadership model. The programme consists of over 25 hours of remote training to be done in the first two months with the Group. It is managed through the **Workday Learning** platform, also available on mobile, guaranteeing the flexibility of usability and conciliation with other professional and personal commitments;
- **onboarding days**, two half days dedicated to new hires to introduce them to the Group's business, through testimonials from colleagues from each department and to officially start the illimity journey, thanks also to the participation of the CEO and Chief HR & Organization Officer.

GRI 401-1

	UoM	2023	2022	2021
Total employees hired	No.	142	187	186
	%	15.4	21.9	25.7
By gender:				
Women	No.	65	83	81
	%	16.3	22.7	26.2
Men	No.	77	104	105
	%	14.8	21.4	25.2
By age group:				
≤ 31 years of age	No.	88	95	96
	%	32.6	36.1	40.9
32 - 39 years of age	No.	36	53	63
	%	10.0	16.3	23.0
40 - 54 years of age	No.	17	36	27
	%	6.5	15.1	13.8
≥ 55 years of age	No.	1	3	0
	%	3.6	11.5	0

	UoM	2023	2022	2021
Total employees whose employment contract has ended	No.	79	85	36
	%	8.6	10.0	5.0
By gender:				
Women	No.	36	34	13
	%	9.0	9.3	4.2
Men	No.	43	51	23
	%	8.2	10.5	5.5
By age group:				
≤ 31 years of age	No.	29	29	17
	%	10.7	11.0	7.2
32 - 39 years of age	No.	30	32	10
	%	8.3	9.8	3.6
40 - 54 years of age	No.	16	22	9
	%	6.1	9.2	4.6
≥ 55 years of age	No.	4	2	0
	%	14.3	7.7	0

illimity Performance – The Value of Managing Goals

The performance management process enables illimity to monitor, verify and develop the performance of illimiters, defining individual development areas, as well as to measure performance quality in terms of results and conduct, acknowledge and reward merit and ensure opportunities for reciprocal dialogue and feedback between managers and staff, identifying actions to take to obtain required results.

More generally, the process involves four stages during the year: **Goal Setting** (defining objectives to achieve in the year), **Mid-Year Review** (assessing the extent to which objectives have been achieved, and possibly modifying them), **Year End Evaluation** (appraisal, i.e. the year-end evaluation of performance compared to objectives), and **Feedforward** (feedback session and the definition of individual development plans).

To promote fairness, the evaluation system includes not only a traditional appraisal by the manager but also the possibility for each illimiter to analyse his/her own conduct (self-evaluation) and the conduct of other illimiters (cross evaluation) for an all-round contribution to measure and develop an effective conduct.

Self and Cross Evaluation, as information made available to the Appraisal Manager, may contribute to determining the final score of the evaluation. Moreover, in line with 2022, last year the assessment of conduct of illimiters (**accounting for 25% of the objective plan**) maintained the specific importance of responsibilities linked to **ESG issues** (also with regard to climate-related and environmental aspects) and **Digital Mindset** issues.

In this way, the Performance Management process guarantees a direct connection with the individual development of each employee, as it involves an evaluation that supplements qualitative/quantitative objectives and behavioural objectives, transforming areas for improvement into points for professional development that are discussed during the employee/manager Feedforward session.

GRI 404-3

Employees involved in the Performance Management process	2023			2022			2021		
	Women %	Men %	Total %	Women %	Men %	Total %	Women %	Men %	Total %
Senior managers	100.0	100.0	100.0	100.0	98.4	98.7	92.3	96.3	95.5
Middle managers	96.9	97.9	97.6	95.9	98.2	97.4	96.3	92.9	94.1
Professional areas	93.1	92.9	93.0	96.1	97.5	96.7	87.4	94.0	90.4

The figures refer to the number of eligible employees included in the Performance Management process for 2023, i.e. hired by 30 September 2023.

illimiters that do not participate in the 2023 performance evaluation still have the chance to attend the feedforward session, receiving feedback on performance and conduct and defining their individual development plans (as part of a catalogue of training and development initiatives, to take part in during the year or over a longer period).

illimity w.o.w. – The Value of Intelligent Working

The Group co-designed the way of working with its employees, continuously evolving it towards “how” instead of “where”, to move beyond the borders of space and time and enter a dimension focused on fluidity, efficiency and well-being.

The COVID-19 pandemic led to the definition of new shared work rules, and to the creation, in mid 2020, of the **illimity w.o.w. (way of working)**.

illimity w.o.w. is a hybrid work model to enable employees to work from home or elsewhere up to 14 days a month, with the possibility to have additional flexibility based on specific needs, defined according to their preferences (in line with illimity’s value of freedom), and agreed with their manager (in line with illimity’s value of responsibility).

Along with this new way of working, online training was held, with digital sessions to further explore various issues, such as, for example working by objectives, being a team player and developing trust.

The Group has always tried to balance its digital and innovative philosophy with an employee experience that takes into account human and personal aspects that hybrid work has further tested, bringing to light new needs and creating opportunities for improvement. For these reasons, illimity started to use new analysis tools, to evaluate how illimiters work, and collaborate, to set out a road map towards a more efficient, effective work model.

One of these tools is **Microsoft Viva**, which provides qualitative/quantitative and objective analyses on how employees work (collaboration, conduct, interaction). Thanks to these analyses, it is possible to obtain fundamental data (protected by privacy regulations), to improve the quality of interactions and understand which types of conduct must be corrected that can lead to burnout and stress, thus increasing illimiters’ well-being. The platform can also provide practical advice, in emails and pop-ups, based on individual work habits.

illimity Growth – The Value of Learning

The Group designs, implements and monitors an integrated training programme that favours the definition of professional development plans built based on the characteristics of each role, functional to the growth of the individual and the Group, to increase the skill set of illimiters, in order to handle the challenges of the present and future, thereby developing transversal talents and people that embody the company culture and values.

The personal and professional growth of each illimiter is guaranteed through two pillars: training and development, which contribute to ensuring that illimiters are well-rounded and embody the company values in their daily conduct.

Specifically, training is divided into four different categories, in addition to the training envisaged when joining the Group (see the section “illimity Onboarding”).

1. Mandatory Training & Language Courses

Mandatory training is dynamic and is updated based on Group priorities, following a progressive logic, covering topics of specific interest in rotation. In addition to topics regarding compliance and occupational health and safety, the following topics have been covered over the years:

- **ESG**, starting in 2021, with a specific focus based on the business managed within the Group;
- **IT Security**, starting in 2022, with a specific focus based on the risk profile;
- **Diversity, Equity & Inclusion** starting in 2023, with a specific focus based on the organisational impact (diversified, in particular, based on whether the employee manages resources).

Regarding Diversity, Equity & Inclusion, HR & Organisation employees also attend a specific programme, in addition to the one dedicated to all illimiters, to ensure the best management of an inclusive, bias-free employee experience.

To favour a lasting revolution in the way of working in today's hybrid-digital context, amplified by the advent of generative AI, the **Digital Mindset Revolution**¹⁹ - a process sponsored by the Top Management with a strong digital boost to internal processes and individual behaviour, continued. The updating of hard and soft skills continued, guided by the results of an assessment that all illimiters carried out in 2022, which will be administered again every two years to monitor progress.

Though it mainly targets the Italian market, the Group pays significant attention also to **language training**. With a view to reaching a medium-high level of English, each illimiter accesses an individual programme assigned based on the results of the assessment conducted during onboarding. The Group implements a training cycle that uses different methods and approaches and increases in difficulty based on the progress measured, up to weekly individual sessions with native speaker trainers.

Italian lessons were also activated in order to be increasingly inclusive to foreign colleagues.

ESG training

The Group invests in training on ESG topics, because it believes that the Bank's sustainable development is only possible by actively engaging all Divisions and Departments and the people who work there.

Developing a business in tune with ESG topics requires both knowledge, at all levels, of the principles of sustainability and the impact that sustainability factors may have on operations and a wide-ranging, integrated vision of the changing level framework for sustainable finance.

For this reason, starting in 2021, illimity offers a training programme dedicated to ESG topics, included in the mandatory training programme, which is enriched and expanded annually, based on the emerging trends and the changes to regulations on sustainability issues. Within the 2023-2025 Sustainability Plan, the Bank has also committed to providing at least 3 hours of ESG training to each employee of the Group.

Employee training

Just as in 2022, during 2023 the Bank provided two ESG training programmes: the first, taken through e-learning (SCORM) by all company personnel, focuses on regulatory aspects of sustainable financing and sustainability reporting, on Diversity, Equity & Inclusion, on preventing greenwashing and on the governance of the supply chain; a second programme - provided via internal and external subject matter expert trainers, also from the European Investment Bank (EIB), and taken in synchronous mode - is organised over the year into six subject-based workshops focused on integrating ESG aspects in the processes of granting and monitoring credit) and managing climate-related and environmental risks in lending processes, and on sustainable financing (EU Taxonomy, loans connected with sustainability), which were attended by 135 illimiters, mainly from the Business Divisions, as well as the central and control structures, based on their unique areas of operation. The workshops were planned in small classes, with specific target populations depending on the topic discussed.

This second programme aimed to illustrate the regulatory principles on corporate sustainability and provide the building blocks of practical knowledge on considering ESG factors (EBA LOM - Guidelines on Loan Origination and Monitoring), on managing physical and transition risks in credit processes and on sustainable finance (European Union Taxonomy of eco-sustainable activities, environmentally-sustainable loans/*green loans* and *sustainability-linked loans*). It intends to provide specific skills to the key persons in the organisation who can positively influence the comprehensive management of corporate sustainability in strategic and operational terms, acting as points of contact for on-the-job training of their colleagues within their respective structures.

¹⁹ For more details, see the section "Digital Mindset Revolution" in Chapter 5.

GRI 2-17

Training of the Management and Control Body and the Senior Management

The Board of Directors is the annual target of a Board Induction programme, in accordance with the applicable regulations and best practices of the sector. The topics covered by the induction regard issues of interest to the Board and relate, among others, to ESG aspects and related risks, with specific focus on climate-related and environmental risks.

In line with the previous years, in September 2023, the Bank organised an **ESG Induction** - which the Directors of the Board of Directors of the Parent Company and the subsidiary ARECneprix, as well as the top management of the Bank, participated in - broken down into three informational modules, developed and presented by subject-matter and sector expert advisors and key people of the Parent Company:

1. **Evolution of corporate sustainability reporting:** the changes set out by the CSRD (*Corporate Sustainability Reporting Directive*), the summary of the new ESRS (*European Sustainability Reporting Standards*) and double materiality;
2. **ESG Risk Management:** ESG risk methodology and assessment, with specific focus on physical and transition risks;
3. **Prevention of greenwashing:** definition of greenwashing, development of regulations and safeguards of illimity to mitigate the risk of greenwashing for the Group and client companies.

Likewise, in November 2023, illimity SGR organised an **ESG Induction** - attended by the Board Members and the Top Management of the SGR - broken down into three areas, presented by subject-matter and sector expert advisors and key people of the SGR and the Parent Company:

1. **Organisational context and ESG projects of the SGR and market scenario on the integration of ESG factors by asset managers:** sustainability risk organisational safeguards, PRI and TCFD reporting; sector benchmarks on sustainability governance and the management of ESG risks.
2. **Transparency obligations and adjustments on sustainability and sustainability risk management of the SGR and the Funds managed:** fulfilment of disclosure and transparency obligations set out in the SFDR and the European Union Environmental Taxonomy and alignment with the supervisory expectations on climate-related and environmental risks;
3. **Due Diligence ESG in the Funds promoting environmental and social characteristics:** processes, evidence and experiences relating to the assessment of the ESG profile and targets of the companies invested in, as part of managing an active fund pursuant to Article 8 of the SFDR.

2. Specialised Learning

In addition to the standard programme targeted to all employees, illimity created **illimity up**, a reference model for training initiatives that can be activated on demand, which define **individual professional development plans** built based on the specific features of each position and on the single needs for growth. In particular, as part of the Performance Management process, each illimiter can choose from over 50 training initiatives, together with their manager, to select priorities and content closely aligned with individual and team's needs. On average, each manager annually selects 4 initiatives for each illimiter.

With the goal of transmitting key skills and using them in daily activities, illimity has set up the **Toolbox Academy**, an integrated training solution that combines internal know-how with the method and scientific coordination of **POLIMI Graduate School of Management of Milan Polytechnic**. The Toolbox Academy is based on microlearning, a skill-based approach to learning that offers information in small, highly concentrated sections. The digital library continued to expand, offering content designed and created by illimiters for illimiters, with a focus on fundamental topics for banking.

In 2023 the topic of **communication** was particularly relevant in the training programme. In addition to programmes to enhance the active presence on social media (Ambassador Programme) and favour the effective transmission of key messages and relevant news to people frequently exposed to media (*Media Training*), the pilot project "**Effective Business Pitching**" was launched. This initiative, designed to enhance the ability to communicate and make public presentations, sponsored by the members of the Board of Directors, involved 24 illimiters who constantly interact with the corporate bodies, and will be extended to other employees in the next few years, with a view to ensuring that decision making is increasingly effective and fluid.

The nature of learning is continuously evolving and, with this, the tools used to transmit content. In April 2022 **LinkedIn Learning** was activated, a digital library with over 20,000 courses in English (with the option to display subtitles in Italian), held by professional trainers. The e-learning platform, open to all employees and integrated with Workday, allows users to acquire fundamental skills in the world of work at any time, at a pace adapted to their specific needs.

In addition to promoting the culture of learning, this tool enables the identification of training needs and their timely fulfillment, also developing interests and creativity, going beyond the scope of work activities. In 2023, this tool was also used to convey specific challenges, which helped colleagues to increase their knowledge of the library, fuel their innate curiosity and win prizes to continuously support personal and professional training.

3. Business Learning Projects

With the aim of delivering a training programme that is increasingly aligned with internal needs and the monitoring of key internal skills, the focus has been on the co-creation of training programmes with customised content, supported by external companies, or the creation and provision exclusively by internal personnel, leaning more and more towards the consolidation of an **Internal Academy**. From this perspective:

- the **Future Asset Manager Programme** was begun for the first time in November 2023;
- the **b-ilty Academy** was set up, for training dedicated to the b-ilty sales network, focusing on the technical aspects of selling the product portfolio and soft skills for the sales network, completed with content with a strong digital imprint;
- **Quimmo Academy**, training dedicated to the Quimmo Agency external sales network, was provided.

Future Asset Management Program

illimity Academy was set up, with the aim of creating cutting-edge programmes to consolidate crossover competencies typical of future professions, with high-level training courses combining learning and on-the-job training. The need to meet specific needs of the servicing business, along with illimity Group's commitment to new generations, led to the creation of the Master's in Credit Management, whose two sessions held from 2020 to 2022 made it possible to onboard 35 new graduates or young professionals. The essence of the programme consists of guiding the participants to an in-depth understanding of the credit market, developing the fundamental skills required for the role of Asset Manager at ARECneprix. The courses (lasting from 4 to 28 hours) covered the main legal, economic and behavioural aspects of credit management. The multidisciplinary nature of the programme made it possible for other colleagues of the Group to actively participate, granting priority to more junior figures.

The evolution of ARECneprix and its resulting repositioning on the market as an Asset Solutions & Structuring Company led to revise the onboarding programme for new graduates.

In the last few months of 2023, the FAMP, **Future Asset Manager Program** was launched, based on the best practices of the Master's in Credit Management: a 6-month internship that combines learning with on-the-job training, to train future Asset Managers and Real Estate Valuers of ARECneprix.

The FAMP was created to offer young people who are starting their career with the possibility to develop skills in an innovative market of considerable size. The goal of the programme is teaching, testing and building, through the continuous improvement deriving from the exchange of ideas.

The over 200 hours of lessons are provided by a team of professionals from academia, consulting or by ARECneprix and illimity managers, thus guaranteeing a practical approach that is close to the actual business.

Quimmo Academy

In April 2023, Quimmo Agency, the illimity Group's digital real estate agency operating in the real estate market, was established. To support the development of the network of local Quimmo Real Estate Managers, **Quimmo Academy** was developed, which offers specific, ongoing training on topics such as sales techniques, real estate valuation and real estate technology. This academy promotes professional skills, specialisation and innovation, providing agents with the opportunity to expand their skills from just the residential business to high potential sectors, such as commercial real estate and real estate properties under foreclosure or bankruptcy proceedings. There will also be a significant focus on soft skills, such as managing customers and communications skills, which are essential for establishing long-lasting relationships built on trust, consolidating the agent's reputation and contributing to elevating Quimmo's reputation on the market.

4. Development Programmes

A ever increasing portion of investment in managerial and behavioural training has been dedicated to developing the senior management pipeline.

In the last few years, the organisation has been evolving its structure and, due to the increase in responsibility and/or oversight of activities of certain roles, customised programmes are implemented that provide the tools to cover the new position. It's what happens when a new Team Leader or Manager is appointed, with specific training that leverages coaching methodologies, aiming to tackle the challenges of becoming a coach-leader in developing one's team members.

To improve the expansion of leadership and generate a motivated, resilient environment, by disseminating conduct, feelings and behaviour useful to the achievement of the corporate objectives, a new development programme has also been launched, dedicated to top management.

In 2022, specific development initiatives were also implemented for a select target of high-potential illimiters, identified with the support of the managers of the various areas and using assessment tools. The activities, which also involved certified external coaches and the Group Top Management, aimed at outlining an individual development plan and guarantee company sustainability with a view to succession planning. For these people, identified as **Top Rising Stars**, personalised training will be activated to facilitate their professional and personal growth so they may become tomorrow's leaders and create a company talent community.

To support the development of illimiters and promote cross team work, contributing to the general growth of the entire Group, the initiative of **cross mentoring** continued, with a (formal and informal) relationship between a person with more experience (the mentor) and a person with less experience (the mentee), aimed at developing the skills of the latter in a working and social environment, regardless of seniority. In 2023 the initiative involved 51 pairs (for a total of 102 illimiters), counting on the experience of 12 new mentors trained through the **Train the Mentor** programme.

In addition, illimity recognises the potential of its people, starting from the promotion of heterogeneous backgrounds that result in unique skills within the Group. With a view to increasingly promoting internal skills and placing them at the service of young resources, we consolidated the **Erasmus** experience, which consists of a period of continuous training and work within a target function, shadowing a more senior colleague in his/her daily work, to understand the needs of the position and put them into practice. This is carried out over a time frame from 6 to 12 weeks, in a different area from where the resource lives. Specifically, in 2023 the programme involved 6 illimiters.

GRI 404-1

Total training hours	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Senior managers	1,263	3,763	5,026	1,149	2,817	3,966	696	2,534	3,230
Middle managers	7,229	11,527	18,756	5,530	10,187	15,717	5,105	10,972	16,077
Professional areas	10,459	10,115	20,574	11,454	12,840	24,294	8,004	8,505	16,509
Total	18,951	25,405	44,356	18,133	25,844	43,977	13,805	22,011	35,816
illimity training course categories									
<i>of which mandatory Compliance training</i>	3,585	4,751	8,336	4,816	5,782	10,598	4,011	6,095	10,106
<i>of which technical/specialist training²⁰</i>	7,433	11,585	19,018	5,350	8,543	13,893	4,381	8,626	13,007
<i>of which behavioural training</i>	5,614	6,052	11,666	4,747	7,004	11,751	2,890	3,670	6,560
<i>of which language skills training</i>	1,670	2,254	3,924	2,890	4,031	6,921	1,951	2,888	4,839
<i>of which mandatory occupational health and safety training</i>	648	764	1,412	330	484	814	572	732	1,304

Sustainability Plan



Guarantee 3 hours of ESG training per employee

Average hours of training	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Senior managers	66	61	62	72	46	51	54	47	48
Middle managers	55	47	50	45	45	45	48	56	53
Professional areas	42	47	45	50	65	57	42	51	46
Average hours of training			48			51			49
Minimum hours of training suggested by the National Collective Bargaining Agreement for the credit sector						24			

Sustainability Plan



Maintain the average number of hours of training at 42 hours/employee

The data reported are net of the personnel of Quimmo Prestige Agency S.r.l., as the operational integration was completed in January 2024, even though training and integration activities were conducted during 2023. Quimmo Agency accompanies its business with extensive training of its Quimmo Real Estate Managers, which is not recorded in the accounts due to the contractual nature of the recipients.

As previously illustrated, to favour the entry of new colleagues, a dedicated onboarding programme was developed (see the section “illimity Onboarding”), with a total duration of around 9 hours, broken down into various sessions: an onboarding day, lasting a half-day to present the Group’s Business Divisions, and four induction sessions on HR topics, with a duration of 60 or 90 minutes (company tools, complementary pension funds, welfare system and insurance policies, learning & development programmes). At the start of 2023 the onboarding programme was completed with onboarding regarding support functions and induction on the IT ecosystem and other company tools. In addition to the training that new hires and other illimiters have access to, specific initiatives that are part of the mandatory training are also planned (see the section “Mandatory Training & Language Courses”).

Developing talent has always been one of illimity’s most important commitments. In this view, in October 2022, the internal newsletter **illimity Growth: The Value of Learning** was created. This monthly newsletter is targeted to all illimiters with the goal of confirming the aspect of professional development among priorities, with tips & tricks to stay up-to-date and capture learning opportunities also outside of one’s role in the Group.

20 The total includes the hours provided as part of the following initiatives: b-ility Academy, Master’s in Credit Management, Business Skills, ESG and Diversity, Equity & Inclusion, IT & Software.

A topic of particular interest that the newsletter focuses on was **Diversity, Equity & Inclusion**, to which a digital training programme was dedicated, and which was reserved significant space in the mandatory training catalogue for 2023, in order to further emphasise the Group's sensitivity to this highly important issue.

illimity Total Reward – The Value of Recognition

The value of illimiters is recognised through a meritocratic, inclusive Total Reward approach, based on the behaviour demonstrated and the targets achieved, to support the professional development and personal well-being of illimiters, thus promoting the achievement of short and medium/long-term targets, while fully respecting illimitable values, strictly in line with the Strategic Plan.

The total reward approach assesses the competencies expressed and performance in terms of results achieved and behaviour adopted, promoting internal benchmarks and market references, with the aim of guaranteeing a fair, diversity neutral remuneration system, which is sustainable over time.

From this perspective and based on the principle “equal pay for equal work”, illimity has committed to offering salary packages that guarantee fair treatment, regardless of discriminating aspects, such as gender age. In particular, illimity assesses internal and external remuneration benchmarks in case of equal roles or roles that generate the same value, both during hiring and during the annual salary review process and is committed to basically achieving a zero **Pay Gap**, monitored through controls during the periodic review of remuneration policies.

More generally, in accordance with the provisions of law and regulatory and corporate governance requirements, the Remuneration and Incentive Policy is established as part of the annual cycle for the planning, management and control of remuneration in order to ensure that decisions are taken independently, thereby avoiding the risk of possible conflicts of interest and guaranteeing accurate disclosure. This entire process is carried out taking into account of the suggestions from year to year from institutional investors and proxy advisors, through periodic engagement activities²¹.

GRI 2-19

GRI 2-20

The annual process of revision of the Remuneration Policy actively involves the corporate bodies and various functions, in line with the regulatory provisions and provisions of the By-Laws, as well as the organisational structure and responsibilities assigned. This guarantees that each decision is made by the bodies and functions specifically designated to do so²².

For more details on the remuneration policies adopted by illimity, the process of defining them and the specific involved required from each body involved, refer to the Report on the 2023 Remuneration Policy and Compensation Paid in 2022, available on the corporate website, in the section *Governance > Remuneration*.

The Group's remuneration and incentive strategy aims to promote the achievement of short- and medium-/long- term objectives, fully complying with illimity's values and the 2021-2025 Strategic Plan, contributing to the alignment of investors' and all stakeholders' interests.

To support this model, all employees are shareholders and take part in the company's growth, as they are the beneficiaries of a **broad base shareholder plan (ESOP²³)** designed to increase employees' sense of belonging, steering them towards creating value over the long term.

Management and key resources are also the beneficiaries of a **Long-Term Incentive System (LTI)**, which consolidates the alignment of the interests of beneficiaries with the priority goal of creating sustainable value over time, in keeping with the Strategic Plan and through a commitment to achieving ESG objectives (accounting for **20%** in the objectives plan) in addition to the economic/financial ones.

21 Note that illimity's 2023 Remuneration Policy was approved by the Shareholders' Meeting of 20 April 2023, with the unanimous vote in favour of all the shareholders in attendance, confirming that illimity's Remuneration Policy aligns with the Investor and Proxy Advisor Guidelines and the current regulatory framework.

22 For the purposes of drawing up the Remuneration and Incentive Policy, illimity used analyses and support from independent consultants with specific experience in remuneration policies and practices, identified in the firm WTW.

23 Employee Stock Ownership Plan.

Specifically, the weight of 20% of the ESG objective breaks down as follows:

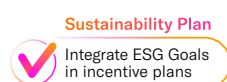
- **Diversity, Equity & Inclusion**, with a weight of **10%** of the LTI plan, average score assessed by the Board of Directors by weighting the following factors related to employee engagement and gender inclusion and diversity;
 - Factor 1: Satisfaction Index greater than 70% in each year of the plan (annual survey by Great Place to Work);
 - Factor 2: Trust Index greater than 70% in each year of the plan (annual survey by Great Place to Work);
 - Factor 3: increase in women in managerial roles (target as of 31/12/2023: +25%; target as of 31/12/2024: +50%; target as of 31/12/2025: +100%) among roles classified as “Management, Senior Management and Top Management”;
 - Factor 4: formalised presence of women in the talent pool (guarantee a steady balance between men and women - tolerance of 5% - in the talent pool over the years of the Plan).
 - Measurement criterion:
 - Score of 4: achievement of the target in at least 3 factors, and the remaining factor not lower than 10% less than the target;
 - Score of 3.5: achievement of the target in at least 2 factors, and the remaining two factors not lower than 10% less than the targets;
 - Score of 3: achievement of the target in at least 2 factors.
- **Top ESG Rating & Sustainable Finance**, with a weight of **10%** of the LTI plan, score calculated through the following measurement for 2025:
 - **Score of 4:**
 - keep the Standard Ethics and CDP ratings at Investment Grade level or higher;
 - reach the two Environment targets as set out in the illimity 2021-2025 Strategic Plan: maintaining Group Carbon Neutrality (Scope 1 and Scope 2) and assess and address financed emissions;
 - reach the Sustainable Finance target as set out in the 2023-2025 Sustainability Plan;
 - **Score of 3.5:**
 - keep the Standard Ethics and CDP ratings at Investment Grade level or higher;
 - achieve at least the two Environment targets indicated above, as set out in the illimity 2021-2025 Strategic Plan;
 - **Score 3:** achieve at least the two Environment targets indicated above, as set out in the 2021-2025 illimity Strategic Plan.

To encourage outstanding performance also in the short term, illimity’s Remuneration Policy includes an **Annual Incentive System (MBO)**, connected to the Performance Management System, dedicated to all employees of the Group.

For 2023, the ESG targets (with a **weight of 15%**), in line with those set out in the long-term plan, were included in the target plans of the Chief Executive Officer and the top management of the Group. In detail, that target is comprised of sub-indicators that are subject to assessment, i.e.:

- Integrate the ESG/climate-related/environmental risks into the illimity Group’s 2023 Risk Appetite Framework, with the definition of a set of KPIs and related Risk Appetite and Tolerance levels;
- Maintain the UNI_PdR 125:2022 Gender Equality Certification;
- Maintain the Equity Pay Gap in the region of +/-3%;
- Comply with the PRBs (Principles for Responsible Banking);
- Issue the Responsible Portfolio Investment Policy.

With regard to the ESG target in the MBO plans, for 2024 the same approach adopted in 2023 has been substantially confirmed.



Work-life balance and company welfare

As part of its corporate welfare system, the illimity Group has put in place a **unique benefit policy, with a flexible choice** of best-in-class benefits, services and solutions, offering illimiters an evolved Flexible Benefits plan, which can be customised to cater for individual and family needs.

illimity's welfare Policy guarantees in particular:

- professional and non-professional accident insurance (paid by the company, plus a possible integration with the welfare budget);
- life insurance plus total permanent invalidity insurance (basic insurance paid by the company, plus a possible integration with the welfare budget);
- Long Term Care insurance (paid by the company);
- a varying healthcare Policy based on different needs (the individual/family), which may be purchased through the welfare budget, with a contribution from the company, as provided for in the Second Level Contract;
- supplementary pension;
- the Flexible Benefits plan with services that are reimbursed and direct access to education, health, mobility, recreation and assistance areas. Moreover, as of 2024, the management of the plan has been entrusted to a Benefit Company and B-Corp®, a certification issued by the non-profit organisation B Lab, which assesses the entire social and environmental performance of a company, from its business model to its business ethics, up to its impact on the environment and customers. The choice demonstrates the illimity Group's constant focus on the well-being of illimiters, with solutions that increase employee well-being and engagement, generating a positive impact;
- benefits for families (by way of example: 20 days' parental leave for new dads, additional days' leave paid in full to assist children when starting school, assistance with voluntary work, study grants for illimiters who are students and for their children);
- a modular system of remote working, that provides multiple levels of flexibility, to guarantee illimiters a correct work-life balance and reduce their commutes;
- meal vouchers for all employees and interns, even for days when working from home, up to a maximum of 10 days per month;
- seasonal fresh fruit, delivered to the Group's various offices weekly, to promote and incentivise a healthy, sustainable lifestyle;
- in line with 2023, a tele-medicine assistance service became available to all illimiters and their family members in the same household, completely free of charge, available 24-7, 365 days per year, through a call centre;
- starting in 2024, all a service is available to all illimiters to facilitate access to information regarding the existence and methods of using grants and subsidies falling within public and tax welfare.

Also for 2023, in line with 2022, the **agreement** with trade union representatives was signed **on the Company Bonus**, which promotes the contribution, commitment and dedication of each illimiter, correlated with the economic soundness of the Group. In line with that defined in the conditions of the agreement, all staff in professional areas and middle managers of the Group companies may accrue a bonus to be paid in cash or converted into additional welfare credits, of up to a maximum of EUR 1,400 for the professional areas and around EUR 1,900 for middle managers, up by over 10% on the previous year's amounts. The agreement is part of the overall "Reward & Total Value" strategy, adopted by illimity since its foundation and based on principles of meritocracy, inclusion and participation.

During 2023, 30 male employees and 36 female employees took parental leave. A 95.5% rate of return after maternity/paternity leave was recorded, as well as 100% of employees keeping their job 12 months after returning.

GRI 401-3

Parental leave	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of employees entitled to parental leave	36	30	66	38	30	68	17	21	38
Total number of employees taking parental leave	36	30	66	38	30	68	17	21	38
Number of employees returning to work after parental leave	35	28	63	38	30	68	17	21	38
Total number of employees who are still with the company 12 months after returning from parental leave	35	28	63	37	28	65	16	21	37
Return rate²⁴	97%	93%	95%	100%	100%	100%	100%	100%	100%
Retention rate²⁵	100%	100%	100%	97%	93%	96%	94%	100%	97%

Additional indicators	2023	2022	2021
Percentage of welfare out of the average Gross Annual Salary ²⁶	11%	11%	11%

illimity Engagement – The Value of Commitment

Within the Group, there is a significant focus on the engagement of illimiters, to favour the feeling of belonging, which plays an important part in their well-being and helps them do their best at their job. Specifically, illimity Engagement is stimulated and measured through various initiatives:

- **Diversity & Inclusion** (dedicated training activities – see the chapter “Diversity, Equity and Inclusion” and the section “illimity Growth”);
- **Periodic Surveys** (e.g. Great Place to Work, a survey on the satisfaction with professional development, materiality analysis questionnaire, commuting questionnaire – see the section “Great Place to Work”);
- **Work-life Balance** (see the section “illimity w.o.w.” and “Work-life balance and company welfare”);
- **illimiter as Ambassador**: Career Day, with the businesses, newsletters, cross-division projects, events and internal initiatives;
- **Recognition Actions** (e.g. Total Reward; Performance Management; dedicated growth programmes – see the sections “illimity Performance”, “illimity Total Reward” and “illimity Growth”);
- **Meetings at regular intervals**: staff meetings, company parties, off-site meetings.

