

**Consolidated
Credit Procedure**

ABSTRACT



1 PURPOSE AND SCOPE OF APPLICATION

The aim of this procedure is to establish and govern the activities and relative processes of the credit activity of the Growth Credit, Distressed Credit and b-ilty Divisions and the Bank's key businesses, identifying and describing activities, roles and responsibilities of each Structure belonging to the Divisions for which risks, control points and any key performance indicators monitoring these have been assigned.

The procedure addresses the need to govern the activities of the Growth Credit, Distressed Credit and b-ilty Divisions in accordance with the strategic lines and overall legislative framework that governs banking activity, with particular reference to the provisions promulgated by the Supervisory Authority, with the aim of establishing the organisational and procedural rules that monitor the structure, the methodological decisions and the various credit risk management and control activities.

In addition, this procedure is incorporated in the tools, activities and controls set up by the various players involved in the process of establishing whether the guarantees given with respect to the calculation of the capital requirements have been satisfied.

Reference should be made to internal anti-money laundering policy and regulations for details of the activities and documentation needed to perform the verifications required by anti-money laundering legislation.

This procedure is adopted in compliance with the principles of transparency, objectivity and traceability of the activities provided by Legislative Decree no. 231/2001 as amended and contained in the Organisation, Management and Control Model adopted by the Bank.

The activities envisaged by this procedure are managed in compliance with the applicable legislative framework and considered to form part of the overall set of business rules and regulations.

The guidelines described in this document are applicable to all the entities of the illimity Banking Group subject to the management and coordination of the Parent Company illimity Bank S.p.A. for the parts of respective competence and depending on the nature of the activity performed by each individual subsidiary. Group companies are accordingly required to incorporate these guidelines into their internal rules and regulations and when necessary revise them in accordance with the Parent Company's indications.

The identification of the competent decision-making body for updating the Procedure is established on each single occasion by the Chief Human Resources & Organization Structure on the basis of the owner of the rules and regulations and, as necessary, after obtaining the opinion of the General Counsel, on the basis of the significance of the intervention and taking into consideration any external regulatory/legislative requirements.

In addition, in order to facilitate and simplify the reading of the document that follows, the Bank has prepared the following summary of the abbreviations used which indicate the Owner-Structures of the phases of the process described herein.

Abbreviations and Structures of Reference	
BO&CS	Business Operations & Credit Support
CMO	Credit Middle Office
O,CM&NPE	Operations, Credit Monitoring & NPE

ABSTRACT

2 GOVERNANCE OF CREDIT ACTIVITY

Credit activity is governed and directed through the Bank's guidelines as established by the Board of Directors during the periodic preparation of the Business Plan.

In accordance with the overall regulatory framework of reference, the aim of the strategic guidelines for the credit activity of the Growth Credit, Distressed Credit and b-ilty business Divisions is to determine the organisational and procedural rules governing the structure, the methodological decisions and the various phases and activities of assuming, managing and controlling credit risk¹ and the other key risks involved in lending activities.

As part of the Bank's operations, a fundamental role in the management and control of credit risk is performed by the Corporate Bodies which ensure appropriate oversight of credit risk, each for its own field of responsibility, identifying the strategic orientations, establishing the organisational framework and the roles and responsibilities of the business Structures involved in the processes and continuously ensuring their efficiency and effectiveness.

The oversight and governance of the issues relating to credit ensured by the Corporate Bodies is reflected in the Bank's organisational structure, which in addition to business controls identifies key Structures having central responsibility, such as:

- the Chief Lending Officer;
- the Chief Financial Officer;
- the Chief Risk Officer;
- the Chief Compliance & AFC Officer;
- Internal Audit.

With a suitable level of autonomy and in accordance with the respective business missions these Structures ensure that the activities of the business Structures are supported and that the control activities are performed.

2.1 DEFINITION OF THE STRATEGIC GUIDELINES

2.1.1 Strategic guidelines of the Growth Credit Division

First and foremost the objective of the Growth Credit Division is to provide financial support to businesses, mainly of an industrial nature, characterised by coherent and sustainable development and/or revival projects, by providing a range of complete products.