As part of the engagement initiatives, virtual coffee breaks or those in person with the Chief HR & Organization Officer are organised. Specifically, the coffee breaks can be held at two different times, to collect feedback, ideas and suggestions on the Group: at the time of onboarding for all new hires, and one month from the transfer of an illimiter to another team.

24 The return rate (%) is calculated as the total number of employees returning to work after parental leave out of the total number of employees taking parental leave x 100.

25 The retention rate (%) is calculated as the total number of employees still working 12 months after returning from parental leave out of the total number of employees returning to work after parental leave in the previous reporting period x 100.

26 To calculate the ratio, the mean value of welfare and the Gross Annual Salary (fixed only) of personnel entitled to welfare was considered. The Gross Annual Salary item exclusively includes the fixed gross annual salary, including that of Group staff on project-based contracts, to whom a welfare budget was assigned (according to that established in the internal Welfare Regulations). The calculation is net of the personnel of Quimmo Prestige Agency, as the operational integration was completed on 1/01/2024 and the policies of Quimmo Prestige Agency do not allocate a welfare budget for 2023. It is noted that, based on the contractual agreements, the Chief Executive Officer of that company was the beneficiary of a welfare budget for 2023 and, therefore, is included in the calculation of the indicator.

Health and safety

GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9

Occupational health and safety is a fundamental commitment for the Group, to make to all the Bank's employees, staff and associates.

The illimity Group operates in compliance with occupational health and safety regulations and, based on the requirements of Legislative Decree 81/08, has set out the responsibilities and procedures for preparing for and responding to potential incidents and emergency situations, as well as the responsibilities and procedures to prevent harm and accidents that may occur, set out in the Health & Safety Procedure of the individual Group companies.

The internal occupational health and safety system is supervised by the Employer of the individual companies, their delegates, where appointed, the Safety Officer, the Company-appointed Doctor and Officers in Charge, with the support of the Workers' Safety Representatives, the Emergency Officers and First Aiders and all heads of structures.

The purpose of adopting this system is to enable the Group to have safe, healthy workplaces, prevent injury and illness, and improve its occupational health and safety track record, with a performance planned according to the following criteria:

- analysis of the internal organisational structure;
- updates to occupational health and safety risk assessments, formalised in the Risk Assessment Report;
- definition of processes concerning safety and the identification of duties and responsibilities;
- definition of work procedures, internal rules, and procedures for communicating safety-related information;
- adoption of planned activities through personnel information and training, and involvement in processes;
- identification of periodic controls to monitor the adoption of the safety management system and relative organisational model, as well as its effectiveness, by identifying the compliance of actions with adopted procedures;
- the preparation of forms;
- the establishment of an *audit* and assessment system for critical aspects concerning the Occupational Health and Safety Management System.

As required by Italian Legislative Decree 81/08, Workers' Safety Representatives, identified by trade union representatives, are involved in specific activities, such as safety meetings, inspections and preparing documents.

The Bank organises specific drills annually, depending on the various accident scenarios indicated in the emergency management procedure, in order to monitor the effectiveness and efficiency of these emergency procedures and plans.

To provide effective health surveillance, a company-appointed doctor is available to carry out mandatory medical check-ups, as well as additional checks-ups on request.

Employees are requested to report any sources of risk to emergency management officers.

	2023		2022		2021	
	Employees	Staff and Associates	Employees	Staff and Associates	Employees	Staff and Associates
Occupational accidents	4	0	1	0	4	1
Accident rate²⁷	2.6	-	0.80	-	3.8	7.0
Serious accidents	0	0	0	0	0	0
<i>of which fatal accidents</i>	-	-	-	-	-	-
<i>of which accidents with serious consequences (excluding fatalities)</i>	-	-	-	-	-	-
Rate of fatalities caused by occupational accidents	-	-	-	-	-	-
Rate of accidents with serious consequences (excluding fatalities)	-	-	-	-	-	-
Total number of hours worked	1,519,274	-	1,253,451	-	1,043,079	28,400



For further details:

[Health & Safety Procedure](#)

²⁷ The rates are calculated as the number of accidents/total number of hours worked. To improve readability, the portion obtained is then multiplied by 1,000,000 (hours worked) for employees, and by 200,000 (hours worked) for other staff, as they number few people.

07. Diversity, Equality and Inclusion

illimity is committed to breaking through physical, communication and cultural barriers, adopting an approach that values inclusion. The Bank considers diversity and respect as fundamental values of its HR Policy, which it adopts from recruitment onwards, up to the professional development of employees.

Group employees come from over **20 sectors** and more than **300 different companies**, with more than half operating in non-finance sectors. The average age of employees is **36**, with the highest number of employees in the junior millennials category, i.e. from aged 26 to 33. **25 different countries** are represented at illimity.

During 2020, through the CEO, illimity signed the “**Manifesto for Women’s Employment**” of Valore D, the first association of companies in Italy - to date more than 320 - which has been a pioneer, since 2009, in dealing with the issue of the gender balance and dissemination of a culture of inclusion to support innovation, progress and growth of organisations and the country of Italy. Through that Manifesto, the signatory companies commit, gradually and preferably in keeping with their own specific size and sector dimensions, to establishing clear, measurable goals, with performance indicators and periodic monitoring, to share within the organisation. The Bank’s Chief HR & Organization Officer is also on the Management Council of Valore D.

illimity also actively searches for the best headhunting companies on the market, to include in the team persons with disabilities, which represented 2.6% of Group employees in 2023.

During 2021, the **Diversity, Equity & Inclusion Policy** was issued, which outlines the Diversity, Equity and Inclusion guidelines and practices of the illimity Group, as the foundations for the organisation and its business strategy. Diversity, equity and inclusion are in fact strongly connected with illimity’s identity and therefore form the basis for looking after human capital, promoting a meritocratic work environment, consistent with a work-life balance, that empowers the individual characteristics of each person, their capacities, experience and aspirations.

In November 2023, the Anti-Harassment Policy was approved, which highlights the Group’s commitment to guaranteeing a working environment free from harassment, mistreatment or discrimination and create the conditions so that all episodes of harassment, bullying or other sexually inappropriate conduct is promptly reported.

Sustainability Plan



Develop a company policy to combat harassment, inappropriate sexual conduct and bullying

In that regard, the Group has also endorsed the **Memorandum of Understanding to Prevent and Combat Violence Against Women and Domestic Violence**, signed by the Ministry for the Family, Birthrate and Equal Opportunities and the President of the Italian Banking Association (ABI). The Memorandum, signed by illimity in 2023, has a three-year validity and is a tool to develop transversal and organic actions within policies targeted to preventing violence against women. Thus, the Group will make an effort to publicise and increase the visibility of the various initiatives implemented by the ABI, including developing and promoting good practices to prevent and combat violence, and disseminating the communication and information campaign on those issues.



For further details:

[Diversity, Equity & Inclusion Policy and Anti-harassment Policy](#)

GRI 405-1²⁸

Composition of the Board of Directors

	2023				2022				2021			
	Women (n)	Women (%)	Men (no.)	Men (%)	Women (n)	Women (%)	Men (no.)	Men (%)	Women (n)	Women (%)	Men (no.)	Men (%)
Members of the Board of Directors	6	46	7	54	6	46	7	54	5	56	4	44
Division by age												
≤ 31 years of age	0	0	0	0	0	0	0	0	0	0	0	0
32 - 39 years of age	0	0	0	0	0	0	0	0	0	0	0	0
40 - 54 years of age	1	8	1	8	1	8	2	15	3	33	2	22
≥ 55 years of age	5	38	6	46	5	38	5	38	2	22	2	22
Average age of members of the BoD by gender	60		64		59		63		58		60	
Average age of members of the BoD	62				61				58			

The Board of Directors breaks down as 46% women, and 54% men, with Rosalba Casiraghi as Chair of the Board of Directors and Chair of the Sustainability Committee, Elena Cialliè as Chair of the Risks Committee and Paola Elisabetta Galbiati as Chair of the Remuneration Committee.

Breakdown of personnel by employment category, gender and age

	2023				2022				2021			
	Women (n)	Women (%)	Men (no.)	Men (%)	Women (n)	Women (%)	Men (no.)	Men (%)	Women (n)	Women (%)	Men (no.)	Men (%)
Senior managers												
≤ 31 years of age	0	0	0	0	1	6.3	0	0	0	0	0	0
32 - 39 years of age	7	36.8	9	14.5	3	18.8	9	14.8	0	0	7	12.9
40 - 54 years of age	12	63.2	46	74.2	12	75.0	44	72.1	13	100.0	40	74.1
≥ 55 years of age	0	0	7	11.3	0	0	8	13.1	0	0	7	13.0
Total Senior managers	19	23.5	62	76.5	16	20.8	61	79.2	13	19.4	54	80.6
Middle managers												
≤ 31 years of age	18	13.6	27	11.0	15	12.3	33	14.5	23	21.5	33	16.8
32 - 39 years of age	65	49.3	123	50.0	66	54.1	113	49.6	58	54.2	93	47.5
40 - 54 years of age	45	34.1	88	35.8	38	31.1	75	32.9	24	22.4	64	32.6
≥ 55 years of age	4	3.0	8	3.2	3	2.5	7	3.1	2	1.9	6	3.1
Total Middle Managers	132	34.9	246	65.1	122	34.9	228	65.1	107	35.3	196	64.7
Professional Areas												
≤ 31 years of age	109	44.0	116	54.2	104	45.6	110	55.6	92	48.7	87	52.4
32 - 39 years of age	96	38.7	61	28.5	82	36.0	53	26.8	66	34.9	50	30.1
40 - 54 years of age	39	15.7	32	15.0	38	16.7	31	15.7	30	15.9	25	15.1
≥ 55 years of age	4	1.6	5	2.3	4	1.8	4	2.0	1	0.5	4	2.4
Total Professional Areas	248	53.7	214	46.3	228	53.5	198	46.5	189	53.2	166	46.8

Sustainability Plan



Double the number of women in managerial roles (Gender Equity)

²⁸ Disclosure is provided for the GRI 405-1 indicator with a greater level of detail for the division by age group than that suggested in the GRI Standards, as this represents the classification used for internal activities.

As previously stated, the Group’s policies have been based on valuing all diversity, since its foundation. This takes place through:

- recruiting activities, with a shortlist drawn up of the best candidates, diversified in terms of gender, education, experience and nationality. In particular, of the 142 new recruits in 2023, 124 were under 40 years of age, with women accounting for 46% and men for 54%;
- investments in new illimiters (see GRI 401-1), and the 72 team leaders (the “third lines”) who represent the Group’s managerial pipeline.

GRI 405-2

Ratio of the basic salary to other types of remuneration for women compared to men, by professional category	2023	2022	2021
	Women/Men (%)	Women/Men (%)	Women/Men (%)
Senior Management	106.3	74.9	-
Other managers	83.6	78.7	95.1
3rd/4th level middle managers	94.7	94.1	92.9
1st/2nd level middle managers	98.5	99.2	96.6
Professional areas	95.2	97.3	97.1
Average²⁹	95.1	95.4	95.4
Gender pay-gap	4.9	4.6	4.6

Sustainability Plan



Maintain the balance between men and women in the formalised "talent pool" and a gender pay gap with a maximum deviation of 5%

Figures are calculated as an average which considers the basic salary and total remuneration of employees as of 31 December 2023, including the company welfare benefits the *MBO bonus* and other variable parts of remuneration. The recruitment of the best resources for all roles at illimity, including the most strategic, is the result of a **gender neutral** process, guaranteed by the Group HR and corporate governance policies.

It is also noted that the Group uses the support of the external advisor WTW to analyse the neutrality of remuneration policies with regard to gender. Specifically, the methodology used follows an approach that measures differences in remuneration with the same role or roles of the same career level. Based on that approach, the **Pay Equity Gap**, meaning the average weighted gap for each position, examined by the Board of Directors in 2023, based on the actual remuneration data of 2022, came to -2.5%, improving on 2021, where the figure was -3.0%.

The approach to fully neutralise the gender pay gap includes careful analysis of internal and external remuneration benchmarks, when defining financial packages on employment, and a particular focus on gender issues during the annual salary review process.

29 For the years 2020 and 2021, the first *ratio* (senior management) was excluded, due to a lack of women incumbents.

GRI 202-1

	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
Ratios of standard entry level wage by gender compared to local minimum wage ³⁰	1.1	1.1	1.1	1.1	1.0	1.0

GRI 2-21

Annual Total Compensation Ratio	2023	2022	2021
Ratio of total annual remuneration of the highest paid individual to the mean total annual remuneration of all employees (excluding the highest paid individual) ³¹	16.9	17.5	13.6
Ratio of the percentage increase in the total annual remuneration of the highest paid individual to the percentage increase of the mean total annual remuneration for all employees	0.0 ³²	16.2	4.2

Additional indicators

Top Management to Worker Compensation Ratio	2023	2022	2021
Average remuneration of the CEO and Top Management to average employee remuneration ratio	9.9	10.6	9.1
Last benchmark³³			55.5

Gender Equality Certification

In November 2022, the Group obtained Gender Equality Certification. This is part of the National Recovery and Resilience Plan (NRRP), whose criteria for achievement are governed by Decree of the Presidency of the Council of Ministers of 29 April 2022. Specifically, the topics covered by the Certification are defined in the UNI PdR 125:2022 standard (hereinafter also “standard”).

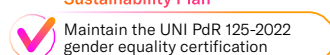
That standard defines the guidelines for promoting gender equality, which requires that a set of performance indicators be structured and adopted, broken down into six specific areas: (i) culture and strategy, (ii) governance, (iii) HR processes, (iv) opportunities for growth and inclusion of women, (v) gender equity in remuneration and (vi) protection of parents and work-life balance.

The Group undertakes to maintain and improve the KPIs and best practices regarding the gender equity management system, also setting shared, formalised objectives.

Monitoring activities are also overseen annually by the Sustainability Committee, as the party responsible for overseeing the diversity, equity and inclusion policies.

The monitoring is externally controlled as part of the annual audit conducted by the Certification Body used by the Group. Specifically, in November 2023 the first annual monitoring was conducted, confirming the maintenance of the Certification and highlighting an improvement in the various KPIs set out in the Certification compared to the previous year, demonstrating the Group’s continuous attention and commitment to topics regarding the achievement and promotion of gender equality.

Sustainability Plan



Maintain the UNI PdR 125-2022 gender equality certification

³⁰ The standard salary of a new recruit means the basic lower salary paid to the new recruit in the reference year. The minimum local salary means the minimum salary envisaged by collective bargaining or applicable law.

³¹ The pay ratio is calculated using the following metric: CEO Actual Compensation 2023/Mean value of 2023 Group remuneration, where the Total Annual Remuneration includes the following items: Gross Annual Salary, Welfare, MBO pertaining to 2022 disbursed in 2023, Notice Period, Entry Bonus, Retention Bonus, Stability Agreement, Bonus Spot and ESOP. Quimmo Prestige Agency employees were included in the scope of reference, with the fixed and variable items of remuneration accruing in 2023.

³² The figure was near zero, as the Total Annual Remuneration of the highest paid individual in 2023 was unchanged on 2022.

³³ Mean benchmark value of 8 banks of the FTSE Bank in 2023.

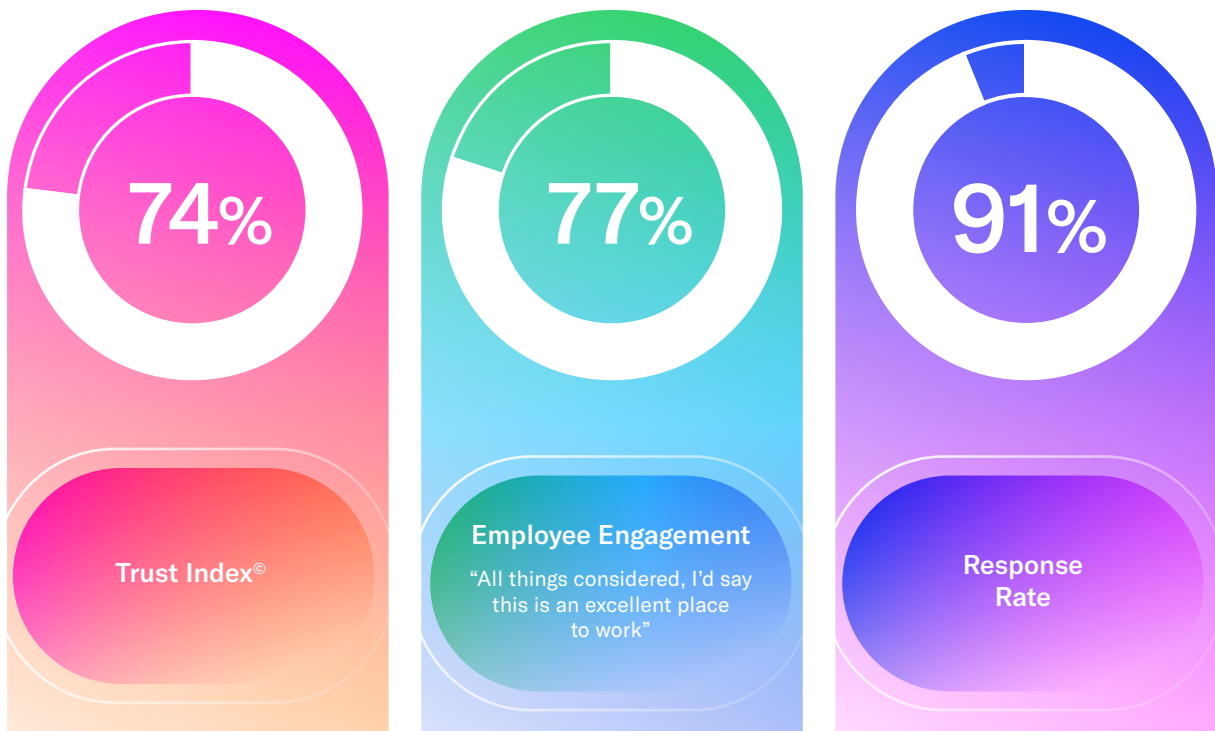
Great Place To Work

In 2023, the illimity Group was recognised as a Great Place To Work® for the fifth year running, and for the third time, was ranked as one of the **Best Workplaces in Europe™**: in the *Large Company Europe* category, illimity was one of the only two Italian companies included and the only Italian bank. Also in the overall classification, which includes small and medium-sized enterprises as well, illimity was once again among the only five Italian companies selected at European level. This award, certifying companies that have a **quality work environment** is issued by Italy’s leading consulting company specialised in work environment analysis, and follows on from a survey administered annually, to which 91% of total employees as of June 2023 replied.

The online questionnaire revealed that illimiters appreciate above all the attention the company gives to Diversity, Equity and Inclusion, they are proud to work for the company and have a strong team spirit.

Specifically, the figures show a particularly positive perception - above the sector benchmark - of the **work environment, considered to be excellent by 77% of employees** and a **Trust Index® of 74%**. In particular, the Trust Index® summarises the percentages of positive replies from employees in the five areas referred to the company climate: credibility, respect, fairness, pride and cohesion.

By analysing the results, it was also possible to identify the main pain points and potential routes for improvement. Specifically, the questionnaire administered in 2023 demonstrated a pre-eminent need to focus on streamlining internal processes. To that end, a cross-divisional team was set up, whose goal is to define a pipeline for streamlining and monitoring such processes.



Sustainability Plan
 ✓ Maintain the engagement index of Group employees above 70%

- 75% Credibility
- 75% Respect
- 72% Equality
- 74% Pride
- 75% Cohesion

Commitment to new generations

To support the development of talent in very young people, in 2023 illimity consolidated various partnerships, involving its people in person:

- **YEP (Young Women Empowerment Program):** keeping the focus on safeguarding STEM subjects, also in 2023, illimity worked with the Fondazione Ortygia Business School, joining the YEP (**Young Women Empowerment Program**) mentoring program, designed with the aim of including and empowering female talent and supporting economic and social growth in the South of Italy. The project, that will conclude in June 2024, involves 5 colleagues as Mentors to 5 university students studying economics and STEM in the South of Italy. Interaction is one-to-one and six individual mentoring sessions are held, to optimally steer students on their own professional and personal growth journey.
- **H-Farm Education:** illimity works with H-Farm Education, an association that designs and develops education programmes that provide the tools necessary for handling tomorrow's challenges, by activating traineeships carried out within H-Farm, following a multidisciplinary, collaborative, experience-based and concrete approach. Digital transformation is impacting all sectors with unprecedented speed. Therefore, ongoing training is the prerequisite to improving and continuously updating knowledge and skills, to guarantee that they align with the demands of the labour market;
- **The Wave Program:** illimity's youth empowerment programme, created to inspire young people to develop and promote their abilities and talents. The goal of the initiative is to invest in the potential of young people, to make them more active, inclusive and responsible citizens, generating a positive impact on society. The first partnership of the programme has been set up with Young Ambassadors Society, the association that aims to empower new generations, offering them dialogue and cooperation opportunities in international contexts, and opportunities to share their ideas with global policy makers.

During 2023, illimity consolidated its partnerships with the academic world and started new alliances, with the dual aim of guiding and selecting young talent with the spirit of illimiter. Firstly, through the Future Asset Management Program (FAMP) offered by illimity Academy, which focuses on specific credit management topics, with the goal of training future Asset Management professionals.

The Group also took part in recruiting events, round table discussions, and business talks which were held with hybrid methods. Initiatives contributed not only to employer branding, but also to the direct employment of job seekers, met during events at universities and subsequently included in recruitment processes for job offers. illimiters are involved, in the first person, in recruiting/orientation activities, taking part as ambassadors, and also holding lessons and acting as testimonials at universities.



Prosperity

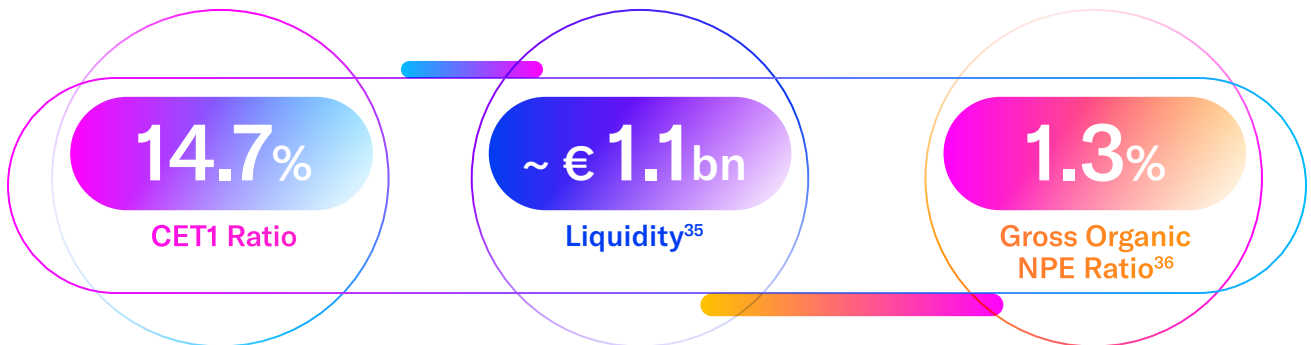
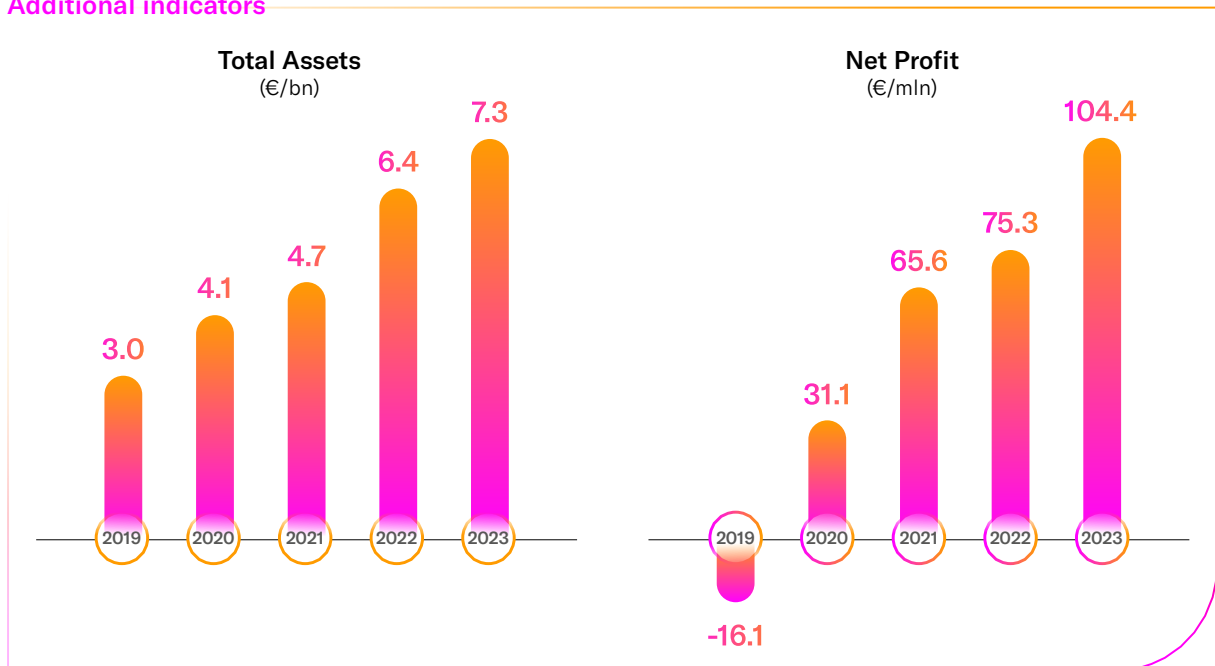
08. Robustness and creation of shared value

The illimity Group continues to pursue the goal of being a solid, stable partner for all stakeholders and of building a base for long-term financial stability.

Profitability and robustness are the pillars of any business and in particular for a Bank such as illimity, which must be able to provide valid financial support for people, families and high-potential businesses, also at times marked by a particular uncertainty.

For this reason, the illimity Group is committed at all times to achieving an adequate profitability and shareholder remuneration, maintaining specific capital and financial solidity conditions, in compliance with prudential supervision requirements³⁴.

Additional indicators



³⁴ Further information on the financial position and performance and cash flows of the Group, and on the identification and management of related risks is provided in the Report on Operations accompanying the Consolidated Annual Financial Statements of the illimity Group.

³⁵ Total High-Quality Liquid Assets (HQLA).

³⁶ Excluding the positions secured by public guarantees and the former BIP portfolio.

Share capital and ownership structure

As of 31 December 2023, the Bank's share capital amounted to EUR 54,690,661.10, fully subscribed and paid up, divided into 83,916,330 ordinary shares.

The Ordinary Shares were admitted to trading on the Euronext Milan market organised and managed by Borsa Italiana S.p.A. on 5 March 2019. By order of the Bank of Italy no. 8688 of 2 September 2020, the ordinary shares were admitted to trading on the STAR (Securities with High Requirements) segment of the Euronext Milan market.

Consolidated shareholders' equity came to EUR 956.1 million, up on 2022, mainly due to the profit recorded in 2023, in addition to the improvement in valuation reserves, net of the dividends for 2022 paid in May 2023.

Significant shareholders with a stake of at least 3% in the share capital with voting rights in illimity, with the percentages calculated by the Bank based on the number of shares resulting from the most recent information available and number of ordinary shares issued, updated as of 6 February 2024, are reported below.

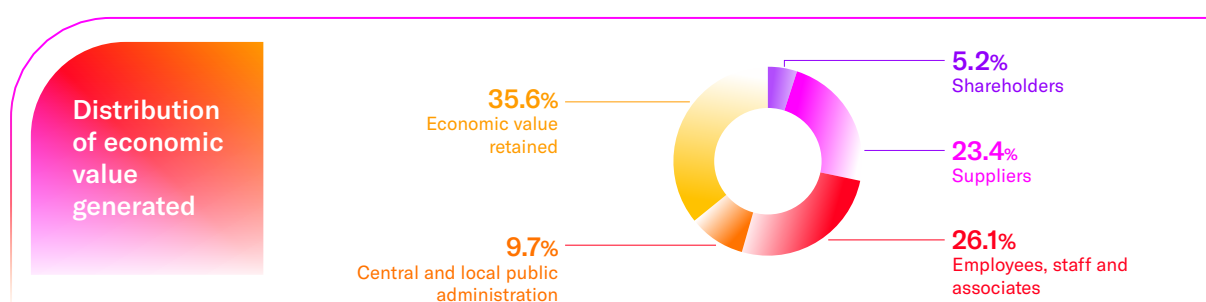
Declaring entity, i.e. subject at the head of the control chain	Direct shareholder	Share held	Portion held (%)
Banca Sella Holding S.p.A.	Banca Sella Holding S.p.A.	Owned	10.0%
ION Investment Corporation Sàrl	FermION Investment Group Limited	Owned	9.4%
LR Trust – FIDIM	Fidim Srl	Owned	7.7%
Tensile Capital Management LLC	Tensile-Metis Holdings Sàrl	Owned	7.0%
Atlas Merchant Capital LLC	AMC Metis Sàrl	Owned	6.3%
Corrado Passera	Corrado Passera	Owned	4.0%

Economic value generated and distributed

GRI 201-1

The illimity Group operates in the market to generate and distribute long-term economic value for all its stakeholders. In this regard, the economic value generated by the Group in 2023, which represents the overall wealth generated by illimity thanks to its production and commercial capacity related to its business activity, was equal to approximately EUR 402.1 million³⁷.

Approximately 64% of the economic value generated in 2023 was distributed to stakeholders, mainly suppliers (23.4%), employees, staff and associates (26.1%), central and local public administration (9.7%) and shareholders (5.2%). Around 36% of the value generated was retained in 2023, to consolidate the Group's capital.



³⁷ The table of economic value distributed and retained represents the added value generated and distributed to stakeholders, and that retained by the Group. The income statement was reclassified (see the Annex on page 152), to highlight how added value is generated and distributed to various categories of stakeholders.

Approach to taxation

The general aspects concerning the taxation of the illimity Group are managed by internal operating procedures, chiefly governed by the Tax Unit, a specialised team from Administration, Accounting & Control. To effectively deal with the complexity of legislation, the correct management of tax aspects is ensured by internal control systems in place, that guarantee the prompt monitoring of all tax-related activities and constant alignment. For most relevant issues or those whose interpretation is uncertain, the opinion of external professionals is requested and/or a tax clearance application is submitted to the tax authorities. Those strategies may involve the management and control boards, that are regularly informed about the most significant tax matters.

In its approach to taxation, the Bank is inspired by principles of:

- **legality:** illimity adopts an approach geared towards the formal, substantial compliance of national and international tax legislation, to responsibly prevent any type of tax risk;
- **responsibility:** illimity acts based on values of honesty and integrity, and in line with its own policies and internal values, aware that correct tax management has a significant impact on the economic and social development of the country;
- **transparency:** illimity adopts a transparent approach and the utmost cooperation in managing its own information and in relations with stakeholders, including the tax authorities.

These principles are adopted with an approach inspired by the following drivers:

- prevention of operational-related tax risks, related to the correct and prompt payment of taxes and fulfilment of related obligations;
- prevention of interpretation-related tax risks, arising from uncertainty as to the actual spirit and letter of the law and qualification of concrete circumstances;
- refusal to adopt aggressive tax planning: illimity does not carry out operations or activities with the predominantly or exclusively purpose of obtaining tax savings and does not recommend customers purchase products or enter into transactions for such a purpose;
- refusal to use tax structures that lack commercial substance: illimity does not subscribe evasive or fictitious structures aimed at evading tax regulations or to hide the beneficial owner of the transactions;
- commitment to subscribe transactions, which may involve the Group at international level, at market values or aimed at the correct management of transfer pricing regulations, to avoid double taxation.

These principles and drivers are applicable to tax management not only as concerns illimity in a capacity as “taxpayer” and “withholding agent”, but also as concerns its obligations as “intermediary” (FATCA, CRS, DAC 6, tax monitoring and Archive of Financial Transactions).

In exercising its role of Group coordination structure, the Bank works with the subsidiaries in implementing the above principles, specifically regarding the tax aspects concerning material transactions, developing new business and implementing new technologies.

The illimity Group, operating exclusively in Italy, pays all taxes in Italy and the bank knowingly fulfils all regulatory obligations, contributing to the country’s economic development.

Engagement with the financial community

Since 2021, the year in which illimity published its first Strategic Plan, the Bank has consolidated its leadership position in the classifications of the most well-known ESG rating agencies.

If 2022 was the year of upgrades and recognitions of the Bank’s efforts in a manner shared by all these companies, in 2023 further steps forward were made in the field of sustainability, which made it possible for illimity to proceed in its process of aligning with international best practices and expectations of institutional investors.

In the third quarter of 2023, **MSCI significantly upgraded illimity's ESG rating once again**, from A to AA, placing the Bank in the "Leader" category, compared to the previous "Average" category. This result was due to the company's good governance practices, which help prevent potential unethical conduct. Moreover, due to the route taken in reporting on financed emissions, which places the bank at the top in terms of support to SMEs and their energy transition, during the same year the agency **Standard Ethics upgraded the outlook from "stable" to "positive"**.

As regards the management of climate-related and environmental risks, **CDP confirmed the B rating**, recognising illimity's ability to implement actions to measure and govern its environmental impact.

In 2023, illimity participated in one-to-one and one-to-few meetings dedicated to sustainability issues, dialoging with the institutional investors with the greatest ownership in the Bank's share capital, in view of institutional events including the Shareholders' Meeting and the Italian Sustainability Week organised by Borsa Italiana, cultivating relations of engagement and active dialogue with these investors. Those relationships enabled the Bank to collect new ideas and inform both the Board of Directors and the Sustainability Committee on sector trends at international level.

Aware that the process of sustainability launched at the time of the company's establishment will grow hand-in-hand with the economic-financial results, the Group undertakes to maintain the level achieved in the rankings of ESG agencies in which it is included, a goal set out in the Sustainability Plan and linked to the targets of the variable remuneration plans of executives.

The results obtained up to this point are due to an approach focused - since the beginning - on integrating ESG criteria into all internal processes and policies of the Group, and highlight illimity's ESG Investment Case, whose main points are set out in the ESG Investor Presentation published on the company website.



For further details:

[Policy for Managing Dialogue with Shareholders in General](#)



For further details:

[ESG Investor Presentation](#)

ESG scores and indices

The Bank is constantly interacting with institutional investors and ESG ratings agencies to ensure that environmental, social and governance issues are dealt with appropriately, in line with its commitment to providing the market with the highest transparency.

			2023	2022
	MSCI Scale from CCC (laggard) to AAA (leader)		AA	A
	ISS ESG Scale from D- (Worst) to A+ (Best)		C-	N/A
	SUSTAINALYTICS Scale from 40+ (Worst - High Risk) to 0 (Best - Negl. Risk)		15.4 Low Risk	15.6 Low Risk
	S&P Global Scale from 0 (Worst) to 100 (Best)		54	49
	CDP Scale from F (Worst) to A (Best)		B	B
	Standard Ethics Scale from F (Worst) to EEE (Best)		EE- Positive Outlook	EE-
	Integrated Governance Index (IGI) Scale from 0 (Worst) to 100 (Best)		61	60.55

Sustainability Plan



Enhance illimity's ESG Ratings

09. The central role of SME and retail customers

Support for SMEs

illimity was set up with the aim of focusing on the huge need for credit for **SMEs with growth potential**, that require **specialized support in managing their development plans**, and for **businesses with difficulties**, which, however, if adequately supported, can achieve their hoped-for recovery.

Credit, restructuring and relaunch

The **Corporate Banking Division** is aimed at those high-potential businesses with a suboptimal financial structure and/or with a low or no rating. These are companies that, more than others, struggle to fund themselves and which the Bank chooses to support after careful analysis that combines the financial and industrial expertise of Tutors and teams with considerable knowledge of the lending sector. Thanks to this mix, illimity guides SMEs in a process of growth, restructuring and relaunch, with consequent impacts and social effects, such as protecting jobs and producing value for the local business context.

The **lending portfolio of the Corporate Banking Division is focused on the mid-corporate sector** (businesses with a turnover between EUR 30 and 300 million), which represent the foundations of Italy's production system. 30% of volumes are represented by companies or groups with less than EUR 50 million in turnover, and the other half by structures companies that fall within the EU definition of "large" companies.

The Bank's activities with the Large Corporate segment are entirely residual, but there are important effects on side industries, often comprising numerous small and medium-sized enterprises, in addition to a broad base of micro-businesses.

Because of these positive effects on side industries, reverse factoring operations are particularly important. Thanks to a large customer that has a good credit rating in the banking system, the supply chain, which may also consist of small and very small businesses, can access financing, that would otherwise have difficulty in finding the financial resources they need or could only do so, under crippling economic conditions.

The Corporate Banking Division's portfolio almost **exclusively comprises Italian counterparties** and, considering the geographic location of the average Italian business, with a greater concentration in central and northern parts of Italy, over one-half of the portfolio concerns businesses with their registered office in the regions of Lombardy (39%), Veneto (12%) and Emilia-Romagna (8%).

In fact, many companies with financing have their production sites in different regions of Italy (in addition to foreign branches in a number of cases), producing wealth and creating jobs in the various areas where they are located.

Capital financial services for SMEs

The **Investment Banking Division** supports companies, financial institutions and public institutions with innovative products. illimity supports its customers in structuring market and private operations to meet their needs for capital, debt and strategic growth, not only through IPOs, bond issues and securitisations, but also through consultancy on operations such as mergers, demergers, incorporations, acquisitions and corporate restructures.

The main solutions offered by the Division regard:

Capital Markets: solutions for access to capital markets, personalised for SMEs and mid-caps that intend to pursue a process of organic and non-organic growth and optimise their financial structures. As Global Coordinator, illimity also assists companies in structuring listing operations and, as Euronext Growth Advisor, assists companies that intend to be listed on the Euronext Growth Milan market.

Financial Markets: investments in the (primary and secondary) corporate bonds market and alternative debt to support companies and finance their current operations and future plans for growth, guaranteeing quick execution and time-to-market. Due to synergies with the Corporate Banking, Specialised Credit and b-ilty Divisions, illimity offers customers a wide range of hedging solutions, providing them with the necessary instruments to reduce and limit the risks linked to their operations.

Securitisation: efficient structured financing solutions that require extensive financial specialisation and expertise to achieve the objectives of diversifying funding sources, improving companies' financial positions and optimisation of customer capital absorption. illimity operates as an **Arranger** and **Lead Manager** in structurings and placements on the market of securitisations, basket bonds, basked loans and alternative debt operations.

illimity NOVAS

The second Equity Conference promoted by illimity with the goal of favouring dialogue between the market operators and companies. The event was an important opportunity for companies to meet with investors and foster dialogue with representatives of institutions on key issues linked to the development of the capital market dedicated to small and medium-sized enterprises. During illimity NOVAS, 11 corporate customers were able to meet, in person, the most important Italian and foreign fund managers specialising in MicroCaps.

Responsibility to distressed credit customers

The **Specialised Credit Division** focuses on distressed corporate loans and on managing the underlying assets. This Division deals with the purchase of non-performing loans, financing for third-party investors that purchase bad loans and, through the ARECneprix servicing platform, the management and valuation of distressed credit, up to the sale of property, also on behalf of third parties.

The Division is committed to supporting entrepreneurs in difficulty, by engaging in a constructive dialogue to remedy their position and eventually return to the market. The Division manages activities professionally, identifying targeted actions and entering into out-of-court agreements to accelerate settlement times, to the mutual satisfaction of parties concerned.

Additional indicators ³⁸	2023	2022	2021
Collaborative Agreement Index Ratio of the number of positions closed through out-of-court proceedings to the total of positions successfully closed by illimity Group ³⁹ .	73.3%	77.9%	85.5%
Time to solve Average time recorded to solve out-of-court proceedings ⁴⁰ .	6 months	5 months	13 months

³⁸ The analysis perimeter comprises cases obtained in the two years prior to when the NFS was published.

³⁹ Excluding positions that were closed.

⁴⁰ I.e. the difference between onboarding data (credit information uploaded to the system), and definition data (following the receipt of the last amount agreed in plans with several instalments).

The Collaborative Agreement Index and Time To Solve indicator show the attention paid to finalising out-of-court agreements, which make it possible to accelerate settlement times, and contribute to the entrepreneur's recovery.

In light of the more challenging NPL market scenario, faced with an increase in the cost of funding and transactions gradually decreasing, along with uncertainty regarding the regulatory framework, from the second half of 2023, the Division reacted by implementing a change in strategy to reduce direct investments in NPE portfolios, to steer capital towards specialised asset-based performing and UTP loans, leveraging the significant expertise present in the Bank in those areas. On 1 January 2024, the Division therefore was renamed the Specialised Credit Division, due to the changed focus of its operations.

The slight increase in the average time recorded to solve out-of-court proceedings depends thus on the change in strategy mentioned, which resulted in a decrease in investments in distressed credit and thus a decrease in the sample analysed.

BELIEVE

"BELIEVE – Giving Energy To The Future" is the second event of the format created by illimity to encourage dialogue between banks, market operators and businesses and build a virtuous ecosystem that facilitates SME's access to credit and to ad hoc financial instruments. With this event, the Bank intended to deal with current and relevant issues for the economic development of Italy: the energy transition and new models of sustainable growth. Financial operators, entrepreneurs in the energy sector and geopolitical and macroeconomic experts had the chance to dialogue, launching a debate focused on identifying effective instruments and actions that banks and finance can offer.

During the event, a research project promoted by illimity and conducted by Deloitte was also presented, entitled "**Finance and High Energy Costs: Measures to Support the SMEs Impacted by the Increase in Energy Costs**" aimed at understanding how to effectively support the small and medium-sized enterprises harshly impacted by the increase in the price of commodities in 2022. In order to have a more complete overview of the energy transition and its impact, interviews were conducted on a panel of entrepreneurs, attempting to understand how they reacted to the energy shock, and what measures they implemented to deal with this situation.

Moreover, to incentivise the exchange of ideas, two round tables were set up. The first, entitled "**Financial Instruments to Support the Energy Transition**", focused on the importance of the energy transition, specifying the opportunities and challenges that may be captured, also due to the role of the banking system, which can channel resources to projects and companies that are providing a greater contribution to the transition.

In the second round table, "**Renewable Sources and Green Mobility: How Banks Can Rethink Their Role**" the main topic was agrivoltaics, an effective instrument to incentivise the development of renewable energies, despite the presence of regulations that are not yet well-defined, and electric mobility, fundamental to accelerate Italy's transition to sustainable mobility.

Tech Ventures

illimitybank.com

illimitybank.com is the digital bank dedicated to illimity's retail customers, with the goal of making life easier for people. Thanks to a latest-generation platform that combines specialised expertise with cutting-edge technology, it offers customers the products and services of an traditional bank, immediately and naturally, as the most evolved user experience can guarantee. Designed with customers and for customers to promote well-informed money management, it combines savings, payment, loans and insurance tools in a single ecosystem. For more details, see the section "Retail customer relations".

b-ilty: the 100% digital banking platform supporting the SME growth

b-ilty is the first completely digital banking platform conceived for business owners and designed with them, able to offer its customers a comprehensive range of financial and other solutions, combining digital experience with the support and human skills of a network of Relationship Managers.

b-ilty stands out due to several main characteristics:

b-ilty is complete. With b-ilty, entrepreneurs have everything they need for the day-to-day management of their company: current account, credit and debit cards, access to credit to support growth, managing working capital, energy transition and digital transformation, hedging instruments, a POS to accept payments, and much more. A complete offer to support companies with the most suitable products and services for their needs.

b-ilty is digital. b-ilty is based on an intuitive, quick digital platform, designed to make managing day-to-day company operations simple and easy. The entrepreneur can operate and handle all requests – from opening a current account to applying for a loan - fully online, without the need to go to the branch or produce hard copy documents.

b-ilty is human. In addition to its digital nature, b-ilty is also made up of people. The experience of its Relationship Managers - expert professionals in the sector - is available to b-ilty customers, to assist them in developing and growing their companies, ensuring a simple, easy and long-lasting relationship between the entrepreneur and the Bank.

With regard to credit processes, at the end of the first two years of operations, the parallel run phase of the credit engine was successfully completed, which made it possible to fine-tune the tool's credit assessment logics. In the **new credit process**, loan applications are assessed in an automated manner based on a set of qualitative and quantitative parameters (including the company's economic-financial performance measures, credit, financial statement and risk KPIs) and a forward-looking assessment to evaluate the sustainability of the loan. Thanks to this innovative tool, b-ilty significantly reduced the activities required for approving an application and, as a result, the time needed to disburse loans.

During the first half of 2023, b-ilty also worked on defining a new offering dedicated to the target segment of start-ups, b-start. In addition to offering the Basic Business Account at favourable terms and conditions, the new package provides a range of partnerships designed to meet the needs of the segment, starting from the most delicate phase of the companies' story to accompany them through their natural growth process. Based on the research conducted directly with entrepreneurs, b-ilty has designed a tailor-made product capable of serving start-ups not only in their daily financial operations, but also of providing targeted consulting services, through partnerships with selected partners.

Instead, the last quarter of the year was dedicated to expanding the offering to another essential target for the economic fabric of Italy, Small Economic Operators (freelance professionals and sole traders). In the initial phase of development, b-ilty decided to guarantee this category of business people Business Basic and Unlimited Business Accounts at a discounted price. In 2024, it is planned to expand the offering with dedicated products and services, similar to what is done with the existing packages: *b-green*, *b-innovative* and *b-start*. The offering and the selection of products and services through partnerships will be carried out based on qualitative and quantitative research conducted along with the businesspeople.

Quimmo

In the distressed corporate credit sector (UTP and NPL), the Group has established itself with an end-to-end operating model unique in its nature, which also includes remarketing of assets.

On 5 April 2022, illimity launched Quimmo, the **Italian prop-tech** created to meet the needs of both private and institutional buyers and sellers. A cutting-edge platform created to **simplify the purchase and sale of properties** and cover the entire value chain.

Quimmo offers a business model capable of covering all the phases of the value chain typical of property brokerage, from the initial online marketing phases up to the completion of the transactions. The platform includes everything that is needed to buy and sell a property, reassembling the fragmentation of the numerous estate agents, portals and services into a single place, which can provide the visibility of the large portals, the assistance from estate agents and digital buying and selling processes led by the data.

The platform also includes, in a single interface, value-added services, since both the buyer and the seller need assistance in selecting all the professional skills required when buying and selling, from technical assistance to a network of affiliated notaries. Quimmo multiplies the possibilities because it enables access to all properties regardless of their reference market, including the judicial market. Each seller thus has the ability to interact with the market, eliminating the distance from the buyer, in which everything is actually placed for sale, not just displayed.

Already a leader in the judicial market with a market share of 16%, constantly growing since 2021, in 2023 the company accelerated its strategy of developing its operations in the “free” real estate market, due to the partnership signed with COIMA⁴¹. This partnership provides for significant operating and commercial synergies on a national scale, with a potential project pipeline of more than EUR 1 billion, focused on high-quality residential property.

In 2023 the portals of the network generated **19 million visits, with the total number of users registered for the network service increasing to 1.2 million since 2011**.

HYPE

In 2020, illimity was part of an important industrial consolidation operation in Italy for Open Banking. illimity and Fabrick, a Sella Group company, signed an agreement for a joint venture in the company HYPE, a fintech leader in the Italian market providing innovative financial services to non-banking operators. This is the first open collaboration operation in Italy, in the Open Banking sector, driving development in digital financial services. In January 2023 the investment held by Fabrick S.p.A in HYPE S.p.A. was sold to Banca Sella Holding.

HYPE confirmed its leadership position among retail fintechs in 2023, with **accounts totalling 1.8 million**, up by 6% compared to 2022. In 2023, the number of transactions increased by 29%, reaching **132 million total transactions**, compared to 103 million in the previous year, benefiting from a commercial offering further enriched with new credit and insurance solutions from leading market operators.

⁴¹ This is the number one market operator specialising in the investment, development and management of Italian real estate assets on behalf of institutional investors.

Retail customer relations

Unlike traditional banks, illimitybank.com does not have branches. It acquires 80% of its new customers via smartphone. Technological expertise is flanked however by the “human touch” of expert personnel working at contact centres, on hand to help customers at any time, from onboarding to the day-to-day operational needs.

illimitybank.com pays the utmost attention to the customers' satisfaction, and potential customers, proposing innovative, value-added products and services that meet their needs.

In compliance with internal policies and applicable legislation, illimitybank.com informs its customers in a **clear, simple and transparent way**, of the benefits of using Banks' products and services, and of how to behave to ensure the safety of their own data and credentials.

All messages that illimitybank.com sends to its customers are in a **direct and easy-to-understand language**. The messages are simple and clear, because they are intended for everyone, informing about and explaining financial concepts easily and immediately.

Commercial communication is overseen by an internal process and aligned with applicable regulations. Controls are in place for each type of communication, overseen by those who produce the content, and by the compliance and legal departments and all structures concerned, that guarantee compliance with **regulations on transparency and consumer protection**.

In terms of channels, illimitybank.com communicates with its customers through email marketing campaigns, push messages, text messages and cards in the user's Private Banking Area on internet banking.

Clarity and transparency

GRI 417-1

The Group promotes an integrated corporate approach, based on mutual & early cooperation between operational, business and control functions, from the initial creation of all new products and services, enabling the principle of compliance by design at all levels of the company. This principle inspires and ensures a **correct setup of commercial processes** as well as the related procedures that integrate the offerings of the Bank and its controlled companies, their distribution channels, as well as the communication and customer relationship model.

The compliance by design principle translates into the prior involvement of the Compliance & AFC Structure in all new company initiatives, in order to guarantee conformity to regulations applicable to products and services, processes and procedures, ICT tools and solutions (internal and for customer use) as well as contractual/precontractual or other types of documents. This prior involvement is designed to ensure the prompt management of significant compliance issues, from the initial stages of product or service creation, up to approval and subsequent launch on the market.

In this context, the Group pays considerable attention to guaranteeing **transparent relations with stakeholders**, also through the dissemination of **information that is complete, accurate and comprehensible**, enabling readers to always make informed decisions regarding the relations they have with the Bank and its subsidiaries.

Products and services that are “genetically” in line with transparency requirements help customers understand their characteristics and how they work, making them aware of the purposes of the Bank processing their personal data and enabling them to make informed choices, also to the benefit of the Bank. To this end, the careful representation of **the conditions of products and services offered to customers** in all precontractual documentation (information sheets on products and services, specific guides and other information on conditions offered) and contractual documentation, is crucial.

Similarly, promotions and advertising messages that convey clear messages and that are not misleading promote transparent communications and prevent any claims or disputes concerning potentially unfair business practices, which once again is (also) a benefit for the Group.

In these activities, the business functions and the Compliance & AFC Structure play an active part in defining the contents, terms and most suitable channels to use in customer relations, during the entire product/service life cycle. Moreover, controls and themed reviews are carried out on a regular basis to continually monitor the compliance of choices/solutions adopted and any changes over time (compliance by default).

GRI 417-2

GRI 417-3

During 2023, no cases of non-compliance with regulations and/or self-regulatory codes concerning the information and labelling of products and services were reported. Similarly, no cases of non-compliance with regulations and/or governance codes concerning marketing communication - including advertising, promotions and sponsorships - were reported. This is also thanks to the involvement of the Compliance & AFC Structure that intercepts any anomalies in time and corrects them.

The frequency and contact channels chosen by customers

The Group sends targeted interest notices to its customers, based on consent for privacy and commercial purposes given by data subjects, through a system of rules (Contact Policy) defined for each contact channel and according to how customer relations evolve.

With this approach, notices are customised, to respect the contact channels and frequency selected by customers, and it is possible to send information useful for actual customer needs. The choice of contact channel and frequency is up to the individual customer and may be changed or withdrawn at any time, from the dedicated section of the Bank's official websites (home banking), and subsidiaries' websites, if relevant (online auction portals).

The importance of knowing how to listen: the human touch

Thanks to the continual monitoring of opinions and comments left by users on social channels, community management activities on proprietary channels and Smart Care activities, illimitybank.com can provide personalised, one-to-one assistance based on each customer's needs.

Through its **Smart Care** services, illimitybank.com gathers requests from all channels made available to customers: free phone numbers, email, chat and social networks. The service, available from Mondays to Fridays, from 9:00 a.m. to 9:00 p.m., and Saturdays from 9:00 a.m. to 3:00 p.m., offers an extremely flexible choice of service, enabling customers and prospects to choose the channel most in line with their needs.

Different types of requests (commercial and technical) are managed during onboarding and in the after-sales stage by two teams: the first that collects all requests, managing the information, sending more structured cases to the second level team, where necessary. The technologies used also allow for "get to know your customer", steering them towards the most adequate support for their needs, improving service times and customer relations.

In 2023, a **service level**⁴² (capacity to respond to calls) of **99%** was recorded (98% in 2022), and a **service level with replies within 30 seconds of 83%** (87% in 2022).

By using evolved *sentiment analysis* tools, illimitybank.com can also listen to and continually analyse user conversations on the brand and related offering. This enables a strategic approach to **anticipating customer needs** and **greater precision in intercepting any critical aspects** that may harm the Group's reputation.

In concrete terms, thanks to these tools, the illimity Group was able to achieve, internally and externally, a **Net Sentiment Score (NSS)**, which enables it to understand the "health conditions" of the brand in real time, which came to 20.5% at December 2023 (26.1% in 2022), as well as a customer satisfaction rating, based on the level of recommendation indicated (**NPS – Net Promoter Score**⁴³). Also in 2023, illimity managed to reconfirm the excellent level of satisfaction and recommendation of its retail customers, with an NPS of 44, a score absolutely in line with the previous years.

⁴² Ratio of number of calls managed to incoming calls.

⁴³ Identifying the NPS from the question: "How likely is it that you would recommend this brand to a friend?". The answers, on a scale from 0 – 10, make it possible to classify respondents as promoters (a rating of 9 – 10), neutral (a rating of 7 – 8) and detractors (a rating of 0 – 6). The KPI indicator is given by the difference between the number of promoters and number of detractors of a brand, and is represented by an index that can range from -100 to +100.

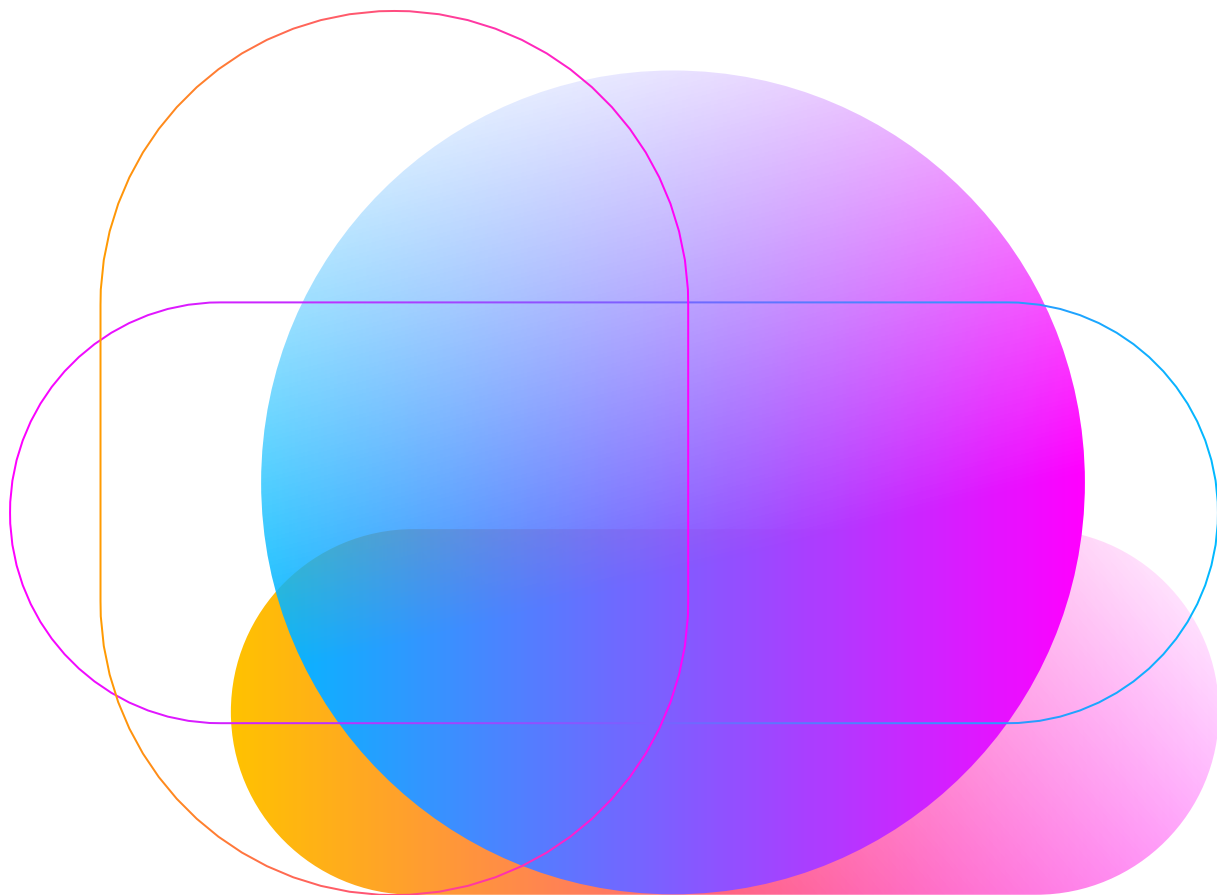
illimity also reconfirmed a significant competitive advantage in the last 12 months, compared to the banking sector average (equal to -2).

illimity customer satisfaction was additionally confirmed in various key areas, such as innovation (NPS = 40), ability to listen (NPS = 14) and clear, transparent communication (NPS = 33). On these issues, the excellent levels achieved by the brand, both in absolute terms and compared to the average of the Italian banking market were confirmed once again.

Net Promoters Score ⁴⁴	2023		2022		2021	
	illimitybank	illimitybank vs market average	illimitybank	illimitybank vs market average	illimitybank	illimitybank vs market average
Net Promoters Score	44 pts	+46 pts	43 pts	+37 pts	46 pts	+43 pts
<i>Innovation</i>	40 pts	+47 pts	41 pts	+46 pts	47 pts	+52 pts
<i>Ability to listen</i>	14 pts	+31 pts	23 pts	+39 pts	20 pts	+38 pts
<i>Clear, transparent communication</i>	33 pts	+47 pts	37 pts	+48 pts	34 pts	+45 pts

Vai Oltre la Forma (Beyond Form), the community that gives customers a voice

Also in 2023 the “Vai Oltre la Forma” community confirmed it is a fundamental space for illimity. Specifically, the communiters continue to be a source of innovation for the Bank, sharing ideas and suggestions to improve the customer experience of illimity customers, specifying emerging needs, identifying changes in the market and exploring new technology and product solutions.



44 illimity processing of DOXA data – Data from FY 2022 (for illimity, interviews conducted on the customer base as of 31/12/2022), FY 2021 and FY 2020.

10. Value chain and business relationships

The ecosystem of partnerships

illimity works on a continual basis to create an ecosystem of partnerships that ensures an extensive offer of integrated, comprehensive solutions for customers. The choice of partner is guided by numerous factors, including the objective to innovate, streamline complicated factors, give value to end customers and start from their needs, not from the product.

By following these drivers, illimity selects and works with the best partners in the Italian and international landscape, with whom it shares the same principles and values of competency, innovation and cooperation.

Since it was founded, and thanks to its partnership with **Microsoft**, based on a shared vocation and approach focussed on speed and scalability, illimity has a complete in cloud infrastructure, exploiting functionalities that range from infrastructural aspects to the productivity of people and work teams, up to process management.

illimity uses the core banking system of **Centrico**, a Sella Group company providing specialist services to banks, fintechs and financial operators.

The shared sentiment and partnership with **Fabrick** has been in place since the inception of illimitybank.com. Fabrick was singled out as the ideal partner to enable illimity to be created with an “open by design” approach - an infrastructure capable of combining banking applications and services with fintech solutions.

The partnership also made it possible to give illimity customers a Personal Financial Management (PFM) tool to have all information about their spending, by assigning it to categories and analysing how they spend and how they can better manage their finances, alongside Account Aggregation (AIS) and the Payment Initiation Service (PIS) to link up accounts held at other banks when in the illimity app, and manage payments from them, without having to quit the app. An **Open Banking approach** that Fabrick and illimity are evolving together, day after day.

Through the potential of open banking, the partnership with **Azimut** has made it possible to add a fully digital, paperless banking product to this partner's offering. Customers of Azimut consultants are provided with exclusive products tailor-made for their needs.

Since May 2019, the partnership with **Raisin**, the open banking platform that gives EU customers the chance to access the deposit products of nearly one hundred European banking partners and compare and select the best offers to suit their needs, has made it possible to look beyond national borders, diversifying funding channels and making illimity's deposit accounts available to Raisin customers in Germany.

Since November 2019, with the launch of the partnership with **Santander Consumer Bank**, the possibility for customers to access Santander Consumer Bank personal loans in just a few minutes has been integrated into the offer of products and services of illimitybank.com. Customers can specifically opt for the solution that best meets their needs, using an integrated home banking simulator of illimitybank.com, which allows them to choose the loan duration and make an online loan applications in just a few minutes.

Taking an open business approach, illimity offers its customer base the chance to convert amounts accumulated in their expenditure projects into **Amazon.it** gift vouchers. Through a fully digital process, customers obtain a benefit of 1% of the amount, which is added to the interest rate of 0.5% that illimity offers on the amounts present in the expenditure projects.

Since 2020 illimity, has expanded its customer offering to include the cards of **American Express**, a worldwide leader in the payments sector and main company issuing credit cards for purchase volumes, operating through a network that can manage millions of commercial transactions the world every day.

Credit cards, debit cards and prepaid cards that can be used in contactless mode and for online purchases, have been developed with **Nexi**, so that customers can make secure payments, anywhere. They can be directly linked to a payment wallet, for mobile payments, through the users' devices (Apple Pay, Google Pay, etc.).

illimity also offers insurance policies, as a result of distribution agreements entered into with the insurance companies **Helvetia Vita S.p.A** and **Helvetia Italia Assicurazioni S.p.A.** by accessing their reserved area, customers can apply for Life Business policies (e.g. term life insurance) and Non-Life Business policies (e.g. Travel, pets, account protection).

Lastly, during 2023, b-ilty continued to gradually enrich its range of offerings, activating additional partnerships. In the insurance field, a partnership was activated with the insurance company **Groupama** through which, on one side, the insurance offering for customers of b-ilty was expanded with the Dynamica Plus Impresa insurance policy to cover the main non-life risks that small and medium-sized enterprises are exposed to and, on the other, a series of partnership agreements were entered into with the various Groupama agencies to suggest the Bank's credit and transactional products to their customer base.

The partnership with Groupama joins the consolidated partnerships with **Helvetia Vita S.p.A. and Italiana Assicurazioni S.p.A.** due to the partnership with Italiana Assicurazioni, customers are offered various solutions to protect their businesses' assets and activities. Through the collaboration with Helvetia, customers have the possibility to take out a Credit Protection Insurance (CPI) policy.