In this respect the Growth Credit Division sets itself the aim of serving companies, generally medium-sized, having a credit standing that may not necessarily be high but which are characterised by good business potential which, due to the complexity of the operations to be financed or the existing financial difficulties, call for a specialist approach to support business growth programmes or plans for the rebalancing and revival of business activities. In addition, the Division may invest in listed financial instruments (bonds) or in performing medium-long term loans issued by/dispensed to legal entities belonging to Italian corporate groups and/or traded on the secondary market by specialised dealers.

The activity of the Growth Credit Division therefore mainly consists in structuring detailed financing operations to satisfy the counterparty's complex needs by directly supporting corporate customers and, if appropriate, also resorting to the purchase of receivable loans from third party banks, mostly at a discount, for turnaround operations. To this end the Bank provides every type of product, focusing, as far as the needs of working capital financing are concerned, on factoring as an instrument.

Given the target customers, the type and the extent of the intervention that comprises the core business, an in-depth feasibility study of the risk profiles of the individual operation is essential, whose profitability must be

¹ Cf. Bank of Italy, 17 December 2013, Supervisory Provisions for banks, Circular 285, revision no.24, Part I, Title IV, Chapter 3, Annex A: "The whole process of managing credit and counterparty risk (...) must be included in internal regulations and periodically submitted for review. In establishing the criteria for providing credit, the internal regulations must ensure that the diversification of the various portfolios exposed to credit risk is consistent with the bank's market objectives and overall strategy".

consistent with the levels of risk assumed, on average higher than those characterising the banking activity carried out by the more traditional brokers.

In light of the above, and in line with the EBA Guidelines², the guidelines for credit activity are set out as follows.

- **Identify investment opportunities consistent with corporate strategies by performing an in-depth analysis and obtaining an understanding and knowledge of the potential counterparty's core business, in order to identify its needs, risk profiles and connected creditworthiness, in accordance with best market practice.**
- **Base the criteria for assessing the counterparty both on an analysis of the customer's historical data (e.g. financial statements of recent years, ratings, etc.) and on items of a future nature (forward-looking or cash-flow based approach), also by formulating scenarios that permit an assessment of the possible future evolution of the company's business and, as a result, its future repayment capacity.**
- **The criteria for assessing the counterparty must take into account business expectations concerning the question of the reputation of the sponsors of the initiative and the social sustainability of the funded operations.**
- **Base the monitoring and mitigation of the risk on an expected approach, leveraging not only on traditional control tools (e.g. early warning systems, financial information, data banks, etc.), essential for timely recognition of emerging anomalies, but also on the processing of updated forecasts on the development of the customer's operations and the expected dynamics of the reference market.**
- **Identify the means by which corporate objectives are to be achieved, especially with reference to those of an earnings nature, consistent with the need to mitigate and control the Bank's risks.**

As mentioned earlier, one of the factors qualifying the Bank's lending activity is represented by the Tutor, a figure engaged to provide specialist support in analysing financing operations.

In this respect Tutors are professionals with mainly an industrial background and profound knowledge of the sector, this enabling the Bank to approach the market backed by specialist know-how in various industrial businesses. The Tutor supports the Bank in planning financing operations, identified on the basis of an effective understanding of the customer's situation, the market in which it operates and key elements useful for directing the financial support provided to the counterparty in a consistent manner.

2.1.2 Strategic guidelines of the Distressed Credit Division

The objective of the Distressed Credit Division is to assess the purchase and enhance its value by using recovery strategies for non-performing loans – in the bad loans and unlikely to pay loans categories (hereinafter distressed credit) – mainly focusing on secured and unsecured corporate portfolios, leveraging on a cost of funding that is competitive compared to the majority of market players and on the distinctive skills of illimity management gained in the recovery of non-performing loans sector.