To support businesses' daily operational needs and assist them in their digitisation processes, the two partnerships with **Zucchetti and Microsoft** also continued in 2023. Due to the partnership with Zucchetti, SMEs can benefit from special economic terms and conditions for Zucchetti applications (e.g credit intelligence service, company check-ups for economic-financial monitoring of companies). Due to the partnership with Microsoft and IWG (a Microsoft Golden Partner specialising in solutions for SMEs), companies that are customers of b-ilty can use Microsoft products and the digital and consulting services of IWG to support their digital transformation processes.

In the area of sustainability, the **partnership with ENI** continued. Through the Open-es platform, it supports companies in moving towards sustainable development, first assessing their ESG score and then providing assistance in the processes of improvement and growth in their sustainability performance.

Due to the partnership with **Nexi** customers can directly request online the POS most suited to their needs, choosing from among the best solutions on the market, including the next-generation solutions such as soft POS.

Lastly, in terms of training, illimity continued to participate in **Accelera con Amazon**, an initiative that supports the development of digital skills of SMEs for online sales and success in the world of e-commerce, through webinars with experts in the digital and financial sectors.

Responsible supply chain management

GRI 2-6

In supply chain management, the illimity Group acts responsibly, with the final goal of minimising its indirect environmental and social impacts and favouring, as much as possible, responsible management of its operations, of suppliers and of the initiatives in which it participates. The entire procurement process is regulated by the "Expenditure Procedure", as well as the Sustainable Supply Chain Policy of the illimity Group, approved in June 2022.

The Spend & Procurement Management Operating Area, which is responsible for the process, guarantees that management of the procurement chain is in line with criteria of transparency and objectivity. It manages the flow, starting from the product purchase requests made by requesting units, and carries out required quality checks, assisting the requesting units in supplier sourcing, and in the planning and management of RFQ (Request for Quotation) and tender procedures. Moreover, as the main player in supplier governance activities, this Area oversees a perimeter of action that includes the supplier qualification process, management of commercial relations, related negotiations, management of tenders and, in general, of the phase of purchasing goods and services.

Besides the Spend & Procurement Management Area, the following structures are involved in the expenditure process:

- General Counsel: for legal opinions on contracts and documentation shared with suppliers;
- Chief Compliance & AFC Officer: with reference to anti-money laundering legislation, privacy regulations and Legislative Decree 231/2001, Outsourcing and Related Parties;
- Administration, Accounting & Control: for controls on accounting, and invoice registration and payments;
- Strategy & Planning: for controls on the scale and consistency of budget items for expenditure allocations;
- IR & Sustainability: to favour the development of supply chain management processes that increase and improve the Group's levels of sustainability and periodically monitor the levels of indirect emissions relating to suppliers (Scope 3) based on the principles of proportionality and materiality.

Suppliers are an integral part of the Bank's organisational process and must therefore be selected so as to offer the highest guarantees possible (service reliability, technical/sector expertise, etc.). The Group

undertakes to select suppliers and partners based on clear, transparent criteria, considering professional quality and adequate service levels, reputation, reliability and observance of rules, human rights and workers' rights, also requiring high ethical, environmental and social standards. Through its suppliers, the Group also promotes the principles sanctioned by the (UN) Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the Principles of the UN Global Compact, which the Group endorses.

Apart from exceptions due to size, the specific nature of the supply and non-strategic profile of the supplier, new suppliers are evaluated based on the following evaluation criteria:

- the absence of exclusion clauses (convictions or the adoption of penalties);
- the absence of convictions or the adoption of penalties, also which are not final, for one or more of the crimes contemplated in Articles 648 of the criminal code, 648-bis, 648-ter and 648-ter1;
- not having been declared bankrupt, or subject to creditor arrangements under bankruptcy law;
- registration with the Chamber of Commerce;
- international certification on quality, the environment and anti-corruption;
- a statement of compliance with obligations of Legislative Decree 81/08 on occupational health and safety;
- the use of collective bargaining agreements made with trade union organisations which are comparatively more representative, for employees;
- the absence of significant conflicts of interest;
- compliance with the technical product/service specifications requested.

Moreover, in the qualification process configured based on the Expenditure Procedure, as well as based on that set out in the Sustainable Supply Chain Policy, suppliers must:

- subscribe The illimity Way (the Code of Ethics and Conduct of the Group);
- read the Sustainable Supply Chain Policy;
- submit their Single Insurance Contribution Payment Certificate (DURC);
- demonstrate, if available, that they hold international certifications on quality, the environment and anti-corruption (ISO 9001, ISO 14001, ISO 18001/45001, ISO 27001 and ISO 37001).

The supplier evaluation process may also comprise other criteria, including: past data, access to information databases, direct visits or meetings with the supplier, evaluation of the product/service, evaluation by third parties or the market or notification by the organisational structures.

During 2022, the illimity Group supplemented the services offered by **ABC - Procurement & Cost Management**, a non-profit Consortium with a Vendor Management portal for the management of supplier qualification and monitoring, which the Group signed up for in 2021. The Portal can be used to configure and manage the supplier qualification process in compliance with internal and external regulations, making it possible to mitigate economic and reputational risks arising from supplier relations.

Through that portal, the Group administers an ESG questionnaire to its suppliers on an annual basis and in accordance with principles of proportionality and materiality. The questionnaire is described in detail in the section below.

During 2023, with over 3,000 Purchase Orders, the illimity Bank Spend & Procurement Management Operational Area managed approximately 500 habitual suppliers.

The main goods' sectors were:

- Information and Communication Technology (ICT);
- Consulting;
- Legal fees;
- Facility and security costs;
- Personnel expenses (rewards, policies);
- Advertising, marketing and entertainment.

The ESG assessment of illimity's supply chain

The illimity Group believes that environmental sustainability, social responsibility and good governance (ESG) are key elements to be taken into consideration during supplier selection and management.

In that regard, as previously mentioned, a customised policy has been drawn up (Sustainable Supply Chain Policy) to introduce, from time to time and in line with the characteristics of the illimity Group's business model, best practices for the sustainability of the supply chain.

As part of tender procedures for the procurement of supplies within its assessment process, the Group is also committed to taking into consideration the information and data regarding the environmental sustainability and governance of the suppliers taking part in the tenders. Promoting the use of supplies that respect the environment, the Bank gives preference, all things being equal, to suppliers that possess guarantees on the sustainable management of their activities.

During 2023, the illimity Group conducted **an ESG analysis of its suppliers**, with the dual aim of identifying, **according to the principles of proportionality and materiality**, the commitment to ESG factors and the indirect environmental impact generated by the supply chain.

In that regard, the Bank conducts an annual sustainability performance assessment of its suppliers. The analysis aims to assign an ESG score, using a questionnaire administered through the portal of Consorzio ABC. The areas analysed in the questionnaire are:

- Corporate Governance;
- Environment;
- Correct Management Practices;
- Working relationships and conditions;
- Human Rights;
- Community engagement and development;
- Aspects regarding consumers.

After processing the responses received, along with the information collected using infoproviders, each supplier is assigned an ESG score, also calibrated based on the classification of the supplier's size.

During 2023, all the most significant suppliers of the Bank (above the materiality threshold) were subject to ESG assessment. **71% of material suppliers replied to the questionnaire** administered, which equals around **56% of the spend in the Group perimeter**.

Sustainability Plan



Reach more than 50% of total expenditure on goods and services as of 2025 assessed with ESG criteria

Moreover, it was found that a large part of the Group's commitment to expenditure was concentrated on suppliers with Medium-High ESG scores, meaning ESG-conscious suppliers.

In order to measure impacts in terms of **emissions of the supply chain**, data is collected (through the questionnaire of Consorzio ABC and/or through external infoproviders) on suppliers' Scope 1 and Scope 2 emissions. That data, combined with the expenditure volumes of the Bank, are used to calculate Scope 3 emissions, Category 1 - Purchased Goods and Services⁴⁵.

Lastly, to **incentivise awareness of and attention to ESG issues in its supply chain**, also in light of the new European Directives (for example, the Corporate Sustainability Reporting Directive - CSRD and the Corporate Sustainability Due Diligence Directive - CSDD), which will impose active monitoring of the value chain, in 2023 illimity promoted to its suppliers the "CPO (Chief Procurement Officer) Project", organised by Consorzio ABC.

illimity was able to benefit from **two-day workshops** to increase the awareness of companies on sustainability topics, also regarding the regulatory obligations of various parties. Specifically, issues such as the following were covered:

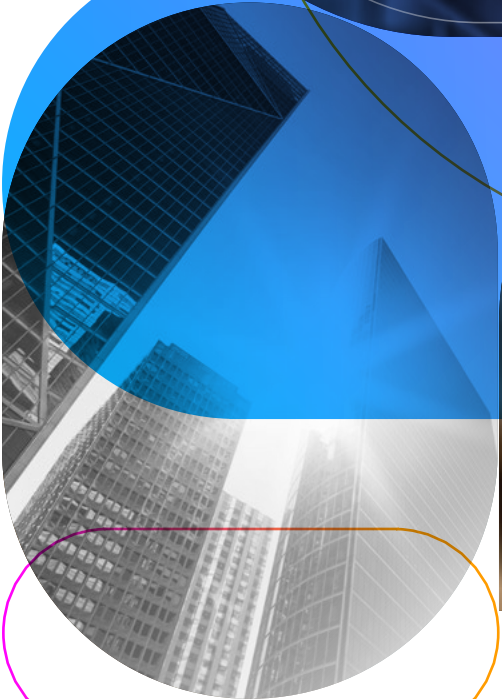
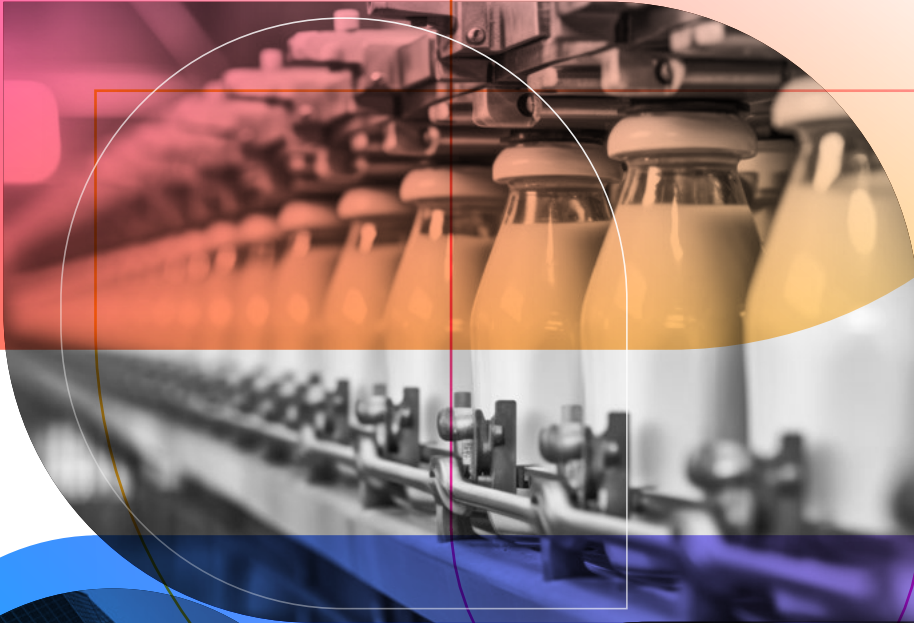
- fundamentals of sustainability and sustainable development;
- regulatory developments (Corporate Sustainability Reporting Directive - CSRD and Corporate Sustainability Due Diligence Directive - CSDD);
- drivers for businesses;
- necessary changes to company processes.



For further details:

[Sustainable Supply Chain Policy](#)

⁴⁵ For more details, see GRI 305-3 in Chapter 13 "Environmental impacts and climate-related challenges".





Planet and society

11. Sustainable finance

Since its foundation, the illimity Group has paid considerable attention to investment choices, very carefully evaluating the capacities of counterparties to generate adequate cash flows to meet financial commitments, but also analysing their reputational, transparency and fairness profiles as well as environmental and social sustainability aspects. Conducting preventive analysis and gathering necessary information from multiple sources (internal and external) about the background and recent changes, including conduct, of the counterparties and its promoters, are essential for the start and good prosecution of the relationship.

Integrating environmental and social factors into investment opportunities

Considering the principles of the United Nations to business approach and Human Rights, and in line with the strategic guidance of the Bank and guidelines set out in credit strategies, the business structures do not grant loans to the following types of counterparties belonging to some sectors (negative screening):

- political parties;
- sport teams;
- companies active in the production and/or sale of:
 - “controversial” weapons (anti-personnel mines, cluster munitions and submunitions, chemical weapons and biological weapons);
 - military weapons and/or common firearms and/or security or defence equipment destined for non-government entities outside of OECD countries and/or to private or state counterparties involved in violations of embargoes;
 - devices, equipment or goods whose export is prohibited pursuant to the current regulations of the European Union (Reg. EU 1236/2005, as amended);
- companies that manufacture and/or sell tobacco;
- activities linked to gambling, betting and similar activities;
- activities linked to the production and distribution of pornographic materials;
- activities that significantly worsen the environment and natural resources, including: the sector of coal and/or oil-burning power stations; the sector of gas and oil from unconventional sources (e.g. shale gas and tight oil, through fracking); production and/or sale of asbestos fibres and/or products containing PCBs (polychlorinated biphenyl); manufacture of phytopharmaceuticals or other chemical products for agriculture, limited to the activities falling within Annex I, Division 20.2 of Regulation (EC) no. 1893/2006; production, sale and/or use of drift gillnets, known as “trawling” (passive barrier nets); production of palm oil without Roundtable on Sustainable Palm Oil (RSPO) certification or compliance with sector practices promoted by the RSPO.

Instead, loans for counterparties operating in the above sectors, in cases where the Bank’s support is for production reconversion to environmentally friendly models and/or for improving the sustainability profiles of these activities is permitted.

Conversely, in addition to the above, the Banking Division does not grant loans to counterparties that carry out the following activities:

- financial services, such as, for example, Central Banking activities or other monetary brokerage;
- activities regarding the field of insurance or pension funds, as well as related ancillary activities;
- production of undifferentiated goods for own use by households and cohabiting persons, i.e. the activities of households engaged in the production of miscellaneous goods for own consumption (e.g. hunting and gathering, cattle breeding, and similar activities);
- Real estate activities involving the buying and selling or renting out properties.

In addition, in compliance with Italian Law no. 220/2021, as amended, it is prohibited for any Division of the

Bank to provide financial support, including through subsidiaries, to companies engaged in the construction, production, development, assembly, repair, preservation, deployment, use, storage, holding, promotion, sale, distribution, import, export, transfer or transport of anti-personnel mines or cluster munitions and submunitions, of any nature or composition, or parts.

In case of counterparties potentially belonging to these sectors, in-depth controls must be carried out during the assessment process, also referring to external lists, where available, paying particular attention to the purposes of the Bank's funding and considering the weight of activities excluded in relation to the overall operations of the party (company or group) to receive funding.

Any exceptions to that set out above must be adequately justified and substantiated and shall be subject to the decision-making powers of the Board of Directors.

The phase of **assessment of investment opportunities** identified by the various business structures of the Corporate Banking, Specialised Credit, Investment Banking and b-ilty Divisions, which include performing loans originated as well as those acquired on the secondary market, with the sole exception of (non-organic) loans classified as bad loans as well as non-performing loans acquired *en bloc*, requires, in line with the Group's sustainability strategies, an assessment of the ESG factors and the associated risks related to business customers, thus pursuing the dual purpose of creating sustainable value over time, while improving the **overall management of sustainability risks related to each portfolio**.

During the last two years, in the larger processes related to lending activities regulated by the Consolidated Credit Procedure, the Bank introduced and adopted a **model for measuring company ESG risks**, with specific focus on environmental risk and on the impact on climate change, by acquiring granular information and ESG scores of counterparties, obtained through a leading third party supplier, reliable on a national scale.

That information and those ESG scores are requested to the external supplier during the preliminary analyses, based on the negotiation status and direct relationship with the borrower. When assessments of individual counterparties fall below the tolerance threshold established by the current Risk Appetite Framework (RAF), whose breach is verified by the CRO, with reference to the overall ESG score, the feasibility of the operation is subordinated to submitting an action plan that is defined and agreed with the financed party, for the purpose of implementing, over a congruous time period, useful measures to adequately manage the shortcomings found. In this case, a monitoring and reporting process will be activated regarding the implementation of the action plan and the related impacts in terms of updating the ESG score, to be illustrated to the decision-making bodies with a frequency proportionate to the duration of the plan.

As an exception, for companies that are not assigned an ESG score as a result of a direct survey of the customer (completed questionnaire) or from an info provider, the business structures shall request the support of the Risk Strategy & Group Control Area to conduct a desktop analysis of the ESG profile in relation to the actual business model and sector of operation of the businesses.

For Corporate Banking Division positions, the process of verifying the validity of the ESG scores is conducted by the Credit Machine Area, which checks the validity of the ESG scores when an application is submitted and by the Business Operations & Credit Support Area (Loan Agency operating area), which ensures that the ESG score is updated on an ongoing basis, every 12 months of its validity.

For companies with a higher ESG risk, the Bank conducts a more in-depth analysis of their actual business models, the market context and the probable impact of ESG regulations on their financial position. More specifically, regarding the elements that the Bank considers in supplementing the assessments of the counterparty's creditworthiness, it may decide to acquire information on:

- the characteristics of the economic sector the counterparty belongs to, and the consistency of current and forward-looking technological profiles of the company in relation to processes for the transition towards a "low carbon economy";
- the presence and consolidation of components related to developments in the circular economy;
- ISO certifications (e.g. certifying the adoption of an environmental, social management system);
- other significant information inferred from the Non-Financial Statements of the counterparty, where available;

- potential reputational impacts connected with the significant aspects in the ESG area.

The outcome of analyses – including, if necessary, also an opinion on climate-related and environmental risks – and related supporting documentation are sent to the Lending Competence Line and become part of the application set supporting the assessments conducted by the Bank's decision-making bodies.

In addition to specific ESG assessments, thanks to the use of an automatic scoring methodology and the acquisition of granular data from an external provider, it has been possible to analyze the ESG ratings of Italian counterparties in illimity's credit portfolio, primarily of the Corporate Banking Division and partially of the Specialized Credit and b-ilty Divisions, in order to assess the sustainability profile of the Bank's financed portfolio.



For further details:

[Consolidated Credit Procedure](#)

illimity SGR's ESG Investment Policy

In line with the Group's sustainability strategy, illimity SGR guides the investment choices of its funds in compliance with ESG issues, with the aim, on the one hand, of generating sustainable value over time, which also takes into account the economic, social and environmental impact that individual companies may have on the territory, and on the other hand, of satisfying investors' interests, mitigating any financial, operational and reputational risks.

In compliance with the reference legal framework, in particular Regulation (EU) 2019/2088 (the *Sustainable Finance Disclosure Regulation* or SFDR) and Regulation (EU) 2020/852 (European Taxonomy for environmentally sustainable activities), illimity SGR has adopted an **ESG Investment Policy** aimed at defining strategic guidelines for integrating sustainability risk within investment decisions as part of the management of Alternative Investment Funds (AIF).

The ESG Investment Policy applies to all AIFs set up and/or managed by the SGR according to integration procedures and selection criteria governed in the policy, and also in compliance with the specific characteristics of each Fund, in conformity to indications in related offering and/or contractual documentation.

In February 2023, through illimity SGR, the Group endorsed the Principles for Responsible Investment (PRI), promoted by the United Nations for the purpose of developing a more sustainable global financial system. Through this endorsement, illimity SGR committed to: (i) incorporating environmental, social and governance (ESG) issues into investment analysis and decision-making processes; (ii) being an active investor and incorporating ESG issues into its management policies and practices; (iii) seeking appropriate disclosure on ESG issues by the entities invested in; promoting acceptance and implementation of the Principles within the investment industry; (iv) work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles; and (v) reporting on its activities and progress towards implementing the Principles, which illimity SGR will publish, according to the PRI Reporting Framework, on an annual basis, starting next year.

In accordance with the nature and mission of the Company and the Funds it manages, in assessing investment opportunities, ESG sustainability risks are considered, on the one hand, meaning an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment as defined by the SFDR, and on the other hand, ESG factors are taken into account, meaning the criteria to select investment opportunities that promote, through specific, documented strategies, the environmental, technological and digital transition and social inclusion.

illimity SGR intends monitoring and assessing the main issues connected with sustainability, considering usual economic/financial data, as well as non-financial information that mainly concerns the following components:

- **Environmental:** environmental policies, emissions of greenhouse gases, biodiversity, water and waste management, impact of products/services, type of energy used, pollution levels generated, exposure to physical and climate-related risks and transition risks (legal, technological, regulatory, market and conduct);

- **Social:** human rights, workers' rights, the impact on social communities, product safety, customer and supplier relations, supply chain sustainability;
- **Governance:** analysis of governance systems adopted, integration of ESG variables in company strategy, the composition and functioning of corporate boards, key-person risk, measures to prevent corruption, money laundering and unfair trade practices, the risk of fraud and level of tax transparency, risk control, the transparency and quality of disclosure to all company stakeholders.

For illimity SGR, a responsible investment strategy means incorporating ESG topics in the investment decision-making process, thus achieving the dual scope of creating sustainable value over time and concurrently improving the overall management of sustainability risks relating to each portfolio.

In compliance with the specific qualities and characteristics of the Funds set up and/or managed by the Company, the principal stages of the responsible investment process comprise the following main activities:

1. **Negative screening:** exclusion based on ethics/value-based, regulatory or sector criteria, based on exposure to controversial economic activities (norm-based and controversial screening);
2. **Positive screening:** inclusion based on the adoption of assessment models of the ESG profile, which awards "best in class" businesses, i.e. leaders in sustainable development, or businesses committed to adopting virtuous sustainability paths, during the lifetime of the investment;
3. **Engagement:** active dialogue with the management of investment target companies, that will be otherwise structured depending on the oversight and governance rights of the specific Fund concerned and based on the specific financial instrument;
4. **Reporting and monitoring:** in order to give clear, prompt and transparent communication to own investors and stakeholders on the progressive achievement of sustainability objectives agreed on.

To achieve this strategy, the Company uses tools to analyse the ESG positioning of individual target companies, also relying on the support of ESG Advisors and/or ESG data providers.

illimity SGR works in an active and transparent way with its stakeholders, in order to improve the effective adoption of responsible investment principles, undertaking to disclose its progress in integrating ESG topics in the investment processes and in interpreting and adopting the Taxonomy regulations which are still taking shape.

illimity SGR Funds

Since the start of its operation, illimity SGR has launched three difference AIFs:

- **iCCT – illimity Credit & Corporate Turnaround:** this fund has the main purpose of investing in Unlikely-to-Pay loans, equity and semi-equity instruments of Italian SMEs with financial imbalances but with solid prospects for recovery.
- **iREC – illimity Real Estate Credit:** the fund, which began operating in August 2022, was created through a joint initiative of illimity SGR and illimity Bank, targeted mainly to the market of non-performing loans secured by real estate collateral, both UTP and NPL, as well as equity and semi-equity instruments and real estate assets.
- **iSC – illimity Selective Credit:** this private debt fund, launched in 2023, is positioned as a strategic medium/long-term partner for non-listed performing Italian SMEs, financing them through the use of a broad spectrum of financial instruments, ranging from senior loans to subordinated debt and/or quasi-equity instruments-, focusing on ESG issues throughout the entire investment process.

The latter, as a fund certified pursuant to Article 8 of the SFDR, promotes environmental and/or social characteristics, with significant focus on ESG issues in its process of analysing and selecting investments. The Fund also offers better economic terms and conditions for SMEs that reach specific targets in their sustainability processes. The first closing, was finalised for EUR 92 million, and 35% of this has already been invested. Thus, iSC aims to support Italy's real economy, financing performing companies that intend to achieve development, digitisation and internationalisation plans, as well as projects for sustainable growth.

At the end of 2023, the total assets managed by the SGR amounted to **EUR 523 million**. In 2024, two additional funds are planned to be launched, one of which certified pursuant to Article 8 of the SFDR, in line with the sustainability strategy implemented by the Group.



For further details:

[illimity SGR's ESG Investment Policy \(Documents section\)](#)

ESG Investment Policy (property financing)

In July 2023, the Group adopted the ESG Investment Policy relating to **property financing**, to integrate ESG factors in analysing investments and in the decision-making processes for responsible investment, with the goal to manage the related ESG risks and limit exposure to issuers whose conduct is not in line with the Bank's principles and investment strategies.

Consistent with the Group's nature and mission, when assessing investment opportunities, ESG risks are mapped, identified and taken into account, meaning events or phenomena related to environmental, social and/or governance issues which, should they occur, could have a material adverse impact on the value of the investment and the quality of the portfolio.

The Bank's commitment to take into account not only traditional economic and financial data and indicators, but also evidence of environmental sustainability performance, social responsibility and a good governance structure of issuers, is always growing. Specifically, in its investment process, illimity takes into account sustainability risks and possible negative effects on sustainability of investments, defining criteria to consider climate-related and environmental risks and identifying the most appropriate investment selection strategies according to the strategic objectives and risk appetite framework (RAF) set by the Board of Directors.

The scope of application refers to investments in financial instruments issued by government issuers and financial instruments issued by non-government (Corporate) issuers.

Starting with the universe of financial instruments, the two main criteria for exclusion applied are:

- **norm-based exclusion principle**, based on compliance with international rules and standards;
- **absolute exclusion principle**, based on the Group's ethics and values.

The Bank also aims to support and promote sustainability by selecting Issuers that stand out in their sector due to the positive value they generate in the environmental, social and governance spheres (**best in class principle**).

In addition to the various investment strategies mentioned, we also note **positive selection**, i.e. the preference for the following types of bonds issued by government or corporate issuers, known as labelled bonds:

- Green Bonds;
- Social Bonds;
- Sustainability Bonds.

Lastly, the assigned structures ensure the Bank's commitment to engagement with issuers in order to carefully analyse the ESG framework together, and on issuing the bonds on the primary market, to carefully assessing the use of the proceeds declared in the transactions with ESG labels, continuing to monitor them in the subsequent phases following issue.



For further details:

[ESG Investment Policy - property financing](#)

Sustainable finance supporting businesses



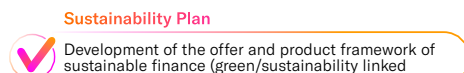
Structured finance and sustainability-linked loans

illimity classifies ESG Lending transactions in three categories:

- **Green Loans (GL):** special-purpose transactions which are exclusively intended to finance or refinance projects that imbue clear environmental benefits and are inspired by the key components of the Green Loan Principles (GLP) published by the LSTA (Loan Syndications and Trading Associations, with LMA and APLMA) and the Green Bond Principles (GBP) published by the ICMA (International Capital Market Association);
- **Social Loans (SL):** special-purpose transactions which are exclusively intended to finance or refinance projects that imbue clear social benefits and are inspired by the key components of the Social Loan Principles (SLP) published by the LSTA and the Social Bond Principles (SBP) published by the ICMA;
- **Sustainability-linked Loans (SLL):** transactions linked to certain sustainability targets, i.e. for which the financing terms are conditional to the counterparty's commitment to achieve specific environmental, social and/or governance outcomes consistent with the key components of the Sustainability-linked Loan Principles (SLLP) published by the LSTA.

Those transactions may take the form of bilateral or pool loans or refinancing with other financial intermediaries, also through syndication processes. In general terms, the attainment of the targets set by contract shall be certified by the financed company and verified by the Bank, also through appointed third parties.

In July 2023, illimity also adopted a specific **Framework for Green, Social and Sustainability-linked Loans** ("Framework"), which is an integral part of the Consolidated Credit Procedure approved by the Board of Directors, which describes in detail the types of projects deemed eligible by the Bank for financed transactions (GL and SL) and the possible environmental, social and/or governance targets and performance indicators that may be linked to the transactions (SLL), according to the national and/or international standards and practise on environmental, social and governance issues. The Lending Competence Line (CLO), with the support of the ESG Governance structure, in coordination with Credit and Banking Compliance and Risk Strategy & Group Controls, prepares the periodic updates of the Framework.



Loans with social benefits

The Turnaround Area of the Corporate Banking Division takes actions in difficult situations of customer companies, supporting them with its specific expertise in rebalancing financial structures, assisting in the restructuring and recovery process, with consequent, positive social/economic effects, such as safeguarding jobs and relaunching and developing production in site areas, also in terms of side industries and local communities.

As of 31/12/2023, overall investments of the **Turnaround portfolio** came to EUR **860 million**, of which around EUR **386 million** with the specific aim of restructuring companies in economic-financial difficulties, whose relaunch, as mentioned, would also create benefits for the social fabric.

More generally, illimity supported the liquidity needs of its customer companies in dealing with the effects of the pandemic crisis, also using tools made available by the law, to support Italian businesses during this tricky stage. In 2023, in line with the previous year, the lending activity of the Corporate Banking Division featured a considerable use of public guarantees, designed to enable companies to obtain financial resources to make up for their liquidity shortcomings, remodulating the capital structure and supporting investments necessary for relaunch and future development.

Loans backed by **public guarantees** from the Corporate Division amount to a total of EUR **873.6 million** (of which around EUR **367.1 million** refers to the **Turnaround Area**). Of this total amount, EUR **869.3 million** refers to 160 loans broken down as follows:

- 60 transactions secured by a guarantee from the **Central Guarantee Fund (FCG)**, for a total of **EUR 140.3 million**;
- 73 loans with guarantees issued by **SACE**, for **EUR 620.7 million**;
- 27 transactions for a total of **EUR 108.3 million**, with **EIF** guarantees.

Loans with environmental benefits

In 2023, the Corporate Banking Division also granted loans and credit lines to support specific projects with the aim of achieving environmental benefits⁴⁶, for a total of approximately **EUR 91 million**. Specifically, in the period of reference, loans were concentrated primarily on the renewable and/or sustainable energy segments, supporting investments and cash flow needs of companies that are on the front lines of innovation, with a significant commitment to the sustainable transition of their business models.

Category	2023		2022		2021	
	Amount funded (millions of euros)	%	Amount funded (millions of euros)	%	Amount funded (millions of euros)	%
Circular economy	14.0	15.4	3.0	7.4	28.9	78.3
Green transportation	-	-	17.4	43.1	0.0	0.0
Renewable/sustainable energy	77.0	84.6	20.0	49.5	8.0	21.7
Total	91.0	100.0	40.4	100.0	36.9	100.0

In this regard, the aggregate was identified based on management criteria focussed on the purpose of the loan, as an aspect for the disclosure of some specific initiatives generating positive returns for the environment, even though, in strictly regulatory terms, these loans cannot be classified as “loans which are sustainable in environmental terms”, pursuant to the Guidelines on loan origination and monitoring (ABE/GL/2020/06), or as “specialised loans” relevant to the environmental objectives outlined in EU Taxonomy (Regulation (EU) 2020/852), or in accordance with the Green, Social & Sustainability-linked Loan Framework adopted by the Group in 2023.

⁴⁶ As regards EU Taxonomy-eligible exposures, reference is made to the next chapter.

Loans linked to sustainability

In 2023, the Corporate Banking Division also granted loans and credit lines linked to sustainability targets, for which the financing terms are conditional to the counterparty's commitment to achieve specific environmental, social and/or governance outcomes (**Sustainability-linked Loans**), with disbursements totalling around **EUR 47 million**. A revolving line was also granted for an additional **EUR 30 million** to a national leader which is among the main European operators in the sector of industrial waste management, transformation and recycling.

Sustainability-linked Loans mainly focus on environmental targets connected with renewable energy and energy efficiency. The social targets pursued mainly regard training, while the governance targets are linked to a resilient supply chain and sound management.

In addition, in 2023, the Specialised Credit Division carried out energy and asset-based financing operations aimed at and/or linked to environmental and social sustainability targets, and therefore aimed at reactivating and developing renewable energy generation plants - a sector in which the Division has been operating since 2020 - and at supporting the redevelopment of industrial hubs, with environmental reclamation and positive social impacts on communities (i.e. social housing) and the construction of NZEB (Nearly Zero Energy Buildings), financing a total of **around EUR 42 million**.

Ecosystem of ESG services

illimity's commitment to offering services and instruments to support SMEs continued with third party partners and Italian and European financial institutions (such as, for example, the European Investment Bank - EIB and the European Investment Fund - EIF). Several of the main active partnerships are listed below.

SACE Green Guarantee

In December 2023, illimity launched a partnership with SACE to accelerate the sustainable transition of Italian companies. As a result of this partnership, illimity will make SACE's guarantee available to companies for their **projects aimed at mitigating and adapting to climate change, preventing and reducing polluting activities, protecting water and marine resources, protecting and restoring biodiversity and ecosystems, and ensuring sustainable mobility and circular economy, in line with the Green New Deal and the Taxonomy defined by the European Union**. The companies - corporations with turnover of up to EUR 500 million - can benefit from SACE's 80% Green Guarantee, issued at market conditions, through a fully standardised and fully digital process. To make the **Green Guarantee** even more accessible, SACE has simplified and further digitalized the process, improving the customer experience also due to SACE's dedicated portal. The goal of the partnership between illimity and SACE is to accelerate Italy's sustainable transition, supporting Italian companies in their investments aimed at reducing environmental impacts.

Open-es

In 2021, illimity was the first Bank to join **Open-es**, the digital platform launched by ENI, in partnership with Boston Consulting Group (BCG) and Google Cloud, and open to all companies to support sustainable development of supply chains.

Open-es offers an innovative, inclusive tool, with the goal of forging an alliance of companies committed to engaging their value chains (suppliers, customers and stakeholders in general), in improving sustainability performance.

Using this platform, **businesses that are customers of illimity can measure their ESG performance** by filling out a questionnaire of simple questions based on international standards, to index their level of integration of sustainability into their business models and **obtain a personalised development plan** to identify the solutions to adopt to improve their process of sustainable transition.

The platform also provides **specific analyses and reports** for their business sectors, and a **development hub** in which the businesses in the community can identify services and products useful in implementing their development plans and closing the gaps found, offered at economic terms and conditions more favourable than the market.

12. The European Taxonomy of environmentally sustainable activities

Regulatory Framework

Regulation (EU) 852/2020 (“Taxonomy Regulation”) and the related Delegated Acts⁴⁷ establish the system for classifying economic activities as environmentally sustainable and the specific technical screening criteria to determine whether the activity substantially contributes to one or more of the six environmental objectives of the Taxonomy and causing no significant harm (“DNSH”⁴⁸) to one of the other objectives. The six environmental objectives set out in the Taxonomy Regulation are as follows:

- 1) climate change mitigation (CCM);
- 2) climate change adaptation (CCA);
- 3) the sustainable use and protection of water and marine resources (WTR);
- 4) the transition to a circular economy (TCE);
- 5) pollution prevention and control (PPC);
- 6) the protection and restoration of biodiversity and ecosystems (BIO).

As a classification tool, the European Taxonomy intends to define a common paradigm for companies, with a specific focus on financial institutions, and for investors with the aim of accelerating the transition to sustainable forms of investment, favouring the creation and dissemination of environmentally sustainable credit products. The final goal is to steer decisions and strategies in the public and private sectors towards achieving the environmental objectives set by the EU.

On 1 January 2022, Article 8 of the EU Taxonomy Regulation introduced the disclosure obligation for undertakings and participants in the financial market subject to the obligation to report non-financial information in accordance with the provisions of Directive 2014/95/EU86 (NFRD), transposed in Italy by Italian Legislative Decree no. 254 of 30 December 2016, indicating how and to what extent the undertaking’s activities are associated with economic activities that qualify as environmentally sustainable. The methodology and key performance indicators (KPIs) set out for reporting are defined in Delegated Regulation (EU) 2021/2178, amended by subsequent Delegated Acts⁴⁹.

In compliance with that set out in Annex V of Delegated Regulation 2021/2178, as amended, illimity Group conducted specific analyses on the scope of prudential consolidation (Total Assets) and prepared the related disclosure. Specifically, the proportion of Taxonomy-eligible and Taxonomy-aligned economic activities were measured, considering the gross carrying amount of assets in the perimeter as of 31.12.2023. In order to identify eligible and environmentally sustainable assets, the Group used the specific data regarding the counterparties/issuers subject to NFRD obligations. Specifically, the gross carrying amounts of illimity’s exposures were weighted by the Taxonomy-eligible and Taxonomy-aligned proportions published by the companies for fiscal year 2022.

In line with the reporting obligations for the fiscal year 2022 and the obligations introduced in 2023⁵⁰, illimity Group reports the following KPIs in relation to Total Covered Assets and Total Assets:

- the proportion of exposures to Taxonomy-eligible economic activities, in relation to the six environmental objectives;
- the proportion of exposures to Taxonomy non-eligible economic activities, in relation to the six environmental objectives;
- the proportion of exposures in derivatives not held for trading;

⁴⁷ Delegated Regulations (EU) 2021/2139 (Climate Delegated Act), 2021/2178 (Disclosure Delegated Act), 2022/1214 (Gas & Nuclear Delegated Act), 2023/3851 (Environmental Delegated Act), 2023/2485 and 2023/2486.

⁴⁸ Do No Significant Harm.

⁴⁹ Delegated Regulations (EU) 2022/1214, 2023/3851 and 2023/2486.

⁵⁰ In line with the provisions of Article 10 of Delegated Regulation (EU) 2021/2178, subsequently amended by Delegated Regulation (EU) 2023/3851.

- the proportion of exposures to undertakings not subject to the NFRD obligations;
- the proportion of on-demand inter-bank loans;
- the proportion of the trading book;
- the proportion of exposures to central governments, central banks and supranational issuers.

In compliance with the requirements and disclosure methods⁵¹ set out from 1 January 2024, illimity Group reports information based on the templates for KPIs of credit institutions, solely regarding the climate change mitigation (CCM) and climate change adaptation (CCA) objectives.

Below is the list of templates published in the Annex “Disclosure pursuant to Annex VI – Templates for KPIs of credit institutions” to this document, which illustrates the approach to filling out and the details of the disclosure included in each template:

- Template 0: Summary of KPIs that credit institutions shall disclose pursuant to Article 8 of EU Regulation 2020/852 and the related Delegated Regulations on Taxonomy;
- Template 1: Assets for the calculation of GAR;
- Template 2: GAR – Sector information;
- Template 3: GAR KPI stock;
- Template 4: GAR KPI flow;
- Template 5: KPI off-balance sheet exposures (financial guarantees and asset under management).

In calculating the KPIs for Templates 3 and 4, illimity Group also examined the cumulative value of the following KPIs based on exposures:

- Total GAR for financing activities directed at financial undertakings;
- Total GAR for financing activities directed at non-financial undertakings;
- GAR for residential real estate exposures, including house renovation loans;
- GAR for retail car loans;
- GAR for use of proceeds financing local governments;
- GAR for commercial and residential reposessed real estate collateral held for sale.

Furthermore, starting 1 January 2024, in compliance with the provisions of regulations in force, illimity Group⁵² now reports the specific additional templates regarding nuclear and fossil gas related activities within the scope of prudential consolidation. The templates have been filled out solely regarding the climate change mitigation (CCM) and climate change adaptation (CCA) objectives.

Below is the list of templates published in the Annex “Disclosure pursuant to Annex XII – Nuclear and fossil gas related activities” to this document:

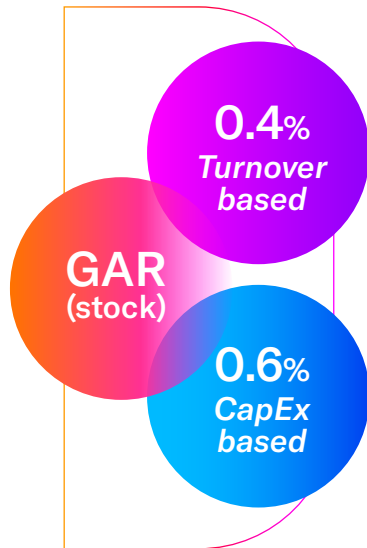
- Template 1: Nuclear and fossil gas related activities;
- Template 2: Taxonomy-aligned economic activities (denominator);
- Template 3: Taxonomy-aligned economic activities (numerator);
- Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities;
- Template 5: Taxonomy non-eligible economic activities.

51 In compliance with the provisions of Annexes V and VI of Delegated Regulation (EU) 2021/2178, amended by the subsequent Delegated Regulation (EU) 2023/2586.

52 Delegated Regulation (EU) 2022/1214.

Main EU Taxonomy KPIs

With a proportion of Taxonomy-eligible assets of around 2%, the key indicator of alignment with the EU Taxonomy, the GAR (Green Asset Ratio) for the stock as of 31/12/2023 is shown below.



The GAR KPI stock, calculated based on revenues (Turnover) and capital expenditure (CapEx) came to less than one percentage point for illimity Group, **due to the specific nature of illimity's core business, featuring a limited exposure to undertakings subject to NFRD obligations**, in addition to the complexity - common to all credit institutions - in gathering sufficient granular data to confirm the alignment of activities with the EU Taxonomy.

In this framework, **it is highlighted the exclusion from the GAR numerator of certain types of counterparties, such as SMEs, which constitute the Group's main segment**, but also that it is impossible to measure the alignment of financial undertakings subject to NFRD obligations to which illimity is exposed (whose KPIs will be published in 2024 with reference to the previous year). In addition, due to illimity's business model, certain performance indicators such as the GAR relating to retail car loans or the GAR relating to residential real estate exposures have little or no valuation, as the company does not operate in these segments.

Considering the above limits of coverage and, as a result, of comparability, the GAR cannot be interpreted as a universal indicator of the progress achieved by the Group in its sustainability commitments. For this reason, it is important to interpret this result while strictly considering illimity's business model and the broader sustainability actions and strategies undertaken to support the ecological transition. Looking to the future, the GAR is expected to increase, thanks to the improved availability of data and information, specifically at the level of customer counterparties, considering the possibility of that the alignment data of financial undertakings will also be available.

Refer to the templates in the Annex to this Report, which constitute the mandatory disclosure on the EU Taxonomy for illimity Group, with reference to the fiscal year 2023, pursuant to Annex V of Delegated Regulation (EU) 2021/2178 and the subsequent Delegated Acts, and Delegated Regulation (EU) 2022/1214. The parameters above, below and set out in the Annex relating to the EU Taxonomy were not subject to external auditing and were prepared to the best of the Group's abilities and based on known information.

Qualitative Information

The actions and projects implemented to comply with the European Taxonomy disclosure requirements are part of a broader framework relating to the achievement of the ESG objectives set out in the 2021-25 Strategic Plan and the 2023-2025 Sustainability Plan of illimity Group. Those objectives aim to integrate ESG factors in credit assessment, align reporting with the recommendations of the TCFD and develop the offering of sustainable finance products.

The Group implemented the necessary actions to carry out, by the regulatory deadlines, the eligibility assessment and alignment of its assets in the scope of prudential consolidation with the Taxonomy. Those activities focused on the careful assessment of the technical screening criteria and minimum social guarantees, sourcing the specific data of counterparties subject to the obligation to draw up a Non-Financial Report, with the assistance of primary national and international providers, with a granularity and level of attention congruent with the regulator's requirements. As regards the use of counterparties' data, it is specified that a careful reconciliation of each subsidiary company with the economic group to which it belongs was carried out, using, in the absence of data explicitly and directly attributable to the subsidiary company, the data relating to the parent company, as provided for by the *Frequently Asked Questions (FAQs)*⁵³, published by the European Commission.

⁵³ European Commission, "Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets", published in the Official Journal on 21.12.2023.

The specific data necessary for reporting eligibility and alignment with the Taxonomy was managed by automated internal data gathering and data cleaning processes to simplify the procedure for obtaining the data, ensuring the reliability of the information through scrupulous data quality controls. Filling out the templates for the KPIs⁵⁴ was outsourced to an external solution, continuing the projects launched in the fiscal year 2022. Managing and filling out the templates for activities relating to the nuclear and fossil gas sector was outsourced in the same way.

The solution, which is currently integrated into the technical environment set up to prepare the consolidated financial statements, fully managed the automated processing of the input data in order to fully meet the disclosure requirements of the European Commission, returning a representation of the output that meets the requirements of the current regulatory framework with which credit institutions must comply. Specifically, granular information relating to single exposures and counterparties that fall within the scope of prudential consolidation analyses is input into the solution. The above data derive from illimity's proprietary environments, and they are directly input by the prudential statistical reporting, accounting and management systems. To guarantee a flow of specific, consistent data, in-depth checks were conducted on the input fields by external consultants, with the final goal of ensuring the integrity and correctness of the data. Data quality and assessment activities were conducted also by the solution, through automated procedures, also starting from output data resulting from the various types of processing.

With regard to the eligibility and alignment assessments conducted through the activities and projects described above, it was deemed appropriate to illustrate some of the key findings from the alignment analyses of specific counterparties and exposures:

- exposures to financial institutions were considered Taxonomy non-aligned as a whole, due to the unavailability of the related proportions of alignment, as financial institutions were not subject to the obligation to disclose that information for the fiscal year 2022. As a result, the total GAR for financing activities directed at financial undertakings amounted to zero. Thus, the only exposures whose alignment was verified, as the specific data published was actually available, were those to non-financial undertakings, forming the related GAR;
- the GAR for residential real estate exposures, which includes house renovation loans, amounted to zero. The Group conducted thorough analyses to verify that the properties associated with the loans met all the required technical screening criteria⁵⁵, concluding that, at this time, it cannot be determined whether the residential real estate assets actually meet the above technical requirements necessary to be considered aligned with the Taxonomy;
- the GAR for retail car loans was not assessed and thus, amounts to zero, because that product category is not included in the current commercial offering of illimity Group. At the same time, as the Group does not pursue a business model based on financing residential construction, it also deemed that the GAR for use of proceeds financing local governments could not be assessed, thus resulting in an indicator equal to zero;
- the GAR for commercial and residential repossessed real estate collateral held for sale was not assessed, and thus, amounted to zero, as the collateral repossessed and held by the Group is not held for sale and, as a result, cannot contribute to calculating the KPI.

⁵⁴ Illustrated in Annex VI of Delegated Regulation (EU) 2178, amended by the subsequent Delegated Regulation (EU) 2023/2486.

⁵⁵ Delegated Regulation EU 2021/2178, amended by EU Regulation 2023/2486, specifies the verification of the pertinent technical screening criteria in points 7.1, 7.2, 7.3, 7.4, 7.5, 7.6 and 7.7, of Annex I or II of Delegated Regulation 2021/2139, or of points 3.1 and 3.2 of Annex II of Delegated Regulation 2023/2486, respectively.

Methodological Note on the assessment of eligible and environmentally sustainable assets

The methodological approach taken to fulfil the reporting obligations was based on analysing specific categories of assets, which are reported in detail below:

- **Eligible Activities:** described in the Delegated Regulations adopted to indicate the technical screening criteria regardless of whether they meet one or all of the criteria.
- **Non-Eligible Activities:** economic activities that are not described in the Delegated Regulations.
- **Taxonomy-Aligned Activities:** eligible economic activities which satisfy the conditions of environmental sustainability set by the Climate Delegated Act and the Environmental Delegated Act and specified by the related technical screening criteria.

The scope of Taxonomy-Aligned Activities is further broken down into two distinct classes:

- **Enabling Activities:** activities that do not directly contribute to the achievement of the environmental objectives, but enable other economic activities to make a substantial contribution thereto.
- **Transitional Activities:** activities for which there are currently no alternatives with low carbon emissions that can be technologically and economically implemented, but which support the transition towards a climate-neutral economy (only for the mitigation of climate change objective).

In correctly identifying the above assets, illimity Group has defined and adopted a precise methodological procedure to determine the eligibility and alignment of assets for of prudential consolidation, represented specifically by the following categories: loans and advances, debt securities and equity instruments not held for trading.

Specifically, the necessary information is shown below, collected for to Italian and foreign NFRD counterparties belonging to the European Union:

- proportion of Taxonomy-eligible and Taxonomy-aligned revenues (Turnover), including the proportions referring to enabling activities and transitional activities, regarding the climate change mitigation (CCM) and climate change adaptation (CCA) objectives;
- proportion of Taxonomy-eligible and Taxonomy-aligned capital expenditure (CapEx), including the proportions referring to enabling activities and transitional activities, regarding the climate change mitigation (CCM) and climate change adaptation (CCA) objectives.

Due to the unavailability of the specific eligibility data referring to the other four environmental objectives (WTR, TCE, PPC and BIO), the analysis conducted was based on verifying the existence of the NACE code associated with the counterparty in the Delegated Acts⁵⁶ relating to those objectives, in order to fulfil the eligibility reporting obligations set out in Article 10.

Moreover, due to the lack of specific information on the alignment of financial institutions, the data collected refers exclusively to non-financial undertakings.

The approach pursued and the related activities undertaken are part of a precise strategy based on projects aimed at centralizing data management and information useful for European Taxonomy disclosure, by adopting operational procedures to continuously maintain and update the ESG data model, following data collection activities. As a result of the initiatives implemented, it was possible to achieve a high level of streamlining data lineage, ensuring the accurate and transparent management of the data in internal systems and those obtained from external data providers. Implementing a holistic, integrated ESG infrastructure also increased the quality of the checks performed on data quality and availability.

In line with the actions implemented during the fiscal year 2022, the methodological approach pursued has made transparent the purpose of data usage, ensuring full accessibility and visibility of the required documents for audits. The processes defined and implemented were streamlined; specifically the following results were achieved:

- Streamlining the procedures of normalising and certifying the ESG data to ensure the certainty of the governance and control of the information in the reporting phase.
- Increasing the level of automation in managing ESG data, to reduce the amount of manual operations and related operational risk.
- Preparing additional reporting for regulatory purposes through increased data consolidation processes in accordance with the templates set out in Taxonomy Regulation and subsequent Delegated Acts.

56 Delegated Regulations (EU) 2021/2139 and 2023/2486.

Additional voluntary statistical analysis of undertakings not subject to NFRD obligations

To obtain a more complete picture in terms of quantitative indicators and to provide a representation of the components of the overall assessments carried out regarding transition risks, a specific, supplementary analysis of the Group's assets was carried out for this financial year as well, with the support of experts, using the updated version of the Taxonomy Alignment Coefficient (TAC) published by the European Commission⁵⁷. TAC provides an estimate of the aligned proportion of the counterparties out of the economic sector they belong to, referring to the climate change mitigation (CCM) objective. That analysis, voluntary in nature, regarding the alignment of exposures to financial undertakings and non-financial undertakings not subject to NFRD obligations is thus provided only for a purely statistical analysis, as it does not constitute specific Taxonomy disclosure.

Within the scope of prudential consolidation, the undertakings not subject to the NFRD obligations were analysed. In detail, each counterparty was assigned its country-specific TAC based on the associated NACE code. TAC is the results of a standardised, transparent sector-level estimate, based on the definitions of environmental sustainability and transition risk, applicable to all countries in the European Union and to specific non-EU countries. Through the various analyses using the above parameter, it was possible to obtain an alignment indicator that highlights the actual segment of counterparties of illimity Group, i.e. SMEs and unlisted companies.

At the same time, an analysis was conducted on the degree of eligibility for the six Taxonomy objectives, on the same scope of undertakings, i.e. undertakings not subject to NFRD obligations within the scope of prudential consolidation. Specifically, it was verified whether the NACE code associated with each undertaking is described in the Climate Delegated Act and the Environmental Delegated Act, and if so, the value of the exposure was considered fully eligible for the Taxonomy.

Based on those analyses, the following arose with regard to Total Covered Assets, which include a proportion, stable compared to the previous year, of Taxonomy-eligible exposures to undertakings that are not subject to NFRD obligations and to undertakings that are subject to such obligations.

Voluntary estimates	2023		2022
	Turnover	CapEx	Turnover
Voluntary Eligibility (6 Taxonomy objectives for undertakings subject to NFRD obligations and non-subject to NFRD obligations)	17.4%	17.7%	17.1%
Voluntary Alignment (only CCM/CCA relating to undertakings subject to NFRD obligations and non-subject to NFRD obligations)	2.9%	3.1%	N/A

The above parameters were not subject to external audit and were prepared only for the purpose of analysis, to the best of its abilities. This approach makes it possible to enhance the information of counterparties not subject to the NFRD obligations, preparing to actually fulfil future disclosure requirements on ESG risk transparency, which also include the BTAR, as also suggested by the FAQs document published by the European Commission⁵⁸.

⁵⁷ Specifically, reference is made to the Joint Research Center publication: Alessi, L. and Battiston, S., "Taxonomy alignment and transition risk: a country-level approach", European Commission, 2023, JRC135889

⁵⁸ European Commission, "Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets", published in the Official Journal on 21.12.2023.

13. Environmental impacts and climate-related challenges

The nature of the illimity Group's business model, with a 100% digital infrastructure that is completely cloud-based, is designed to minimise direct environmental impact and increase the efficient, responsible use of resources. Since it was founded, the Bank has been committed to monitoring and reporting on its energy consumption, greenhouse gas emissions and waste production, also in the light of a regulatory framework on environmental protection, defined by EU regulations, and national and regional laws that are constantly evolving.

The environmental data reported within this chapter refer to the sites of the Group's companies (Milan, Modena, Faenza and Rome). Any exclusions to this boundary are appropriately reported in a note in the chapter.

Reduction of GHG emissions

Scope 1 and Scope 2 greenhouse gas emissions of the Group refer to fuel consumption for the company car fleet and electricity consumption.

The Group has implemented various measures to reduce those emissions. The Group's Car Policy, for example, regulates the assignment and use of company cars for business and personal use by personnel. The choice of car must be based on sustainability principles and be in line with the expected use for business reasons. For this reason, the Group has obtained efficient cars, such as, for example, hybrid vehicles, plug-in hybrid vehicles and electric vehicles that meet the European emission standards for pollution.

In November 2023, to reduce energy consumption deriving from lighting – with specific focus on the areas of greater operation in terms of hours/days that lights are on – illimity carried out a **relamping project (installation of LED light bulbs with high illumination and energy efficiency)** at the Group's Milan offices. The new devices installed can accurately light up the areas where there is a real need for light by means of photocells that only switch on the LEDs where personnel is present. They are also combined with light meters that modulate the intensity of the light based on the external light, while guaranteeing the utmost comfort for workers. A reduction in consumption of over 20% in kWh/year is estimated, with the resulting decrease in Scope 2 emissions.

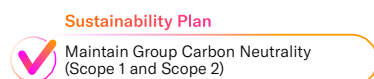
Facility and waste management

illimity has defined a set of dedicated regulations (Facility Management Procedure) with the aim of regulating the management and maintenance of property used by the Bank, facilities and any related instruments, with a particular **focus on environmental impact and the management of natural resources**. The purpose of the procedures is to promote awareness and individual conduct that are consistent with principles of correct corporate management and sustainable development.

The facilities of the Milan site are plastic-free: employees may use water bottles, as water fountains have been installed, and each floor has washable tableware which can be re-used. Printers have to be accessed using a badge, to minimise the use of paper and ink. Sorted waste collection is encouraged in all Group offices, including organic waste, through the use of appropriate bins.

Offsetting of unavoidable emissions: Carbon Neutrality Strategy

Despite its low greenhouse gas emissions (see GRI 305-4 Emissions intensity), in 2020 the Group began a project to define a **carbon neutrality strategy**, by the company's carbon footprint, identifying activities to streamline and reduce emissions and selecting carbon credit certificates to offset emissions that cannot be avoided, related to its own carbon footprint (Scope 1 and Scope 2 – location-based).



Thanks to its association with Carbonsink, a consulting company specialised in the development of climate strategies for businesses, the Bank joined the **“Maputo Clean Cookstoves”** project in 2021, which has the aim of improving the living conditions of the population, while also reducing emissions of greenhouse gases. Due to the purchase of new stoves, local households have improved their health and financial situations, avoiding the inhalation of toxic fumes and saving over USD 190 per year in the use of coal, in addition to reducing emissions produced by a total of 30,000 tonnes of CO₂ per year. In 2022 and 2023 the Bank supported the **“Svilosa Biomass Bulgaria”** project, which aims to generate sustainable, alternative energy from vegetable waste and to create new jobs in the local areas. Specifically, the factory in Svishtov Town manufactures paper using a process that required a large amount of energy in all phases. This process now uses biomass as an ideal sustainable alternative fuel. Renewable energy is, in fact, generated by using biomass residues from the processing of wood, concretely reducing the environmental impact, leading to greater energy safety, greater air quality, an improvement of the means of subsistence in the surrounding communities and the development of new industries of sustainable renewable energy.

Mobility Management Initiatives

With a view to oversight of environmental sustainability issues with increasing attention, as set out in Legislative Decree 34/2020 (Relaunch Decree), and in line with that set out in the reference regulations, the Mobility Manager has drawn up the Commuting Plan (**“CP”**) for 2023, for the Milan and Faenza offices, with the goal of examining the methods of commuting used by employees, with a view to evolving towards types of sustainable mobility.

The CP 2023 illustrated the initiatives that the Group has already adopted to support the reduction/optimisation of commutes (e.g. Covering expenses for public transport through company benefits) in addition to the assessment to be conducted in 2024 of projects that aim to make commuters' commutes more sustainable, specifically:

- **Installing charging stations** in company car parks and **providing incentives on lease rentals for electric company cars;**
- **Conducting awareness-raising campaigns** to increase employees' awareness of the issue of sustainable mobility.

Protection of biodiversity

In 2023, for the second year, illimity renewed its partnership with **Ogyre**, an Italian start-up whose mission is to safeguard the oceans and seas by **protecting biodiversity and supporting local communities** that make a living from fishing activities, contributing to the achievement of Sustainable Development Goal – SDG 14 – “Conserve and sustainably use the oceans, seas and marine resources for sustainable development”. Collecting waste in the oceans and seas in parallel to fishing activities (fishing for litter) is Ogyre's core concept, achieved through a fleet of fishing boats, operating both in Italy and abroad. The waste is weighed and recorded in a specific digital platform that can be used through a dashboard, which tracks the performance of the campaign and associates the waste collected with a digital tokens that customers can confirm the number of kg collected. The waste collected is delivered to authorised points and centres for subsequent disposal or, where possible, recycling. The tracking system makes it impossible to alter the information on the quantity of fished waste, thereby increasing the transparency of the chain to consumers and end users. In the initial months of 2024, illimity will contribute to reaching 2,000 kg in marine waste collected (1,000 kg of which collected in 2023), confirming its commitment to protecting biodiversity and the planets most important resources: oceans and seas.



For further details:

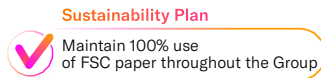
[Facility Management Procedure](#)

Direct and indirect environmental impacts

The illimity Group's direct environmental impacts relate to the consumption of materials, energy consumption of the company's offices and fleet, and waste generated as a result of the activities of personnel at the Group's offices. Generally, during 2023, there was a physiological increase in direct impacts, due to the increase in the number of employees (+142 on the previous year) and the change in scope due to the entry into the Group of Quimmo Prestige Agency, with its headquarters in Milan, and for the acquisition of AREC last year.

GRI 301-1

The services offered by illimity, due to their 100% digital nature, affect the environment in a limited way. The materials used by the Group in 2023 were paper and toner. In compliance with its commitment to the environment, illimity only uses FSC paper (Forest Stewardship Council).



Total weight of materials used (kg)	2023	2022	2021
Paper ⁵⁹	2,550.5	2,426.2	3,014.4
Toner ⁶⁰	113.5	95.5	128.0
Total	2,664.0	2,521.7	3,142.4
Ratio per FTE (kg/FTE)⁶¹	2.9	3.0	4.4

Total weight of FSC/FSC Mix material used (Kg)	2023	2022	2021
Paper	2,550.5	2,426.2	3,014.4
Ratio per FTE (kg/FTE)	2.8	2.9	4.2

In 2023 the weight of paper and toner used increased slightly due to the increase in the number of employees. Specifically, the ratio per FTE remained substantially unchanged on last year.

The data reported are net of the offices of Quimmo Prestige Agency, as the operational integration was completed starting from January 2024.

For reporting purposes, illimity considers toner cartridges as a single, used non-renewable material.

GRI 302-1

The Group's energy consumption is considered equivalent to only the consumption of electricity and of fuel by the company fleet.

In 2023, total consumption of electricity purchased came to 3,493 GJ, of which 2,731 GJ covered by the purchases of renewable energy certified with Guarantees of Origin (instead, 163 GJ represent the consumption of renewable electricity not covered by GO, regarding ARECneprix Rome and Quimmo Prestige Agency). The Guarantee of Origin (GO) is an electronic certification issued by the Energy Services Operator in compliance with Directive 2009/28/EC, to guarantee that energy consumed is actually produced by renewable sources.

⁵⁹ 1 ream = 2,64 kg (average figure 2023).

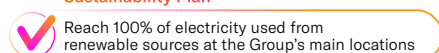
⁶⁰ 1 toner cartridge = 0.86 kg (average figure 2023).

⁶¹ The figure is given as full-time equivalent (FTE) in order to indicate consistently and over time, the effort made by illimity's full-time resources.

Consumption of direct energy (GJ) ⁶²	2023	2022	2021
Electricity purchased	3,492.9	3,358.7	2,887.9
from renewable sources	2,893.3	2,568.1	2,500.7
of which covered by Guarantees of Origin	2,730.6	2,543.5	2,500.7

Over 2023, the Group gradually covered increasing percentages of electricity supply by purchasing GOs in the main locations of the Group, to mitigate the environmental impact associated with its consumption. Specifically, in November 2023, the supply of electricity with the purchase of GOs was also extended to Abilio's Faenza location, thus reaching 100% coverage of renewable sources at the Group's main offices, as set out in the Sustainability Plan, whose benefits will fully manifest in 2024.

Sustainability Plan



Reach 100% of electricity used from renewable sources at the Group's main locations

Use of vehicle fuel (GJ) ⁶³	2023	2022	2021
Petrol	726.9	390.0	192.3
Diesel	3,509.1	2,125.9	4,719.6
GPL	-	-	71.6
Total	4,236.0	2,515.9	4,938.5
Total purchased energy consumption (GJ)	7,728.9	5,874.6	7871.4
of which renewable energy (GJ)	2,893.3	2,568.1	2,500.7
% of renewables out of the total	37.4%	43.7%	31.8%

Fuel consumption by Group companies is attributable to the use of leased cars in the company vehicle fleet, granted to employees for company and personal use. Cars for a combined company/personal use are cars that may be used for both work and personal reasons. The criteria and rules for the assignment and use of company cars are set out in the "Car Policy", in the HR Procedure.

The increase in that consumption compared to the previous year was mainly due to the mentioned growth in the Group's size.

The share of renewable energy in 2023 therefore decreased to 37.4%. Note that this share is expected to increase due to the increase in the share of electricity from GOs for Abilio's Faenza site, which occurred in November 2023.

GHG emissions

Total carbon footprint (tCO ₂ e)	2023	2022	2021
Scope 1 – Direct emissions	292.6	175.1	307.7
Scope 2 – Indirect energy emissions (Market-based)	96.8	100.4	50.1
Scope 3 – Indirect emissions from other activities upstream and downstream of the organisation's activities	740,451.6	793,284.1	32.1
Total	740,841.0	793,559.6	389.9

⁶² Source of conversion factors: *Italian Greenhouse Gas Inventory 1990 – 2020 – National Inventory Report 2023*.

⁶³ Data on fuel consumption and greenhouse gas emissions for vehicles for company/personal use were reported for 70% of total consumption recorded, in line with the "ABI Lab Guidelines on the adoption by banks of GRI (Global Reporting Initiative) Standards concerning environmental indicators - December 2023".

Scope 1 Direct emissions

GRI 305-1

Direct greenhouse gas emissions (Scope 1) of the Group refer to fuel consumption for the illimity Group's fleet of cars. During 2023 there was an increase in Scope 1 emissions due to the mentioned increase in the company fleet. Specifically, it was noted that the emissions per vehicle were substantially unchanged on the previous year.

Direct greenhouse gas emissions (tCO ₂ e) ⁶⁴	2023	2022	2021
Vehicle fuel	292.6	175.1	307.7
Petrol	47.8	26.3	15.3
Diesel	244.8	148.8	288.1
GPL	-	-	4.3
Total	292.6	175.1	307.7
Total emissions per vehicle	2.0	2.1	2.9

Scope 2 Direct emissions

GRI 305-2

Indirect greenhouse gas emissions (Scope 2) refer instead to the electricity consumption of buildings, used mainly for lighting and air conditioning of the offices.

Indirect greenhouse gas emissions (tCO ₂ e) ⁶⁵	2023	2022	2021
Total indirect emissions - Location-based method	261.1	243.8	224.0
Total indirect emissions - Market-based method	96.8	100.4	50.1

Greenhouse gas emissions were calculated using two methodologies:

- Location-based: an approach that considers the average emissions of the distribution network used by the organisation based on the geographic location (Italy) of its electricity users;
- Market-based: an approach that considers the specific emissions related to the type of electricity contract chosen by the organisation.

As a result of purchasing electricity mainly covered by Guarantees of Origin, emissions calculated using the Market-based methodology in 2023 were lower than those calculated using the Location-based approach. The latter are only associated with the utilities of Abilio and ARECneprix, only for its Rome offices. In 2024, Scope 2 – Market-based emissions are expected to decrease sharply due to the supply of Go-certified electricity of Abilio, launched in November 2023.

GRI 305-4

The Group's emission intensity for total Scope 1 and Scope 2 emissions (Location-based approach) was calculated for both employees with a full-time contract (FTE) and for the total net operating income realised, reaching an intensity of 0.6 tCO₂e/FTE and 1.3 tCO₂e/mln€ respectively for 2023, keeping in line with the previous year.

Emission intensity (Scope 1 and 2 Location-based)	UoM	2023	2022	2021
For FTE	tCO₂e/FTE	0.6	0.5	0.7
Numerator	tCO ₂ e	553.7	418.9	531.7
Denominator	FTE	911	844	718
Total net operating income	tCO₂e/mln€	1.5	1.3	2.0
Numerator	tCO ₂ e	553.7	418.9	531.7
Denominator	mln€	358.9	324.6	271.2

⁶⁴ The source of the conversion factor is DEFRA databases, updated for 2023. The gases included in the calculation are CO₂, CH₄, N₂O.

⁶⁵ The source of the conversion factors is from ABI Guidelines on the adoption by banks of GRI (Global Reporting Initiative) standards - Environmental Indicators - December 2023. The gases included in the calculation - and indicated in the guide - are CO₂, CH₄, N₂O. To calculate emissions according to the market-based method, the conversion factors in the European Residual Mixes 2022, AIB (Association of Issuing Bodies), version 1.0 of 01.06.2023, were used.

Scope 3 Direct emissions

GRI 305-3

Other indirect greenhouse gas emissions (tCO ₂ e)		2023	2022	2021
Cat. 1	Purchased goods and services ⁶⁶	4,550.5	2,925.7	5.4
Cat. 3	Fuel- and energy-related activities	141.2	-	-
Cat. 5	Waste generated in operations ⁶⁷	4.0	4.3	3.2
Cat. 6	Business travel ⁶⁸	322.2	125.6	51.0
Cat. 7	Commuting ⁶⁹	540.7	521.5	-
Cat. 15	Investments	734,893.0	789,707.0	-
Total		740,451.6	793,284.1	59.6

In order to carry out a full mapping of its GHG inventory, in 2023 illimity quantified its Scope 3 indirect emissions relating to all applicable, significant categories. Following the category of facility management, these categories regard, among others, the supply of purchased goods and services, fuel- and energy related activities, business travel by car, plane and train, waste management and investments (“financed emissions”).

Each Scope 3 category was quantified in accordance with the methodologies of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, the main international standard recognised for measuring emissions of organisations’ value chains.

Specifically, with regard to Category 1 – Purchased Goods and Services, in 2023, as in 2022, the calculation included all purchases of goods and services incurred by the Group.

Moreover, compared to previous reports, emissions Category 3 emissions (Fuel- and energy-related activities) were also reported, as the Group’s Scope 1 and 2 data were available.

Financed emissions (Scope 3 – Cat. 15 Investments)

To guarantee a better management of transition risk and be able to identify the associated opportunities, the Group decided, from 2020 onwards, to adopt a process to gather data and information that led, in 2022, to the first quantification of indirect emissions (Scope 3) attributable to its financing activities (“financed emissions”).

Perimeter

With reference to 2023, illimity quantified the GHG emissions associated with its portfolio, including loans and securities of the Specialised Credit Division⁷⁰, Corporate Banking, b-ilty and Investment Banking Divisions, in addition to participation and proprietary investments. Specifically, the measurement of financed emissions included around 67% of total assets as of 31/12/2023. Those percentages of coverage are the best applicable in relation to the calculation methods available to date⁷¹.

66 Spend-based calculation methodology, based on emissions data of suppliers from info providers and on sector data, where exact data is not available (source of sector intensity: Environmentally-Extended Input-Output (EEIO) of Eurostat). The figure reported considers the material suppliers of illimity, representing around 75% of expenditure incurred in 2023. For 2021 the calculation scope was different and considered, instead, the supply of paper with a supplier-specific calculation methodology.

67 Average-data calculation methodology, based on the quantities of waste generated and the average methods of disposal, declared by the main waste disposal company in Lombardy (A2A) and Emilia Romagna (Hera). Source of emission factors: DEFRA 2023.

68 Distance-based calculation methodology. Source of emission factors: DEFRA 2023.

69 Distance-based calculation methodology, based on the results of a survey sent to all employees of the Group. Source of emission factors: DEFRA 2023.

70 With regard to the Specialised Credit Division, the emissions of inactive bad loans, inactive positions in liquidation and UTPs with available and “ended” legal status were accounted for as nil.

71 The portion excluded from the calculation of financed emissions are those not explicitly attributable to an assets class set out in the reference standard or which are not associated with a calculation methodology to date.

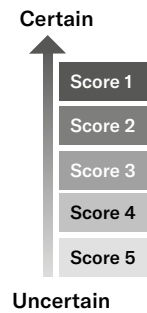
Methodological approach

illimity calculated its financed emissions (Scope 3 - Category 15: "Investments" of the GHG Protocol) in accordance with the standard promoted by the PCAF⁷². This is the global standard most commonly adopted by financial institutions to measure and account for financed emissions.

Firstly, the Group categorised its portfolio according to the asset classes and the related financial products set out by the PCAF.

Specifically, for each asset class, the PCAF sets out 5 different calculation methodologies, equal to 5 levels of quality, based on the data of the counterparty available, as reported below:

- Score 1: calculation based on emissions reported and verified by each counterparty;
- Score 2: calculation based on emissions reported but not verified by each counterparty, or emissions estimated based on energy consumption;
- Score 3: calculation based on estimated emissions from production data of each counterparty;
- Score 4: calculation based on estimated emissions from sector emission intensity;
- Score 5: calculation based on sector emission intensity (per asset unit or revenue).



To quantify financed emissions, illimity used the methodologies provided by the PCAF in a combined manner, enhancing the exact data of the counterparties (Scores 1 and 2), where available, and sector data (Scores 4 and 5) to cover the remaining part of the portfolio.

Measurement of financed emissions entailed using exact (verified and unverified) emission data (Scores 1 and 2) of counterparties, obtains through external providers⁷³, internal master record databases, accounting records and ERP systems or, if not available, sector emission intensity.

Emission data were subject to specific analysis to understand their reliability. In some cases, these checks highlighted significant deviations between the different data provided, leading the Group to proceed using a prudential approach. In particular, emission data were selected by choosing the most cautious value or applying the sector data.

Instead, as regards the use of sector data, illimity, also in line with the PCAF, has used the Environmentally-Extended Input-Output (EEIO) tables⁷⁴ of Eurostat, which provide average emissions factors per NACE sector, expressed in terms of the average European emission intensity per turnover.

The emissions of counterparties, obtained as stated above, were allocated to illimity, through an attribution factor⁷⁵ calculated based on the Group's exposure as of 31/12/2023.

⁷² (Partnership for Carbon Accounting Financials) "The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition" published in December 2022.

⁷³ Crif, Cerved and Bloomberg.

⁷⁴ Eurostat: Consumption-based accounting tool, 2022.

⁷⁵ The attribution factor is defined as the portion of the total annual emissions of the counterparties allocated to the relative exposures of the bank, and is calculated as the ratio of exposure to the total assets of the counterparty.

Results obtained

The most important indicators in the reporting on financed emissions of illimity's portfolio are shown below, in accordance with the definitions of the ECB⁷⁶:

- **Financed emissions:** Total greenhouse gas (GHG) emissions of a debtor/issuer weighted by the exposure of the financial institution as a share of the company's total value.
- **Carbon Footprint:** financed emissions standardised by the total value of the financial institution's portfolio.

	2023	2022
Financed emissions (MtCO ₂ e)	0.73	0.79
Carbon footprint (tCO ₂ e/M€ invested)	150	187
Portfolio Coverage	66%	63%

The table below illustrates the breakdown of illimity's exposure as of 31/12/2023 by counterparty sector and, for each one, the result⁷⁷ of the calculation of financed emissions in terms of percentage and Carbon Footprint in tCO₂/mln€ financed/invested, or in terms of exposure, calculated at the gross carrying amount of Group assets.

Due to the improvement in illimity's ability to collect and manage data, the percentage of assets measured increased on the previous year, reaching over two-thirds of total assets, including almost all customer loans.

Sector	Exposures [M€]	Financed Emissions Scope 3 [tCO ₂]	[%]	Carbon Footprint [tCO ₂ /M€ exposure]
C - Manufacturing	1,257	274,160	37%	218
K - Financial and Insurance Activities	1,347	118,310	16%	88
H - Transportation and Storage	391	94,692	13%	242
D - Electricity, Gas, Steam and Air Conditioning Supply	123	60,146	8%	490
G - Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	402	52,547	7%	131
A - Agriculture, Forestry and Fishing	57	37,179	5%	652
F - Construction	304	32,787	4%	108
M - Professional, Scientific and Technical Activities	317	20,209	3%	64
I - Accommodation and Food Service Activities	82	9,357	1%	114
B - Mining and Quarrying	11	8,255	1%	738
L - Real Estate Activities	276	5,696	1%	21
N - Administrative and Support Service Activities	111	6,125	1%	55
J - Information and Communication	130	4,508	1%	35
E - Water Supply; Sewerage, Waste Management and Remediation Activities	8	4,080	1%	513
Q - Human Health and Social Work Activities	68	3,882	1%	57
S - Other Service Activities	18	1,902	0,3%	105
R - Arts, Entertainment and Recreation	6	962	0,1%	160
P - Education	5	96	0,01%	19
O - Public Administration and Defence; Compulsory Social Security	0,002	0,3	0,00004%	151
	4,913	734,893	100%	150

A reduction of approximately 20% in the Carbon Footprint is observed year over year, and the results show that around 50% of financed emissions are attributable to the manufacturing sector and the transport and storage sector, in line with illimity's core business. The sectors with the largest carbon footprints are agriculture, mining and water, to which, however, the Group's exposure is limited. These sectors do not exceed 2% of total assets measured individually, and collectively these three sectors account for just 1% of the Group's total assets.

⁷⁶ European Central Bank, "Towards climate-related statistical indicators", January 2023.

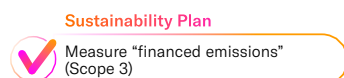
⁷⁷ The emissions reported in the table do not include the share relating to property assets - Residential Mortgages or Government Securities, for which the methodology introduced by the second edition of the PCAF was applied (Carbon Footprint of 121 tCO₂/mln€ exposure).

Looking to the future

With the goal of respecting its commitment to sustainability, the Group is committed to keeping updated and monitoring its Financed Emissions and the Carbon Footprint of its portfolio, in the short and long term, in line with the calculation methodologies available.

With a view to continuous improvement, illimity undertakes to:

- guarantee transparency in its methods of reporting the financed emissions;
- fine-tune the availability and quality of data relating to counterparties, to increase the level of representation and accuracy of the measurement of financed emissions;
- define possible decarbonisation strategies with the business structures, to focus on the sectors with the greatest impact, also during origination.



Waste generated

GRI 306-1 GRI 306-2 GRI 306-3

The absence of branches and the digital, in cloud infrastructure of illimity's business model make it possible to limit the production of waste, which is related only to the activities of staff at sites and can be equated with non-hazardous municipal waste (e.g. paper, plastic, glass). For these reasons, the environmental impacts generated by the production of waste are not significant compared to other categories of interest for the Group - first and foremost energy consumption.

To ensure correct oversight of the issue, the Facility Area monitors and continually manages the volume of waste produced, through the company which handles site cleaning, while waste collection and disposal is entrusted to the local municipal non-hazardous waste collection service. The data reported are net of the offices of Quimmo Prestige Agency, as the operational integration was completed starting from January 2024.

Waste produced, recovered and disposed of (t)	2023	2022	2021
Total waste produced	14.9	17.3	13.6
<i>of which hazardous waste</i>	-	-	-
of which non-hazardous waste	14.9	17.3	13.6
<i>of which paper</i>	3.6	6.2	3.0
<i>of which plastic</i>	1.8	1.4	2.1
<i>of which glass</i>	1.5	0.2	0.4
<i>of which organic</i>	0.4	0.6	1.2
<i>of which non-sorted</i>	7.7	8.9	6.9
Recycled waste out of the total (%)	48.2	48.6	49.3

Water consumption

In 2023 the total water consumption of the companies in the Group came to 12.10 megalitres.

Considering the negligible amount of water consumed, the type of use (only for hygiene and sanitary purposes), and geographic locations of illimity's sites, the illimity Group's water consumption was deemed insignificant and its environmental impacts were considered negligible.

Governance, management and control of climate-related and environmental risks

Climate changes and environmental degradation give rise to structural changes that impact economic activity and consequently the financial system.

The CRO is responsible for the correct implementation of the risk management process, aimed at identifying, assessing and measuring and supporting the processes of preventing and mitigating the risks that are or may be assumed by the Bank. Therefore, climate-related and environmental risks, which act as causal factors for other categories of risk (particularly with regard to credit, operational, market and liquidity risk, as well as risks not included in the first pillar, such as reputational risk), are also identified and assessed.

Climate-related and environmental risks refer to the following two types of risk:

- **Physical risk** indicates the impact of climate change, including extreme weather events which are more frequent and gradual climate changes, as well as environmental degradation, i.e. atmospheric, water and soil pollution, water stress, loss of biodiversity and deforestation. This also includes hydrogeological events. These can be classified as **“acute” risks**, if caused by extreme events such as drought, floods, cyclones, storms, heat waves, forest fires, landslides and earthquakes; or as **“chronic”**, if caused by gradual changes such as rising temperatures, rising sea levels, water stress, changes in atmospheric precipitation levels, loss of biodiversity and scarcity of resources. Such a risk can directly cause, for example, material damage to property and/or collateral or a drop in productivity, or can indirectly cause subsequent events such as the interruption of production and logistical chains. That risk may impact the Bank directly (through operating or business losses) or indirectly, when it regards financed customers (with negative impacts on their creditworthiness and on the recovery of any collateral).
- **Transition risk** indicates the financial loss the Bank may incur, directly or indirectly, following the process to adjust to a low carbon emission economy, which is more sustainable from an environmental perspective. This situation could be caused, for example, by the relatively unexpected adoption of climate-related and environmental policies, technological progress, or changes in market confidence and preferences. This impact may occur directly, for example due to a lower profitability of companies or write-down of their activities, or indirectly through macro-financial changes.

With regard to the **physical risk** that real estate assets (e.g. real estate collateral) are exposed to, the CRO conducted an assessment using the data provided by external providers, mainly based on the source ISPRA (Higher Institute for Environmental Protection and Research). Based on geolocation, ISPRA associates hydraulic and hydrogeologic risk indexes to each asset, thus focusing attention on the main acute climate-related and environmental risk profiles that characterise the Italian and European contexts (one of the main environmental risks with significant impacts on human life and activities).

The hydraulic and hydrogeologic risks strongly depend on the geological and geomorphological conformation of the soil, subsoil and orography (distribution of relief), but the role of humans is also very important: population density, urbanisation, unauthorised building, deforestation and lack of maintenance of slopes and watercourses greatly increase exposure to risk. The hydraulic and hydrogeologic danger ratios are calculated by summing the various factors of danger for each individual asset. An overall physical risk ratio has been identified, defined as the weighted average based on the number of assets assessed and on their value defined as market value (i.e. OMV⁷⁸). As of 31/12/22 (reference date of the latest ICAAP and ILAAP calculations available) and in 2023 (as per the RAF quarterly monitoring), the ratio showed a low level of risk overall.

In order to assess the potential economic and financial impact of this risk, the CRO used estimates of expected and unexpected losses provided by a specialised external info-provider, relating to a stratified sample of properties (approximately 800) of the illimity Group, defined based on their representativeness on the basis of value (OMV) and diversified geographic location drivers throughout Italy. These input data were used to estimate ranges of expected and unexpected losses on the total real estate portfolio. These estimates were then incorporated into sensitivity tests to assess the potential impacts of ESG risks on Pillar I banking risks (e.g. credit) and, as a result, on capital and liquidity.

78 OMV means the Open Market Value attributed to assets

Instead, for the assessment of physical risk for financed counterparties, the ESG databases were enriched with information provided by an external info provider (concerning financed counterparties, suppliers, partners, issuing companies, etc.). That information forms a structured database that is integrated into the Group's IT system ("ESG Data Lake"), governed in a coordinated manner with the ESG and accounting systems ("ESG Data Governance"). Specifically, for a significant sample of counterparties, an overall physical risk exposure ratio was obtained, which made it possible to assess the estimated impact to which the parties are exposed, in relation to the properties housing their production, commercial and logistical processes. The value of overall physical risk has a significant impact, with around 30% of financed counterparties concentrated in the high/very high bracket (range of values from 1 to 5).

Data enrichment of the ESG databases was also carried out for **transition risk**, using information provided by a specialised external info provider. Specifically, an overall transition risk exposure ratio was obtained for a significant sample of counterparties, expressed in terms of impact on turnover, EBITDA and investments. The evidence shows a significant impact, though lower than the one for physical risk: 20% of financed counterparties showed high/very high risk (score from 1 to 5).

In 2022, the Group began measuring indirect emissions (Scope 3) attributable to its financing and investment activities (financed emissions⁷⁹). The most important indicators in the reporting on financed emissions of illimity's portfolio are the following, in accordance with the definitions of the ECB: Total greenhouse gas (GHG) emissions of a debtor/issuer weighted by the exposure of the financial institution as a share of the value of the debtor/issuer; the Carbon Footprint as financed emissions standardised by the total value of the financial institution's portfolio. The results of the assessment of the sectors with the highest emissions show that most financed emissions are attributable to the "Manufacturing" sector. The sectors with the greatest Carbon Footprint are "Water supply; sewerage; waste management and remediation" and "Mining and quarrying", in relation to which the Group has minimal economic exposure.

In line with the current reference regulatory framework, illimity launched an energy performance analysis requested on a sample of assets. Energy performance improvement measures will be implemented at the time the building is sold or renovated, but there are currently no restrictions on the possibility of selling or renting out unrenovated buildings. The analysis was conducted by obtaining the existing energy performance certificates (EPCs⁷⁹) recorded with the land registry, where available. Otherwise, the energy performance was estimated using a model developed by a leading external national info provider. The perimeter analysed was a portfolio of a sample of properties with a value of EUR 545 million, for which an initial breakdown by energy class was obtained.

With a view to internalising assessments of the exposure of financed counterparties to physical and transition risks and directly integrating them into risk measures, internal methodologies were developed to estimate the impact on credit risk, specifically on the probability of default parameter, also adopting an approach proposed by the Italian Banker's Association (ABI) in specific Working Groups.

Those models use the **scenarios drawn up by the NGFS**⁸⁰ which are a useful tool for the Bank to develop a medium/long-term strategic vision that takes account of both the (physical and transition) risks and opportunities connected with climate change.

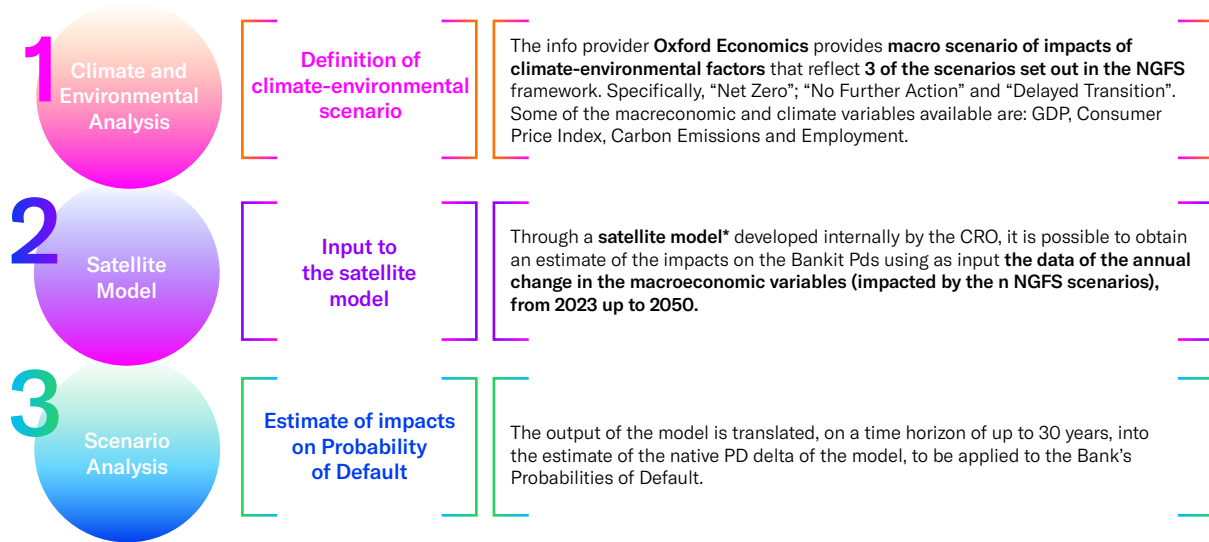
Specifically, the Bank has assessed the impact of climate-related and environmental scenarios on the credit risk profiles of exposures referring to counterparties of the Corporate Banking Division.

This approach firstly involved the use of a satellite model⁸¹ developed internally by the CRO, which correlates the performance of the macroeconomic variables and the risk of the credit portfolio; it was possible to obtain an estimate of the impact of climate-related and environmental scenarios on the PD (Probability of Default) of illimity's portfolio.

79 EPC means the document certifying the energy performance of the building, which reports energy consumption and any works to be carried out to improve the energy performance

80 Network for Greening the Financial System (NGFS), a global network of central banks and supervisory authorities that promotes the sharing of experiences and best practices on the management of environmental risks in the financial sector, with a specific focus on climate-related risk. In 2022, the Bank of Italy joined the Steering Committee of the NGFS, highlighting its central role in strengthening collective action to improve the resilience of the financial system to environmental risk.

81 Summary of the model: machine learning (Elastic Net) model that transforms default rates into delta scores and models them using a linear relationship (General Additive Model) in relation to the changes in macro-variables (considering both the exact values and values with a time lag of up to 2 years, in order to incorporate medium/long-term relationships). For input, the adjusted default rates of the Bank of Italy and the historical macro-variables developed by info providers are used.



The application of these climate-related and environmental risk scenarios to the Probabilities of Default over a time horizon of 30 years translated into initial estimates with a **relatively limited impact**. This is the result of both macroeconomic scenarios affected by climate-related and environmental scenarios (NGFS) which are not significantly differentiated from the baseline scenario, and of the medium/long-term horizon in which the greatest climate-related and environmental impacts will occur, which is not fully factored by the modelling currently used.

Secondly, a model was developed which, based on the relationship between climate-related and environmental scenarios, mainly financial statement factors (investments, operating expenses, and mix and price of energy sources) and conditions of economic and financial balance of the counterparties - estimates the effects of both climate-related and environmental risks, both physical and transition risk, on the solvency of financed counterparties, managing to define an impact on the PD obtained from the internal management model.

In terms of evolution, an internal model is planned to be developed to estimate the impacts of climate-related and environmental scenarios also on the LGD (Loss Given Default) of illimity's portfolio. In the meantime, also for benchmarking purposes, risk ratios were acquired from an external provider certified by the ABI to apply to the LDG of the internal model, also to factor the impact of climate-related and environmental risks.

These models and external data will be used for the 2024 ICAAP and ILAAP processes.

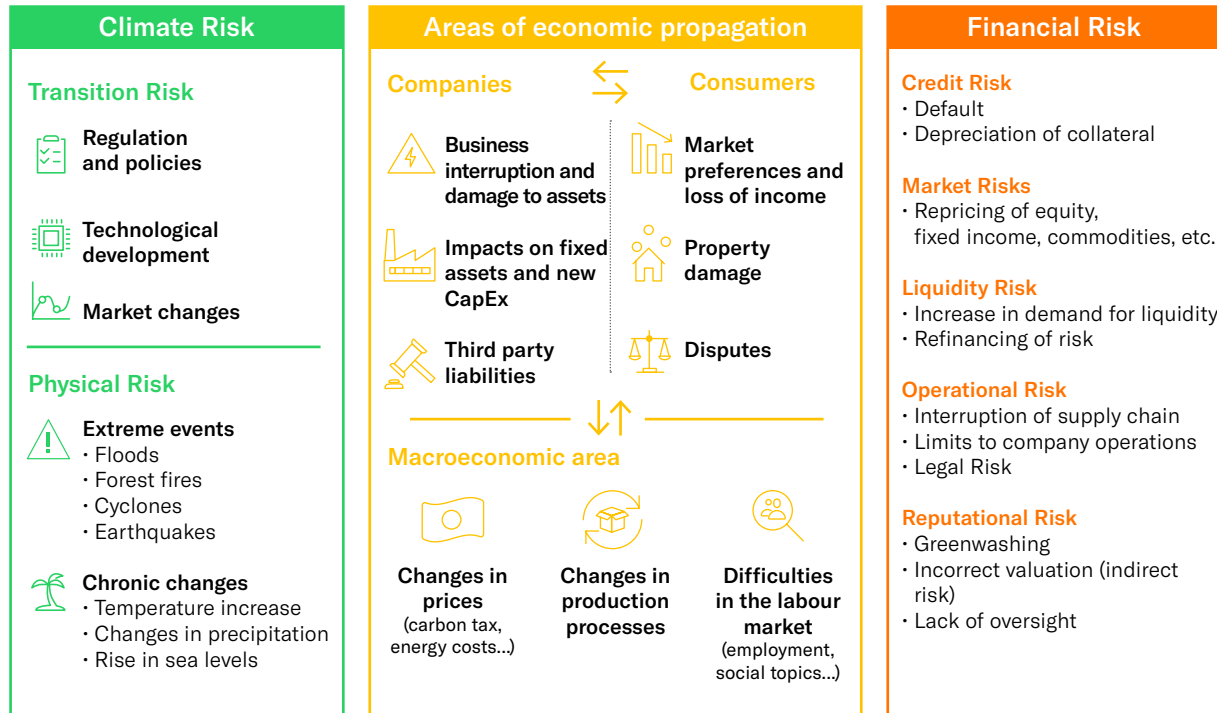
Based on the scenario analysis conducted, considering the recommendations of the "Task Force on Climate-related Financial Disclosures" (TCFD) and analysing the materiality and impact of ESG risks for the 2023 ICAAP, the illimity Group assessed the materiality of these risks considering both the risks connected with the financial counterparties and/or counterparties served and those to which illimity is exposed.

Specifically, for each business area of the Bank (Corporate Banking, Specialised Credit, b-ilty, Investment Banking and CFO), the following were investigated: the **materiality of ESG risks** on the business model and current operations, strategies and outlook for development of the business, strategies and policies of risk assumption, management and control, risk management and risk controls and the macroeconomic and market context and reference regulatory framework.

Once the materiality of those risks was defined, a **financial materiality analysis** was conducted, based on the analytical mapping of:

- 1. ESG risk drivers** on the Bank's business (i.e. physical and transition risk in acute and chronic cases, governance policies and rules, technological evolution, changes in investors' preferences and changes in customers' preferences);
- 2. Transmission channels** of the risks (i.e. microeconomic or macroeconomic channels as impacts on counterparties, on operations of the Bank, on the funding capacity or on economic growth, interest rates or inflation);
- 3. Traditional impacting banking risks** (credit, market, liquidity, operational and reputational risk);
- 4. Impacts** in terms of time horizon of occurrence (short, medium or long term), areas/activities/portfolios (i.e. secured loans to counterparties located in areas with high physical risk), amounts involved and financial statement items impacted;

5. Risk management, as regards possible mitigation actions to be implemented based on the risk drivers identified.



Lastly, referring to the recommendation in the TCFD, it is clear that the efforts to mitigate and adapt to climate change can also lead to **opportunities**⁸² for organisations, such as streamlining resources and cost savings, adopting low emission energy sources, developing new products and services, accessing new markets and building resilience over the entire supply chain.

In April 2022, the Bank of Italy issued the “Expectations on Climate-related and Environmental Risk Supervision”⁸³ (the “**Expectations**”), setting out non-binding instructions for supervised banking and financial intermediaries on integrating climate-related and environmental risks (physical and transition risk) into their governance and control systems, business models and company strategy, into their organisational systems and operating processes, into risk management systems and reporting to the market. In light of those Expectations, the Bank, in coordination with illimity SGR, conducted in-depth analyses and assessments of the materiality of climate-related and environmental issues for its operations, and identified solutions that can be planned in line with the actual degree of exposure to risks based on the type, size and complexity of the activities carried out.

In March 2023, the 2023-25 Three-Year Action Plan for alignment with the Expectations (the “**Action Plan**”) of the Bank was adopted, and, likewise, the Action Plan of the SGR, approved by their respective Boards of Directors and sent to the Bank of Italy, to facilitate gradual integration, in the medium term, of climate-related and environmental risks into company strategies, governance and control systems and risk management framework.

Thus, to summarise and with regard to the Group’s risk management process, the main deliveries made in 2023 are shown below, regarding the integration of climate-related and environmental risk and ESG, in general, into that process:

- development and implementation of KPIs and KRIs on ESG risks, and, *in primis* climate-related and environmental risks;
- reporting of those indicators in the quarterly management reporting, and the inclusion of a set of those indicators in the Risk Appetite Framework (RAF) of the Group, with Appetite and Tolerance limits, also in line with the budget targets in terms of ESG-labelled;
- assessment of the relevance and materiality of ESG risks, including its mapping on the Divisions/ Departments of the Bank and on its subsidiaries (ARECneprix and illimity SGR);

⁸² See the risks and opportunities table in the section “ESG risks and opportunities” of Chapter 1.
⁸³ Bank of Italy, *Expectations on Climate-related and Environmental Risk Supervision*, 8 April 2022.

- integration of the climate-related and environmental risk measures into the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP);
- development of geographical heatmaps referring to the exposure to physical risk of properties used as collateral for NPL portfolios and repossessed, and sector-based heatmaps regarding the transition risk of financed counterparties;
- methodological developments to: estimate the impact of climate-related and environmental risk on credit risk parameters (PD); define the parameter of carbon-intensive and hard-to-abate sectors; integrate the market and liquidity risk assessments; and assess potential reputational and legal risks (greenwashing);
- IT system level developments through creating an ESG Data Lake that acts as a system of acquisition, data quality, integration and use (through a specific front end) of the various ESG data supporting the origination and second level control processes and the disclosure and reporting processes;
- strengthening of the underwriting and origination processes, also by reviewing company regulations (firstly, the Consolidated Credit Procedure) to integrate an ESG risk assessment and assessment of their consistency with the RAF in lending processes, as well as in origination, also in the monitoring phase.

With reference to the subsidiary illimity SGR's ESG risk management process, note that during 2023, various ESG risk monitoring safeguards were introduced, relating both to the management company and the funds it manages, to assess the resilience of the SGR's investment strategies based on different climate change scenarios, related metrics and targets, and potential impacts on financial performance and financial position.

Specifically, for the management company, a process was implemented to monitor the negative ESG news on a quarterly basis (with a potential impact on reputational risk) and operating losses caused by ESG factors (with a potential impact on operational risk), disclosed in the risk reports addressed to the corporate bodies. In both cases, that monitoring did not detect any news or events connected with ESG risks.

As regards the single funds managed, the following is noted:

- **iCCT Fund:** quarterly monitoring of the ESG score of the Fund's target companies was introduced, using the Moody's "ESG Credit Risk Scorecard" model, which carries out a forward-looking assessment of the impacts of ESG risks on the creditworthiness of the target companies. That monitoring showed overall performance with room for improvement over the medium/long term;
- **iREC Fund:** considering the characteristics of the investments made in the fund, i.e. non-performing loans with real estate collateral, the monitoring of the physical risk of real estate collaterals was introduced, which detected low risk profiles;
- **iSC Fund:** the fund, classified pursuant to Article 8 of the SFDR, provides for a significant *ex ante* focus on ESG factors in the investment phase, involving specialised advisors to identify (by administering customised questionnaires and analyses) the ESG profile of the target companies and, with a view to activating a process of improvement towards transition, identify a set of binding target ESG KPIs that will be periodically monitored and certified. For the purpose of second level controls, the Risk Management Department estimates, on a quarterly basis, the impact of ESG risks on the returns of the iSC Fund by stress testing the PD and LGD risk parameters using models developed internally, which stress those parameters to factor climate-related and environmental scenarios. That estimate showed a low impact of ESG factors on the total returns of the Fund.

The above risk controls were implemented by the Risk Competence Line on the quarterly monitoring and at the time of new investment operations.

It is also noted that the environmental and social characteristics and good governance practices of all of the companies held by the iSC Fund were surveyed and assessed, by directly acquiring information, while a campaign was begun to survey and collect information on the overall sustainability profile of the companies held that represent over 50% of the AuM of the iCCT and iREC Funds as at 31/12/2023. That information is collected both indirectly through info providers and directly through the administration of a specific ESG questionnaire, which was designed based on the sector.

Looking to the future, changes and developments are under way to i) set up and strengthen the set of internal ESG risk management models, ii) decide whether to include specific KRIs for each Fund, and iii) carry out checks on the quality of ESG data.

14. Recognition and awards

Recognition and awards for illimiters, thanks to the trust placed in them by investors, partners and customers in 2023.

Inspiring Company for Equity from the Libellula Foundation

In 2023 illimity was awarded the title of Inspiring Company for Equity from the Libellula Foundation. The award, given annually to businesses that distinguish themselves as a result of implementing projects to promote gender equality, is another important recognition for the Group, which specifically distinguished itself for its Reward & Development policies under Diversity, Equity & Inclusion.

European Credit Challenge

illimity was rewarded in the “NPE Market” category at the European Credit Challenge, the first European challenge dedicated to champions of the credit industry, launched by Credit Village. The award identifies national and European players in the credit industry, and identifies the best practices based on the most significant KPIs. The Bank received this award due to its exceptional results achieved on the market.

2024 Growth Leader

illimity ranked in the “Growth Leader 2024” classification developed by Il Sole 24 Ore and Statista, which recognises companies with the highest growth in revenues in the three-year period 2019-2022. The goal of the survey is to identify and promote the companies that had a continuous trend of developing their business.

Milano Finanza ESG Awards 2023

At the third annual MF ESG Awards 2023 organised by Milano Finanza and certified by Standard Ethics, illimity received the “MF ESG Special Award”, distinguishing itself in setting up innovative, advanced governance tools in the area of artificial intelligence and machine learning, in line with the highest EU and OECD standards. This award recognises the best companies that have endorsed the sustainability principles promoted by the US, OECD and the EU.

Financecommunity Awards 2023

At the ninth annual Financecommunity Awards 2023, Vanessa Colangelo, Head of Financial Securitisation & Funding Solutions of illimity, received the *Securitisation Professional of the Year* award for overseeing, in 2023, numerous securitisations of performing loans on behalf of customers operating in various sectors, specifically the financial sector.

Best Bank for Digital Solutions in Italy 2023

illimity was recognised as the “Best bank for Digital Solutions in Italy” at the Awards for Excellence – Western Europe of Euromoney. The bank demonstrated its ability to stand out within the market, due to its sound financial performance and its promotion of excellent customer service, thereby winning the award, which has been a global milestone in the banking sector for over 30 years.

Inhousecommunity Awards Italy 2023

At the eighth annual Inhousecommunity Awards Italia, illimity won three important awards. The “In-House Counsel of the Year Banks” award was granted to Giovanni Lombardi, General Counsel of illimity, due to his ability to head a sound, cohesive group that is proactive towards business. Marco Russomando, Chief HR & Organization Officer of illimity, won “Director of the Year HR” in light of the important milestones achieved by the Bank under his guidance, such as obtaining Gender Equality certification and being recognised one of the Best Workplaces Europe, as well as launching the Digital Mindset Revolution. Lastly, illimity’s Finance team was awarded as “Team of the Year”, due to its fundamental contribution to the Bank’s positioning on the market.

Best Workplace Europe 2023

illimity is a Great Place To Work® in Europe for the third year running, and one of the only two Italian companies in the Large Companies category. illimity’s welfare model was able to attract over 900 illimiters from 26 countries and 300 different companies, in just four years. This award confirms the welcoming, dynamic and innovative environment of the Bank as well as its ability to promote all illimiters.

Italy’s Best Customer Service 2023-2024

The Economy section of Corriere della Sera, in partnership with Statista, included illimity on the list of “Italy’s Best Customer Service 2023-2024”. This survey concerned five criteria: availability of the service, customer orientation, professional expertise, quality of communications and variety of solutions offered. illimity was recognised for the efficiency of its customer service, which fully meets consumers’ needs.

Fintech Legal Department of the year 2023

At the tenth annual TopLegal Corporate Counsel Awards 2023, illimity’s Legal team won “Fintech Legal Department of the year” for developing three strategic initiatives in the tech sector: the digital bank dedicated to SMEs, an online real estate sales portal and the joint venture with the Sella Group. The prize confirms the technical abilities and strategic contribution of the managers and the top management for the growth of the company.

Best ESG Reporting Awards Small Cap 2023

At the IR Magazine Award – Europe 2023, illimity’s IR & Sustainability team was awarded “Best ESG Reporting Awards Small Cap”. The Bank’s IR excellence was recognised in Europe due to the comprehensive nature and quality of its sustainability disclosure, as well as due to its ability to fulfil disclosure requests on ESG issues from investors and the market.

Best New Digital Banking Italy 2023

illimity won “Best New Digital Banking Italy 2023” at the World Economic Magazine Awards 2023. The b-ilty Division was recognised for its contribution in terms of innovation, strategy, sustainability, compliance with regulatory standards and leadership due to the comprehensive nature of its offering which, through a fully digital structure, provides a quick, personalised reply to loan applications.

2023 Sustainability Leader

illimity is among the 200 companies classified as “2023 Sustainability Leader” according to the analysis drawn up by Il Sole24Ore and Statista. This research assessed the sustainability performance of organisations, recognising illimity as a virtuous company committed to the environment and society. That commitment can be seen in the continuous process of integrating ESG issues, in order to promote constant, sustainable growth of the business.

Best Workplaces Italy 2023

illimity was ranked as one of the Best Workplaces Italy of Great Place to Work® Italy for the fourth year running, standing in fifteenth place, and the only bank in the Large Companies category. This award further consolidated the Bank’s commitment and care in creating a special working environment based on innovation, contamination, listening and promotion of all diversities.

World’s Best Banks 2023

illimity was one of the World’s Best Banks 2023 according to the ranking set up by Forbes, in partnership with Statista. Through a survey that involved 48,000 people in 32 different countries, five criteria were assessed: trust, terms and conditions, customer service, digital services and financial advisory. Due to its commitment, illimity was ranked among the 4% of banks deserving of this award.

illimity in seventh place in the FT1000 ranking: Europe’s Fastest Growing Companies 2023

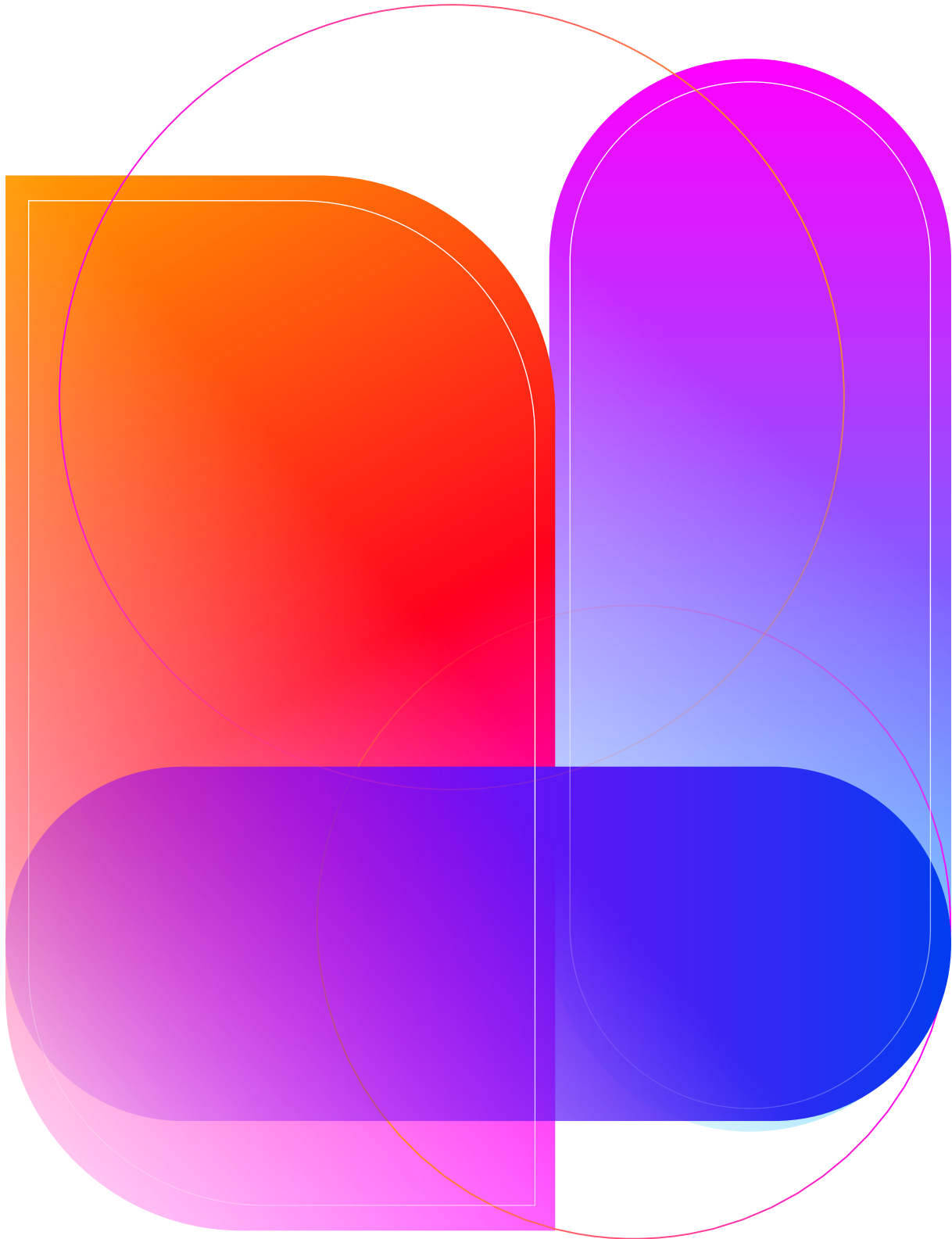
The ranking developed by The Financial Times, in partnership with Statista, which recognises the European companies with the highest growth in turnover in the three-year period 2018-2021, ranked illimity in seventh place in the *FT1000 classification: Europe’s Fastest Growing Companies 2023*. illimity is the second Italian company to appear on the list and the youngest in terms of date of establishment in the top ten places.

illimity among the top 130 climate-aware companies

illimity ranked among the 130 “Climate-Aware Companies”, a classification drawn up by Corriere della Sera, Pianeta 2030 and Statista, listing the Italian companies that showed the greatest decreases in the ratio of greenhouse gas emissions to turnover.

2023 Growth Leader

illimity is among the 500 companies classified as “2023 Growth Leader” according to the analysis conducted by Il Sole24Ore and Statista. This award was assigned based on the financial results, in terms of turnover, which grew steadily in the three-year period 2018-2021. This reward highlights the Bank’s excellent performance on the market.



Appendix

Reclassified Consolidated Income Statement (Creation of Shared Value)

Reclassification of the income statement to determine the Economic value generated and distributed.

	(Amounts in thousands)	
Voci Conto Economico	31.12.2023	31.12.2022
Item 10. Interest income and similar income	397,291	238,693
Item 20. Interest expenses and similar charges (-)	(202,729)	(74,558)
Item 40. Fee and commission income	82,248	65,701
Item 50. Fee and commission expense (net of expense for external networks - e.g. agents, financial advisors) (-)	(7,836)	(6,451)
Item 70. Dividends and similar income	45	200
Item 80. Net trading result	(459)	4,729
Item 100. Profits (losses) on disposal or repurchase of:	(855)	(467)
a) financial assets measured at amortised cost	(131)	11
b) financial assets measured at fair value through other comprehensive income	(724)	(174)
c) financial liabilities	-	(304)
Item 110. Profits (losses) on other financial assets and liabilities measured at fair value through profit or loss	7,496	8,753
a) financial assets and liabilities carried at fair value	-	-
b) financial assets and liabilities subject to mandatory measurement at fair value	7,496	8,753
Item 130. Net losses/recoveries for credit risks associated with:	65,546	48,891
a) financial assets measured at amortised cost	65,676	50,183
b) financial assets measured at fair value through other comprehensive income	(130)	(1,292)
Item 140. Profits/losses on changes in contracts without derecognition	-	-
Item 160. Net premiums	-	-
Item 170. Balance of other income/charges from insurance management	-	-
Item 230. Other operating income/expenses	60,389	27,715
Item 250. Profits (losses) on equity investments (for the portion of "gains/losses from sale")	-	-
Item 280. Profits (losses) on disposal of investments	994	266
Item 320. Net income (Loss) (+/-) from discontinued operations after taxes	-	-
A. TOTAL ECONOMIC VALUE GENERATED	402,130	313,472
Item 190.b Other administrative expenses (net of indirect taxes and donations/gifts and provisions for termination and deposit guarantees) (-)	(94,180)	(85,696)
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	(94,180)	(85,696)
Item 190.a Personnel expenses	(105,057)	(85,871)
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES, STAFF AND ASSOCIATES	(105,057)	(85,871)
Item 340. Profit (loss) for the period attributable to minority interests	586	-
ECONOMIC VALUE ASSIGNED TO THIRD PARTIES	586	-
Profit assigned to shareholders	(20,880)	(15,065)
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS	(20,880)	(15,065)
190 b) Other administrative expenses: indirect taxes and duties (-)	(10,951)	(8,715)
Item 190.b Other administrative expenses: provisions for termination and deposit guarantees (-)	(7,297)	(6,703)
Item 300. Income taxes for the year on current operations (for the portion relating to current taxes, the change in current taxes for previous years and the reduction in current taxes for the year)	(20,917)	(35,850)
ECONOMIC VALUE DISTRIBUTED TO CENTRAL AND LOCAL ADMINISTRATION	(39,165)	(51,268)
190 b) Other administrative expenses: donations and gifts (-)	(67)	(14)
Profit assigned to the charity fund	-	-

(Amounts in thousands)

Voci Conto Economico	31.12.2023	31.12.2022
ECONOMIC VALUE DISTRIBUTED TO THE COMMUNITY AND ENVIRONMENT	(67)	(14)
B. TOTAL ECONOMIC VALUE DISTRIBUTED	(258,763)	(237,914)
Item 200. Net provisions for risks and charges	(783)	(707)
a) commitments and guarantees given	(511)	(669)
b) other net provisions	(272)	(38)
Item 210. Net adjustments/recoveries on property and equipment	(9,895)	(4,201)
Item 220. Net adjustments/recoveries on intangible assets	(18,280)	(13,070)
Item 250. Profits (losses) on equity investments (for the portion of the valuation component: "write-downs/write-backs" "impairment/impairment reversals", "other expenses and income")	(3,493)	(7,633)
Item 260. Net gains/losses on the measurement at fair value of property and equipment and intangible assets	-	-
Item 270. Adjustments/recoveries of goodwill (-)	-	-
Item 300. Income taxes for the year on current operations (for the portion relating to the change in deferred tax assets and liabilities)	5,756	10,314
Profit allocated to reserves	33,152	-
C. TOTAL ECONOMIC VALUE RETAINED	143,367	75,558

EU Taxonomy Disclosure

Disclosure pursuant to Article 10 of Delegated Regulation (EU) 2021/2178, as amended.

The table below illustrates the quantitative KPIs reported for fiscal year 2023 pursuant to Article 10 of Delegated Regulation (EU) 2021/2178, supplemented by Delegated Regulation (EU) 2023/3851. The quantitative KPIs reported for fiscal year 2022 are also shown.

	Fiscal Year 2023				Fiscal Year 2022	
	KPI over Total Assets		KPI over Total Covered (GAR) Assets		KPI over Total Assets	KPI over Total Covered (GAR) Assets
Proportion of exposures to Taxonomy-eligible economic activities	Turnover 1.7%	CapEx 1.9%	Turnover 1.9%	CapEx 2.1%	Turnover 3.0%	Turnover 3.4%
Proportion of exposures to Taxonomy non-eligible economic activities	21.6% (5.3% only NFRD undertakings)	21.4% (5.1% only NFRD undertakings)	24.6% (6.1% only NFRD undertakings)	24.3% (5.8% only NFRD undertakings)	23.9%	27.0%
Proportion of exposures in derivatives not held for trading	0.3%		0.3%		0.5%	0.5%
Proportion of exposures to undertakings not subject to NFRD obligations	62.0%		70.8%		58.7%	66.2%
Proportion of on-demand inter-bank loans	2.0%		2.3%		2.6%	2.9%
Proportion of the trading book	0.4%		Not included in Total Covered (GAR) Assets		0.5%	Not included in Total Covered (GAR) Assets
Proportion of exposures to central governments, central banks and supranational issuers	12.0%		Excluded from KPI		10.8%	Excluded from KPI

The year-over-year comparison of the KPIs calculated on Turnover shows a decrease of around 1-1.5 p.p. in the proportion of Taxonomy-Eligible Exposures in economic activities, mainly attributable to the growth in the Group's Total Covered Assets (denominator) compared to a relatively stable value of Taxonomy-Eligible Exposures to undertakings subject to NFRD obligations (numerator, whose applicable composition mainly refers to large companies, which are not the core business of the Group).

In addition, for certain positions (immaterial in relation to total assets) decreases were recorded in the proportions of eligibility reported by those counterparties compared to the year prior to the reference year (i.e. 2021, based on which illimity's KPIs for 2022 were calculated).

It is also noted that the KPIs reported for fiscal year 2023, compared to those reported for the previous fiscal year - specifically the proportion of Taxonomy Eligible and Taxonomy-Non-Eligible Exposures - are calculated on the perimeter of companies subject to NFRD obligations and the loans granted to households collateralised by residential immovable properties.

Lastly, in compliance with the new Delegated Regulation 2023/3851, the eligibility of exposures is calculated in relation to all six objectives described in Article 9 of the Taxonomy Regulation. However, for fiscal year 2022, the eligible and non-eligible exposures were calculated exclusively for the objectives climate change mitigation (CCM) and climate change adaptation (CCA); therefore, the table specifies the details of the non-eligible proportion related exclusively to counterparties subject to NFRD obligations.

With regard to climate-related objectives, it is noted that, as described in the Methodological Note section of this disclosure, the eligibility of undertakings subject to NFRD obligations was calculated by considering the exact data published by these undertakings, in line with the 2022 reporting. Instead, with regards to the other environmental objectives (WTR, TCE, PPC, BIO), the exact figure was unavailable for financial and non-financial undertakings, except considering whether the economic activity of undertakings subject to NFRD obligations is included in the Delegated Acts in force on the matter.

Disclosure pursuant to Annex VI – Templates for KPIs of credit institutions of Delegated Regulation 2021/2178 et seq.

The templates set out in Annex VI of Delegated Regulation (EU) 2021/2178 and the subsequent Delegated Acts are shown below. All values shown are in thousands of euro or proportions.

Template 0: Summary of KPIs

Template 0 sets out the indicators deriving from the processing of the information contained in the subsequent mandatory reporting templates. Specifically, it sets out the total environmentally sustainable assets in relation to each KPI, the main KPI, which is the GAR (Green Asset Ratio) stock, and additional KPIs represented by the GAR flow, financial guarantees and asset under management. The GAR KPI stock and the GAR KPI flow are given by the ratio of covered assets that finance environmentally sustainable assets to total covered assets, while the KPI for financial guarantees and the KPI for asset under management are given by the ratio of the guarantees and asset under management which finance environmentally sustainable assets to total financial guarantees and asset under management, respectively. The template also requires indication, for the GAR (Green Asset Ratio) KPI stock and the GAR flow, of the proportion (%) of Assets Covered by the KPIs out of total assets of the credit institution, the proportion (%) of assets excluded from the numerator of the GAR, in compliance with that set out in Article 7, paragraphs 2 and 3, and point 1.1.2 of Annex V of the Regulation, and the proportion (%) of assets excluded from the denominator of the GAR, in compliance with the provisions of Article 7, paragraph 1 and point 1.2.4 of Annex V of the Regulation. All the above KPIs are reported through the template based on the KPIs relating to the turnover of the counterparties and based on the KPIs relating to capital expenditure.

		Total environmentally sustainable assets*	KPI (Turnover)	KPI (CapEx)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	22,777	0.4%	0.6%	87.6%	91.1%	12.4%
	<i>GAR (flow)</i>	-	-	-	0.3%	-	-
	(**)	N/A	N/A	N/A			
Additional KPIs	<i>Financial Guarantees</i>	-	-	-			
	<i>Asset Under Management</i>	-	-	-			
	(***)	N/A	N/A	N/A			

(*) The amount shown refers to the stock GAR KPI calculated on the basis of Turnover. The amount related to the total green assets feeding the KPI GAR stock on the basis of capital expenditure (CapEx) is 37,855 thousand euro

(**) N/A: Trading Book KPI shall only apply starting 2026

(*) N/A: Fees and Commissions KPI shall only apply starting 2026

Template 1: Assets for the calculation of GAR

Template 1, drawn up based on both the Turnover KPI and the CapEx KPI, constitutes the main template used to develop the reporting for the subsequent templates. Specifically, that template reports the gross carrying amounts of the covered assets in both numerator and denominator, assets excluded from the GAR calculation and off-balance sheet exposures. It also specifies the proportions of eligibility and alignment, breaking down the latter with regard to the use of proceeds, transitional activities and enabling activities. The amounts of eligibility and alignment were calculated solely in relation to the climate change mitigation (CCM) and climate change adaptation (CCA) objectives.

Template 1 (Turnover)

		a	b	c	d	e	f	g	h	i	j	ab	ac	ad	ae	af	
		Fiscal Year 2023															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					
		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					
		Of which Use of Proceeds			Of which transitional	Of which enabling	Of which Use of Proceeds			Of which transitional	Of which enabling	Of which Use of Proceeds			Of which transitional	Of which enabling	
Thousand EUR		Total [gross] carrying amount															
GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	592,376	56,313	22,777	-	550	17,514	20	-	-	-	56,333	22,777	-	550	17,514	
2	Financial undertakings	134,695	26,471	47	-	-	28	-	-	-	-	26,471	47	-	-	28	
3	Credit institutions	122,679	25,766	-	-	-	-	-	-	-	-	25,766	-	-	-	-	
4	Loans and advances	45,296	5,460	-	-	-	-	-	-	-	-	5,460	-	-	-	-	
5	Debt securities, including UoP	77,383	20,306	-	-	-	-	-	-	-	-	20,306	-	-	-	-	
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Other financial corporations	12,016	705	47	-	-	28	-	-	-	-	705	47	-	-	28	
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16	of which insurance undertakings	12,016	705	47	-	-	28	-	-	-	-	705	47	-	-	28	
17	Loans and advances	7,146	675	47	-	-	28	-	-	-	-	675	47	-	-	28	
18	Debt securities, including UoP	4,870	30	-	-	-	-	-	-	-	-	30	-	-	-	-	
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20	Non-financial undertakings	315,765	29,842	22,730	-	550	17,486	20	-	-	-	29,861	22,730	-	550	17,486	
21	Loans and advances	287,034	23,994	19,483	-	3	16,662	12	-	-	-	24,006	19,483	-	3	16,662	
22	Debt securities, including UoP	28,641	5,847	3,247	-	547	824	8	-	-	-	5,855	3,247	-	547	824	
23	Equity instruments	90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
24	Households	141,916	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
25	of which loans collateralised by residential immovable p	66,024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

	a	b	c	d	e	f	g	h	i	j	ab	ac	ad	ae	af	
	Fiscal Year 2023															
Thousand EUR	Total [gross] carrying amount	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)						
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)						
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)						
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	65,861	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	5,821,002	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Financial and Non-financial undertakings	4,587,530														
34	SMEs and NFCs (other than SMEs) not subject to NFR	3,395,547														
35	Loans and advances	3,222,284														
36	of which loans collateralised by commerci	360,978														
37	of which building renovation loans	-														
38	Debt securities	168,540														
39	Equity instruments	4,723														
40	Non-EU country counterparties not subject to NFRD d	1,191,982														
41	Loans and advances	1,185,738														
42	Debt securities	6,244														
43	Equity instruments	0,001														
44	Derivatives	21,393														
45	On demand interbank loans	147,194														
46	Cash and cash-related assets	1														
47	Other categories of assets (e.g. Goodwill, commodities etc.)	1,064,885														
48	Total GAR assets	6,479,239	56,313	22,777	-	550	17,514	20	-	-	-	56,333	22,777	-	550	17,514
49	Assets not covered for GAR calculation	914,227														
50	Central governments and Supranational issuers	520,959														
51	Central banks exposure	367,351														
52	Trading book	25,917														
53	Total assets	7,393,467	56,313	22,777	-	550	17,514	20	-	-	-	56,333	22,777	-	550	17,514
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																
54	Financial guarantees	860	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 1 (CapEx)

		a	b	c	d	e	f	g	h	i	j	ab	ac	ad	ae	af
		Fiscal Year 2023														
		Total [gross] carrying amount	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)					
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)					
Thousand EUR			Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling		
GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	592,376	70,940	37,492	-	1,047	23,531	606	363	-	-	71,545	37,855	-	1,047	23,531
2	Financial undertakings	134,695	27,176	123	-	-	8	-	-	-	-	27,176	123	-	-	8
3	Credit institutions	122,679	25,314	-	-	-	-	-	-	-	-	25,314	-	-	-	-
4	Loans and advances	45,296	5,452	-	-	-	-	-	-	-	-	5,452	-	-	-	-
5	Debt securities, including UoP	77,383	19,861	-	-	-	-	-	-	-	-	19,861	-	-	-	-
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	12,016	1,863	123	-	-	8	-	-	-	-	1,863	123	-	-	8
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	12,016	1,863	123	-	-	8	-	-	-	-	1,863	123	-	-	8
17	Loans and advances	7,146	1,580	123	-	-	8	-	-	-	-	1,580	123	-	-	8
18	Debt securities, including UoP	4,870	283	-	-	-	-	-	-	-	-	283	-	-	-	-
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Non-financial undertakings	315,765	43,764	37,369	-	1,047	23,523	606	363	-	-	44,369	37,732	-	1,047	23,523
21	Loans and advances	287,034	36,109	31,701	-	22	21,913	510	362	-	-	36,619	32,063	-	22	21,913
22	Debt securities, including UoP	28,641	7,655	5,668	-	1,026	1,610	96	1	-	-	7,750	5,668	-	1,026	1,610
23	Equity instruments	90	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Households	141,916	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable p	66,024	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

		a	b	c	d	e	f	g	h	i	j	ab	ac	ad	ae	af	
		Fiscal Year 2023															
Thousand EUR	Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					
		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					
			Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	65,861	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	5,821,002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Financial and Non-financial undertakings	4,587,530															
34	SMEs and NFCs (other than SMEs) not subject to NFR	3,395,547															
35	Loans and advances	3,222,284															
36	of which loans collateralised by commerci	360,978															
37	of which building renovation loans	-															
38	Debt securities	168,540															
39	Equity instruments	4,723															
40	Non-EU country counterparties not subject to NFRD d	1,191,982															
41	Loans and advances	1,185,738															
42	Debt securities	6,244															
43	Equity instruments	0,001															
44	Derivatives	21,393															
45	On demand interbank loans	147,194															
46	Cash and cash-related assets	1															
47	Other categories of assets (e.g. Goodwill, commodities etc.)	1,064,885															
48	Total GAR assets	6,479,239	70,940	37,492	-	1,047	23,531	606	363	-	-	71,545	37,855	-	1,047	23,531	
49	Assets not covered for GAR calculation	914,227															
50	Central governments and Supranational issuers	520,959															
51	Central banks exposure	367,351															
52	Trading book	25,917															
53	Total assets	7,393,467	70,940	37,492	-	1,047	23,531	606	363	-	-	71,545	37,855	-	1,047	23,531	
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																	
54	Financial guarantees	860	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 2: GAR – Sector information

Template 2, drawn up based on the KPI Turnover and the KPI CapEx, reports the gross carrying amounts and related proportions of alignment of the exposures in the banking book to the sectors covered by the Taxonomy (NACE sectors, 4 digits), using the pertinent NACE codes, based on the core business of non-financial undertakings subject to Directive EU 2014/95 (“NFRD”). The assignment of the NACE sector to the counterparty is based exclusively on analysing the nature of the counterparty. The data relating to the CCM and CCA objectives and their total are shown below. The data for the other 4 objectives are omitted.

Template 2 (Turnover)

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCA)	Thousand EUR	Of which environmentally sustainable (CCA)	Thousand EUR	Of which environmentally sustainable (CCM+CCA)	Thousand EUR	Of which environmentally sustainable (CCM+CCA)
a	b	c	d	e	f	g	h	y	z	aa	ab	
1	C20.14 Manufacture of other organic basic chemicals	49	0.3			-	-			49	0.3	
2	C22.11 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	36	9			-	-			36	9	
3	C26.11 Manufacture of electronic components	8	-			-	-			8	-	
4	C26.51 Manufacture of instruments and appliances for measuring, testing and navigation	520	230			-	-			520	230	
5	C27.11 Manufacture of electric motors, generators and transformers	784	682			-	-			784	682	
6	C28.92 Manufacture of machinery for mining, quarrying and construction	3,770	-			-	-			3,770	-	
7	D35.11 Production of electricity	1,346	382			-	-			1,346	382	
8	D35.12 Transmission of electricity	14,816	12,890			-	-			14,816	12,890	
9	D35.13 Distribution of electricity	12,503	2,698			-	-			12,503	2,698	
10	D35.22 Distribution of gaseous fuels through mains	451	51			-	-			451	51	
11	E36.00 Water collection, treatment and supply	1,297	372			-	-			1,297	372	
12	F41.20 Construction of residential and non-residential buildings	1,885	192			-	-			1,885	192	
13	F42.11 Construction of roads and motorways	1,002	417			-	-			1,002	417	
14	F42.12 Construction of railways and underground railways	819	341			-	-			819	341	
15	F42.91 Construction of water projects	1	0.07			-	-			1	0.07	
16	F43.21 Electrical installation	152	63			-	-			152	63	
17	F43.22 Plumbing, heat and air-conditioning installation	15	3			-	-			15	3	
18	F43.99 Other specialised construction activities n.e.c.	9,112	-			-	-			9,112	-	
19	H49.10 Passenger rail transport, interurban	487	181			-	-			487	181	
20	H49.31 Urban and suburban passenger land transport	2,520	340			-	-			2,520	340	
21	H49.50 Transport via pipeline	2,211	442			-	-			2,211	442	
22	H52.21 Service activities incidental to land transportation	188,281	788			254	-			188,535	788	
23	J61.10 Wired telecommunications activities	493	55			-	-			493	55	
24	J61.90 Other telecommunications activities	1,228	-			-	-			1,228	-	
25	J62.01 Computer programming activities	492	-			-	-			492	-	
26	J63.11 Data processing, hosting and related activities	66	-			-	-			66	-	
27	L68.20 Rental and operating of own or leased real estate	283	-			-	-			283	-	

Template 2 (CapEx)

Breakdown by sector - NACE 4 digits level (code and label)	a		b		c		d		e		f		g		h		y		z		aa		ab	
	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCM)	Thousand EUR	Of which environmentally sustainable (CCA)	Thousand EUR	Of which environmentally sustainable (CCA)	Thousand EUR	Of which environmentally sustainable (CCA)	Thousand EUR	Of which environmentally sustainable (CCA)	Thousand EUR	Of which environmentally sustainable (CCM+CCA)	Thousand EUR	Of which environmentally sustainable (CCM+CCA)	Thousand EUR	Of which environmentally sustainable (CCM+CCA)	Thousand EUR	Of which environmentally sustainable (CCM+CCA)	Thousand EUR	Of which environmentally sustainable (CCM+CCA)	Thousand EUR	Of which environmentally sustainable (CCM+CCA)
1	C20.14	Manufacture of other organic basic chemicals	49	6,9					-	-								49	6,9					
2	C22.11	Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	36	8					-	-								36	8					
3	C26.11	Manufacture of electronic components	8	-					-	-								8	-					
4	C26.51	Manufacture of instruments and appliances for measuring, testing and navigation	520	354					-	-								520	354					
5	C27.11	Manufacture of electric motors, generators and transformers	784	776					-	-								784	776					
6	C28.92	Manufacture of machinery for mining, quarrying and construction	3.770	-					-	-								3.770	-					
7	D35.11	Production of electricity	1.346	907					-	-								1.346	907					
8	D35.12	Transmission of electricity	14.816	14.668					-	-								14.816	14.668					
9	D35.13	Distribution of electricity	12.503	10.227					-	-								12.503	10.227					
10	D35.22	Distribution of gaseous fuels through mains	451	247					-	-								451	247					
11	E36.00	Water collection, treatment and supply	1.297	929					-	-								1.297	929					
12	F41.20	Construction of residential and non-residential buildings	1.885	146					-	-								1.885	146					
13	F42.11	Construction of roads and motorways	1.002	528					-	-								1.002	528					
14	F42.12	Construction of railways and underground railways	819	432					-	-								819	432					
15	F42.91	Construction of water projects	1	0,05					-	-								1	0,05					
16	F43.21	Electrical installation	152	80					-	-								152	80					
17	F43.22	Plumbing, heat and air-conditioning installation	15	10					-	-								15	10					
18	F43.99	Other specialised construction activities n.e.c.	9.112	-					-	-								9.112	-					
19	H49.10	Passenger rail transport, interurban	487	74					-	-								487	74					
20	H49.31	Urban and suburban passenger land transport	2.520	1.632					-	-								2.520	1.632					
21	H49.50	Transport via pipeline	2.211	858					-	-								2.211	858					
22	H52.21	Service activities incidental to land transportation	188.281	212					254	246								188.535	458					
23	J61.10	Wired telecommunications activities	493	270					-	-								493	270					
24	J61.90	Other telecommunications activities	1.228	-					-	-								1.228	-					
25	J62.01	Computer programming activities	492	-					-	-								492	-					
26	J63.11	Data processing, hosting and related activities	66	-					-	-								66	-					
27	L68.20	Rental and operating of own or leased real estate	283	-					-	-								283	-					

Template 3: GAR KPI (Stock)

Template 3, drawn up based on the KPI Turnover and the KPI CapEx, reports the GAR KPI on stock starting with the data reported in Template 1, out of Total Covered Assets. Specifically, the proportions of Taxonomy-eligible and Taxonomy-aligned covered assets are reported, and the proportions of Taxonomy-aligned covered assets of which the use of proceeds is known, relating to transitional and enabling activities. The template reports data which solely refers to the exposures in the scope of prudential consolidation at the date of the disclosure as of 31 December 2023.

Template 3 (CapEx)

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae	af
		Fiscal Year 2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		Of which Use of Proceeds					Of which Use of Proceeds					Of which Use of Proceeds				
		Of which transitional					Of which transitional					Of which transitional				
		Of which enabling					Of which enabling					Of which enabling				
		Proportion of total assets covered														
		%														
		%(compared to total covered assets in the denominator)														
		GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	1.1%	0.6%	-	0.02%	0.4%	0.01%	0.01%	-	-	1.1%	0.6%	-	0.02%	0.4%	8.0%
2	Financial undertakings	0.4%	0.0%	-	-	0.0%	-	-	-	-	0.4%	0.0%	-	-	0.0%	1.8%
3	Credit institutions	0.4%	-	-	-	-	-	-	-	-	0.4%	-	-	-	-	1.7%
4	Loans and advances	0.1%	-	-	-	-	-	-	-	-	0.1%	-	-	-	-	0.6%
5	Debt securities, including UoP	0.3%	-	-	-	-	-	-	-	-	0.3%	-	-	-	-	1.1%
6	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	0.03%	0.0%	-	-	0.0%	-	-	-	-	0.03%	0.0%	-	-	0.0%	0.2%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	0.03%	0.0%	-	-	0.0%	-	-	-	-	0.03%	0.0%	-	-	0.0%	0.2%
17	Loans and advances	0.02%	0.0%	-	-	0.0%	-	-	-	-	0.02%	0.0%	-	-	0.0%	0.1%
18	Debt securities, including UoP	0.0%	-	-	-	-	-	-	-	-	0.0%	-	-	-	-	0.1%
19	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Non-financial undertakings	0.7%	0.6%	-	0.02%	0.4%	0.01%	0.01%	-	-	0.7%	0.6%	-	0.02%	0.4%	4.3%
21	Loans and advances	0.6%	0.5%	-	0.0%	0.3%	0.01%	0.01%	-	-	0.6%	0.5%	-	0.0%	0.3%	3.9%
22	Debt securities, including UoP	0.1%	0.1%	-	0.02%	0.02%	0.0%	0.0%	-	-	0.1%	0.1%	-	0.02%	0.02%	0.4%
23	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
24	Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.9%
25	of which loans collateralised by residential immovable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.9%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Total GAR assets	1.1%	0.6%	-	0.02%	0.4%	0.01%	0.01%	-	-	1.1%	0.6%	-	0.02%	0.4%	87.6%

Template 4: GAR KPI (Flow)

Template 4, drawn up based on the KPI Turnover and the KPI CapEx, reports the GAR KPI on flow starting with the data reported in Template 1, out of Total Covered Assets. Specifically, the proportions of Taxonomy-eligible and Taxonomy-aligned covered assets are reported, and the proportions of Taxonomy-aligned covered assets of which the use of proceeds is known, relating to transitional and enabling activities. The template reports data which solely refers to the exposures that entered into the scope of prudential consolidation at a date prior to the reference date of the disclosure (flow relating only to the fiscal year 2023).

Template 4 (CapEx)

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae	af	
		Fiscal Year 2023															
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)							
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total assets covered			
%		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)							
		Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling					
GAR - Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HIT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3%
2	Financial undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-		-	-	-		-	-	-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-		-	-	-		-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-		-	-	-		-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-		-	-	-		-	-	-	-	-
20	Non-financial undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-		-	-	-		-	-	-	-	-
24	Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3%
25	of which loans collateralised by residential immovable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-		-	-	-		-	-	-	-	-
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Total GAR assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3%

Template 5: KPI off-balance sheet exposures

Template 5 reports the indicators of off-balance sheet exposures (financial guarantees and asset under management), calculated starting with the data reported in Template 1. Specifically, the proportions of Taxonomy-eligible and Taxonomy-aligned covered assets are reported, and the proportions of Taxonomy-aligned covered assets of which the use of proceeds is known, relating to transitional activities and relating to enabling activities. The template is reported based on the KPI Turnover and the KPI CapEx, in addition to being drawn up to report the stock and flows of off-balance sheet exposures.

Template 5 (Turnover, Stock)

	a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae
	Fiscal Year 2023													
	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
	Of which of Proceeds	Use Of which transitional	Of which enabling		Of which of Proceeds	Use Of which transitional	Of which enabling		Of which of Proceeds	Use Of which transitional	Of which enabling			
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 5 (Turnover, Flow)

	a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae
	Fiscal Year 2023													
	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
	Of which of Proceeds	Use Of which transitional	Of which enabling		Of which of Proceeds	Use Of which transitional	Of which enabling		Of which of Proceeds	Use Of which transitional	Of which enabling			
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 5 (CapEx, Stock)

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae
		Fiscal Year 2023													
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
% (compared to total eligible off-balance sheet assets)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
		Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling		
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 5 (CapEx, Flow)

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae
		Fiscal Year 2023													
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
% (compared to total eligible off-balance sheet assets)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
		Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling	Of which Use of Proceeds		Of which transitional	Of which enabling		
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Disclosure pursuant to Annex XII – Nuclear and fossil gas related activities of Delegated Regulation (EU) 2022/1214

The following are the templates provided by Annex XII of Delegated Regulation (EU) 2022/1214. All the values reported are in thousands of Euros or expressed as a proportion.

Template 1: Nuclear and fossil gas related activities

Nuclear energy related activities		
1	Funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	NO
2	Funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	NO
3	Funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	NO
Fossil gas related activities		
4	Funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	YES
5	Funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels	YES
6	Funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	YES

Template 2: Taxonomy-aligned economic activities (denominator)

Economic activities	Amount and Percentage - Turnover based						Amount and Percentage - CapEx based					
	CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
2 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
3 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
4 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
5 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
6 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
7 Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	22,777	2.0%	22,777	3.8%	-	-	37,855	3.4%	37,492	6.3%	363	0.1%
8 Total applicable KPI	1,128,419	100.0%	592,356	100.0%	536,063	100.0%	1,113,207	100.0%	591,770	100.0%	521,436	100.0%

Template 3: Taxonomy-aligned economic activities (numerator)

Economic activities	Amount and Percentage - Turnover based						Amount and Percentage - CapEx based					
	CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
2 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
3 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
4 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
5 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
6 Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
7 Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	22,777	100.0%	22,777	100.0%	-	-	37,855	100.0%	37,492	100.0%	363	100.0%
8 Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	22,777	100.0%	22,777	100.0%	-	-	37,855	100.0%	37,492	100.0%	363	100.0%

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities

Economic activities	Amount and Percentage - Turnover based						Amount and Percentage - CapEx based					
	CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		CCM+CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
2 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
3 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
4 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	805	2.4%	805	2.4%	-	-	357	1.1%	357	1.1%	-	-
5 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	163	0.5%	163	0.5%	-	-	30	0.1%	30	0.1%	-	-
6 Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	0.01%	3	0.01%	-	-	2	0.0%	2	0.005%	-	-
7 Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	32,585	97.1%	32,565	97.1%	20	100.0%	33,301	98.8%	33,058	98.8%	243	100.0%
8 Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	33,555	100.0%	33,535	100.0%	20	100.0%	33,690	100.0%	33,447	100.0%	243	100.0%

Template 5: Taxonomy non-eligible economic activities

Economic Activities		Turnover		Capex	
		Amount	Percentage	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	15,921	0.2%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	6,422,907	100.0%	6,391,773	99.8%
8	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	6,422,907	100.0%	6,407,694	100.0%

Index of Indicators

GRI Content Index

The following table shows, in accordance with the GRI Standards according to the in accordance with option, the performance indicators.

GRI Standard	Disclosure	Page number	Notes
GRI 2 General Disclosure			
The organization and its reporting practices			
2-1	Organizational details	10, 11	
2-2	Entities included in the organization's sustainability reporting	10	
2-3	Reporting period, frequency and contact point	44	
2-4	Restatements of information	44	
2-5	External assurance	44	
Activities and workers			
2-6	Activities, value chain and other business relationships	10, 11, 115	
2-7	Employees	78	
2-8	Worker who are not employees	78	
Governance			
2-9	Governance and structure and composition	28	
2-10	Nomination and selection of the highest governance body	24	
2-11	Chair of the highest governance body	28	
2-12	Role of the highest governance body in overseeing the management of impacts	30	
2-13	Delegation of responsibility for managing impacts	30	
2-14	Role of the highest governance body in sustainability reporting	30	
2-15	Conflicts of interest	51	
2-16	Communication of critical concerns	60	
2-17	Collective knowledge of the highest governance body	24, 84	
2-18	Evaluation of the performance of the highest governance body	31	
2-19	Remuneration policies	88	
2-20	Process to determine remuneration	88	
2-21	Annual total compensation ratio	97	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	6	
2-23	Policy commitments	18	
2-24	Embedding policy commitments	53	
2-25	Processes to remediate negative impacts	33	
2-26	Mechanisms for seeking advice and raising concerns	60	
2-27	Compliance with laws and regulations	-	In 2023 there were no significant cases of non-compliance with laws and regulations.
2-28	Membership associations	19	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	45, 47	
2-30	Collective bargaining agreements	78	
Disclosures on material topics			
3-1	Process to determine material topics	47	
3-2	List of material topics	48	

GRI Standard	Disclosure	Page number	Notes
Material topic: Robustness and creation of shared value			
GRI 3: Management approach			
3-3	Management of material topics	102	
GRI 201: Economic performance 2016			
201-1	Direct economic value generated and distributed	103	
Material topic: Integrity in company conduct			
GRI 3: Management approach			
3-3	Management of material topics	50	
GRI 205: Anti-corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	55	
205-3	Confirmed incidents of corruption and actions taken	56	
GRI 206: Anti-competitive Behaviour 2016			
206-1	Legal action for anti-competitive behaviour, anti-trust and monopoly practices	-	No lawsuits for anticompetitive behaviour, antitrust, and monopolistic practices occurred in 2023.
GRI 419: Socioeconomic compliance 2016			
419-1	Non-compliance with laws and regulations in the social and economic area	-	In 2023 there were no cases of non-compliance with social and economic laws and regulations.
Material topic: Environmental impacts and climate-related challenges			
GRI 3: Management approach			
3-3	Management of material topics	134	
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	136	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	136	
GRI 305: Emissions 2016			
305-1	Direct GHG emissions (Scope 1)	138	
305-2	Energy indirect (Scope 2) GHG emissions	138	
305-3	Other indirect GHG emissions (Scope 3)	139	
305-4	GHG emissions intensity	138	
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	142	
306-2	Management of significant waste-related impacts	142	
306-3	Waste generated	142	
Material topic: Empowerment, engagement and well-being of illimiters			
GRI 3: Management approach			
3-3	Management of material topics	78	
GRI 403: Occupational health and safety 2018			
403-1	Occupational health and safety management system	92	
403-2	Hazard identification, risk assessment, and incident investigation	92	
403-3	Occupational health services	92	
403-4	Worker participation, consultation, and communication on	92	
403-5	occupational health and safety	92	
403-6	Worker training on occupational health and safety	92	
403-7	Promotion of worker health	92	
403-9	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	92	
GRI 404: Training and education 2016			
404-1	Average hours of training per year	87	
404-3	Percentage of employees receiving regular performance and career development reviews	81	
Material topic: Diversity, Equity and Inclusion in the company			

GRI Standard	Disclosure	Page number	Notes
GRI 3: Management approach			
3-3	Management of material topics	94	
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	97	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	80	
401-3	Parental leave	91	
GRI 405: Diversity and equal opportunity 2016			
405-1	Diversity of governance bodies and employees	95	
405-2	Ratio of basic salary and remuneration of women to men	96	
Material topic: Safeguarding of human rights			
GRI 3: Management approach			
3-3	Management of material topics	54	
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	54	
Material topic: Customer Satisfaction			
GRI 3: Management approach			
3-3	Management of material topics	111	
GRI 417: Marketing and labelling 2016			
417-2	Incidents of non-compliance concerning product and service information and labelling	112	
417-3	Incidents of non-compliance concerning marketing communications	112	
Material topic: Cybersecurity and Data Protection			
GRI 3: Management approach			
3-3	Management of material topics	68	
GRI 418: Customer privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	73	
Material topic: Support to entrepreneurs and financial inclusion			
GRI 3: Management approach			
3-3	Management of material topics	125	
Material topic: Sustainable finance			
GRI 3: Management approach			
3-3	Management of material topics	120	
Material topic: Innovation			
GRI 3: Management approach			
3-3	Management of material topics	64	
Material topic: Value chain and business relationships			
GRI 3: Management approach			
3-3	Management of material topics	114	
Material topic: Transparent communication and company reputation			
GRI 3: Management approach			
3-3	Management of material topics	111	
GRI 417: Marketing and labelling 2016			
417-1	Requirements for product and service information and labelling	111	

Additional indicators

Indicators	Page numbers	Notes
Material topic: Robustness and creation of shared value		
Total Assets	102	
Net Income	102	
CET1 Ratio	102	
Liquid Assets	102	
Gross Organic NPE Ratio	102	
Material topic: Diversity, Equity and Inclusion in the company		
Average remuneration of the Top Management to average employee remuneration	97	
Percentage of welfare out of the average Gross Annual Salary	91	
Percentage of welfare out of the average RAL		
Service level - Capacity to respond to calls	112	
30" service level - Capacity to respond to calls within a certain time	112	
NPS - Net Promoter Score	112	
Cookie Policy	73	
Material topic: Transparent communication and company reputation		
Net Sentiment Score	112	
Material topic: Cyber Security and Data Protection		
Number of serious IT security incidents out of the total of IT security incidents reported	71	
Percentage of software covered by security application checks in the process to manage application vulnerability	71	
Percentage of vulnerabilities resolved, identified by the new Vulnerability Management process	71	
Material topic: Sustainable finance		
Collaborative Agreement Index	107	
Time to solve	107	
Material topic: Innovation		
Digital communication out of total customer communication	64	
End-to-end digital onboarding of consumer customers	64	
Active consumer customers (at least one login a month)	64	
Proprietary cloud banking systems	64	
Customers using PSD2/Open Banking functionalities	64	
Employees who have the resources to do remote working	64	
Logins from apps vs desktops	64	

SASB Index

The Sustainability Accounting Standards Board (SASB) standard reported in this document refers to sector standard “Commercial Banks” (SASB code FN-CB), “Asset Management & Custody Services” (SASB code FN-AC) and “Consumer Finance” (SASB code FN-CF). All indicators that are part of the sectors mentioned have been considered and evaluated. Those deemed relevant for illimity’s business were reported in the SASB Indicator Index.





TOPIC	ACCOUNTING METRIC	OUR DISCLOSURE	SASB CODE	NOTES
COMMERCIAL BANKS				
Data Security	(1) Number of data breaches, (2) Percentage involving personally identifiable information (PII), (3) Number of account holders affected.	2023 Sustainability Report: “Cybersecurity”, pages 68-72	FN-CB-230a.1	
	Description of approach to identifying and addressing data security risks.	2023 Sustainability Report: “Cybersecurity” & “Data management and protection”, pages 68-73. ICT Security Policy Policy Privacy	FN-CB-230a.2	
Incorporation of Environmental, Social and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis.	2023 Sustainability Report: “Risk management and ESG Risk”, pages 32-43. “Integration of environmental and social factors into investment opportunities”, pages 120-124. Consolidated Credit Procedure	FN-CB-410a.2	
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations.	2023 Sustainability Report: “Corruption, money laundering and financial sanctions”, pages 54-58.	FN-CB-510a.1	During the year 2023 illimity did not receive any legal action or sanctions
	Description of whistleblower policies and procedures.	2023 Sustainability Report: Whistleblowing, pagina 60-61. Policy Whistleblowing	FN-CB-510a.2	
Systemic Risk Management	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities.	2023 Sustainability Report: “Risk management and ESG Risk”, pages 32-43. “Integration of environmental and social factors into investment opportunities”, pages 120-124. Consolidated Credit Procedure	FN-CB-550a.2	

TOPIC	ACCOUNTING METRIC	OUR DISCLOSURE	SASB CODE	NOTES
ASSET MANAGEMENT & CUSTODY SERVICES				
Transparent Information & Fair Advice for Customer	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers.	2023 Sustainability Report: “The relationship with retail customers”, pages 111-113. Policy Transparency Fairness with Customers	FN-AC-270a.2	During the year 2023 illimity did not receive any legal action
	Description of approach to informing customers about products and services.	2023 Sustainability Report: “The relationship with retail customers”, pages 111-113. Policy Transparency Fairness with Customers	FN-AC-270a.3	
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	2023 Sustainability Report: “Empowerment, involvement and well-being of illimiters” pages 78-93; “Diversity, Equity and Inclusion”, pages 94-99.	FN-AC-330a.1	
Incorporation of Environmental, Social and Governance Factors in Investment Management & Advisory	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies.	2023 Sustainability Report: “Sustainable Finance”, pages 120-127. Consolidated Credit Procedure illimity SGR – ESG Investment Policy	FN-AC-410a.2	95% of the employees have Italian nationality, the remaining 5% have origins from Africa, Central America, Eurasia and South America.
	Description of proxy voting and investee engagement policies and procedures.	2023 Sustainability Report: “Engagement with the financial community”, pages 104-105. Engagement Policy	FN-AC-410a.3	
CONSUMER FINANCE				
Customer Privacy	Number of account holders whose information is used for secondary purposes.	2023 Sustainability Report: “Data management and protection”, pages 72-73. ICT Security Policy Policy Privacy	FN-CF-220a.1	
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy.	2023 Sustainability Report: “Data management and protection”, pages 72-73. ICT Security Policy Policy Privacy	FN-CF-220a.2	During the year 2023 illimity recorded no losses for legal proceedings in the field of privacy

Bridging table of UN Global Compact and Task Force on Climate-Related Disclosure

UN Global Compact Principles

The following table show, for each Principle, where to find within the document the main activities and management methods linked to them, as well as the GRI Standards reported.

Scope	Principles	Page reference
Human Rights		
 HUMAN RIGHTS	Principle I. Businesses should support and respect the protection of internationally proclaimed human rights.	54
	Principle II. Make sure that they are not complicit in human rights abuses.	54
Labour		
 LABOUR	Principle III. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	54
	Principle IV. The elimination of all forms of forced and compulsory labour.	54
	Principle V. The effective abolition of child labour.	54
	Principle VI. The elimination of discrimination in respect of employment and occupation.	54
Environment		
 ENVIRONMENT	Principle VII. Businesses should support a precautionary approach to environmental challenges.	120-127
	Principle VIII. Undertake initiatives to promote greater environmental responsibility.	120-127
	Principle IX. Encourage the development and diffusion of environmentally friendly technologies	120-127
Anti-corruption		
 ANTI-CORRUPTION	Principle X. Businesses should work against corruption in all its forms, including extortion and bribery.	54-57

Task Force on Climate-Related Financial Disclosures (TCFD)

Since its inception, the illimity Group has placed specific attention on environmental issues, in order to align with the commitments established in the UN Agenda 2030 and the Paris Agreement.

More specifically, starting from 2020, the Bank concentrated its efforts on **integrating ESG factors into overall risk management**, by integrating environmental risks to the RAF-RAS and defining a roadmap to enhance the risk control process from an ESG approach.

Those efforts continued over the years through the CRO's continuous collaboration with the Bank's Sustainability Team and Business Structures. It will continue with the update of the 2024 RAF by introducing new Key Performance Indicator and Key Risk Indicator and the related **Risk Appetite/Tolerance thresholds**, in order to strengthen the monitoring of ESG risks, with a greater focus at the level of individual business areas/operational areas.

In order to ensure greater alignment of the reporting of Group's commitments on climate-environmental issues with international best practices, since last year illimity has introduced initial reporting, through the reconciliation table below, aligned with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). The table is useful to identify, within the document, the information on climate environmental issues in line with the recommendations of the TCFD.

TCFD Pillar	TCFD Recommendations	Reference page
Governance	a) Describe the board's oversight of climate-related risks and opportunities	30-31
	b) Describe management's role in assessing and managing climate-related risks and opportunities	30-31
Strategy	a) Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term	32-43
	b) Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning	32-43
	c) Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	32-43
Risk management	a) Describe the company's processes for identifying and assessing climate-related risks	143-147
	b) Describe the company's processes for managing climate-related risks	143-147
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management	143-147
Metrics and Targets	a) Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process	143-147
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	137-141
	c) Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets	21-23



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of
illimity Bank S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5.1.g) of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2023 consolidated non-financial statement of the *illimity Bank Group* (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 8 March 2024 (the "consolidated non-financial statement").

Our procedures did not cover the information set out in section 12 "The European Taxonomy environmentally sustainable activities" and in appendix "EU Taxonomy Disclosure" of the consolidated non-financial statement required by article 8 of Regulation (EU) 852 of 18 June 2020.

Responsibilities of the directors and the Audit Internal Control Committee ("Comitato di Controllo sulla Gestione") of illimity Bank S.p.A. (the "parent") for the consolidated non-financial statement

The parent's directors are responsible for the preparation of a consolidated non-financial statement in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of a consolidated non-financial statement that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the consolidated non-financial statement, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

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The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the consolidated non-financial statement, the group's policies and the identification and management of the risks generated or borne.

The *Comitato di Controllo sulla Gestione* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. During the year covered by this report, our company applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the consolidated non-financial statement with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the consolidated non-financial statement is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the consolidated non-financial statement are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the consolidated non-financial statement, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the consolidated non-financial statement, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the consolidated non-financial statement with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
 - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;



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- the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
- the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the consolidated non-financial statement and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the consolidated non-financial statement.

Specifically, we held interviews and discussions with the parent's management personnel. We also performed limited procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the consolidated non-financial statement.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent and subsidiaries level:
 - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the consolidated non-financial statement and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
 - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited illimity Bank S.p.A., which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to meet its management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2023 consolidated non-financial statement of the illimity Bank Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

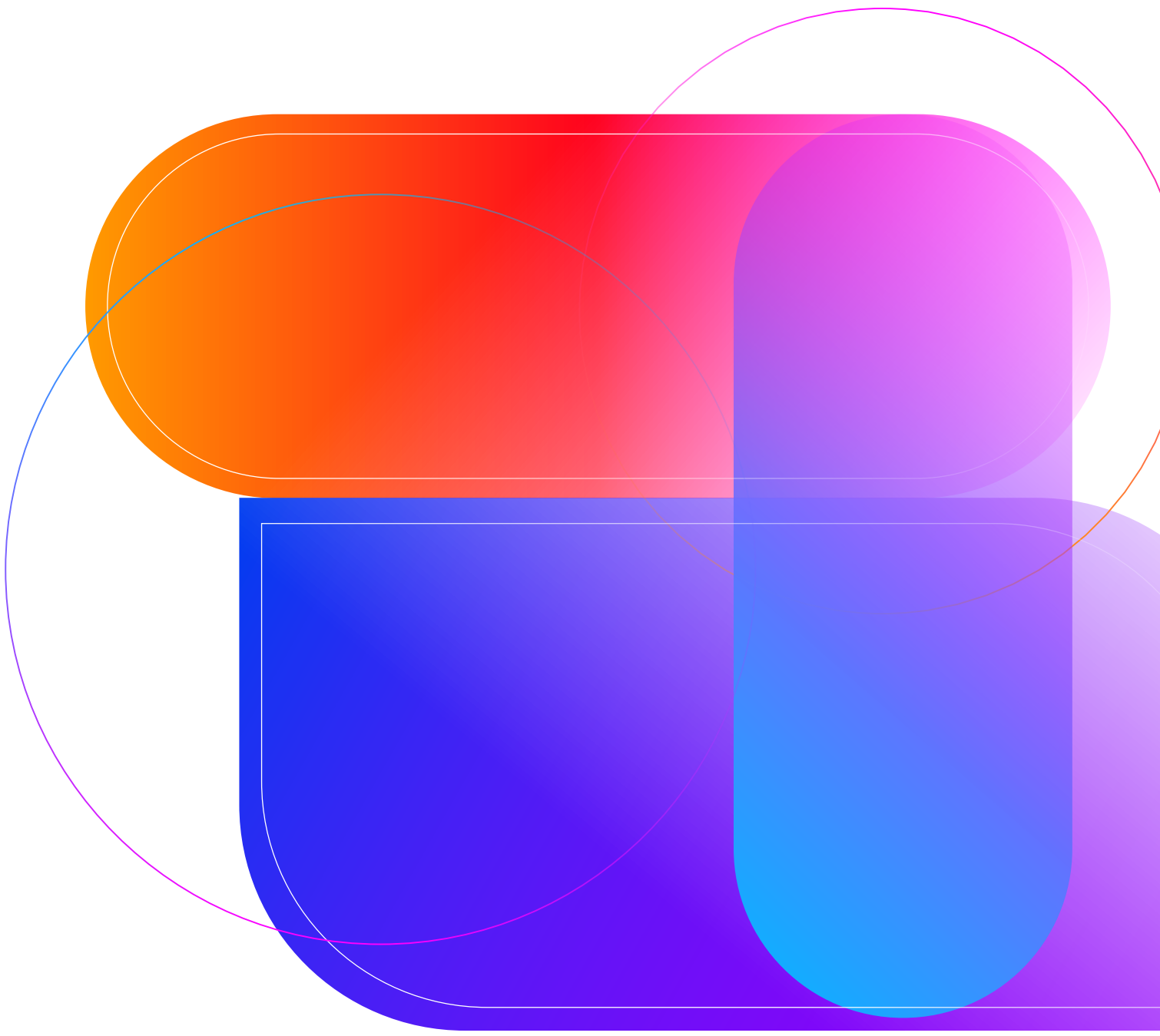
Our conclusion does not extend to the information set out in section 12 "The European Taxonomy environmentally sustainable activities" and in appendix "EU Taxonomy Disclosure" of the consolidated non-financial statement required by article 8 of Regulation (EU) 852 of 18 June 2020.

Milan, 19 March 2024

KPMG S.p.A.

(signed on the original)

Grazia Calandra
Director of Audit



We would like to thank everyone who helped contribute to the 2023 Consolidated Non-Financial Statement of Gruppo illimity Bank S.p.A.

For further information on sustainability activities: www.illimity.com/en/sustainability

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illimity Bank S.p.A.

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Representative of the “illimity” VAT group, VAT number 12020720962

Bankers' Association Code 03395 – A member of the Interbank Fund for the Protection of Deposits

A registered bank no. 5710 - A Parent Company of the Gruppo illimity Bank S.p.A. A registered Banking Group no. 245