Alongside the activity of acquiring and managing non-performing loans, the Distressed Credit Division may make loans, also by subscribing to senior notes, to selected players involved, in turn, in the acquisition of bad bank loans and/or directly in relation to debtors under management, putting the expertise acquired in the value enhancement and management of non-performing loans at the service of the disbursement of such loans. In addition, it can make investments (both direct and by way of senior financing) in claims (civil disputes), or disputes whose origin lies in the request by the entity entrusted with the construction of works for compensation/price adjustments by the contractor body/company. In addition, the Distressed Credit Division monitors the relative judicial status and updates recovery estimates.

The operations of the Distressed Credit Division may also use outsourced servicing platforms to support the initial valuation of the investments in distressed credit, manage, in the post-closing phase, the preparations for the onboarding phase and establish investment management strategies. This approach enables the Distressed Credit Division to maximise the use of productive capacity, achieve economies of scale and

² Cf. EBA/GL/2020/06 - *Guidelines on loan origination and monitoring* – The Guidelines require entities to establish their policies and procedures for credit risk, the criteria for identifying, assessing, approving, monitoring, reporting and mitigating credit risk and the criteria for measuring value adjustments for both accounting and capital adequacy purposes.

maximise the profitability of the investments through the use of efficient and capillary strategies for recovery and/or the granting of new funding for better credit recovery.

Investment in distressed credit leads both to direct management of the assets and customers acquired and to indirect management through the full subscription to the securities issued by the Special Purpose Vehicles, through which the purchases of distressed credit portfolios are carried out.

2.1.3 Strategic guidelines of the b-ilty Division

The aim of the b-ilty Division is to manage the channel for business customers by way of an innovative offer of products and credit, insurance and VAS (Value Added Services) transaction services provided to small and medium-sized businesses that satisfy certain basic requirements for being applicable for the offer, by creating an evolved and digital credit model.

The operations of the b-ilty Division are based on a hybrid origination model accordingly on a digital platform and on the human relation that leverages on the following sales channels:

- Relationship Managers in the Bank whose purpose is to manage customer relationships and seek new potential leads in the SME market;
- Mediators and other parties qualified to make the offer outside the Bank with whom the Division works as intermediaries between the Bank and the small and medium-sized company market. These figures are distinguished for the need to adhere to a principle of operating autonomy with respect to the parties involved (customer and Bank). With respect to these figures, the Bank undertakes to guarantee the legislative compliance of the distribution processes set up with the individual parties, as well as compliance with the obligations for which they are responsible pursuant to the relevant supervisory discipline applicable at the time.

2.1.4 Strategic guidelines of the Investment Banking Division

The Investment Banking Division is responsible for establishing and carrying out capital markets activities (in both the equity and debt sectors with reference to corporate customers), derivatives trading on its own behalf and on behalf of third parties and the structuring of funding and capital optimisation operations for corporate/financial customers and in support of the Bank's other structures.

2.1.5 Assessment of environmental, social and governance (ESG) factors

The phase of assessing the investment opportunities identified by the various business Structures of the Growth Credit, Distressed Credit and b-ilty Divisions, which include the originated credit (performing) as well as that acquired on the secondary market, with the sole exception of (non-organic) credit classified as bad loans and acquired non-performing credit portfolios, envisages, in accordance with the sustainability guidelines formalised in the Group's Strategic Plan, an assessment of the ESG factors and of the risks connected with these in respect of "corporate" customers.

In consideration of the expected legislative developments on the issue (e.g. the full application of the European Union guidelines on the climate-related risks), on the basis of which it will be possible to establish an even more holistic approach in the policies and procedures relating to credit risk, the Bank has adopted a model for measuring the ESG risks of the company to be financed (at "customer level"), with particular emphasis given to environmental risks and the impact of climate change, by acquiring ESG granular information and scores relating to the counterparty obtained through primary third-party providers that are reliable at a national level.

This sustainability information and these ESG scores are requested to the customer directly (via a ESG questionnaire), also through third-party providers, at the preliminary information gathering phase on the basis of the status of the negotiations and the direct relations with the debtor. If the assessments of the counterparty lead to scores below the tolerance threshold established by the applicable RAF (Risk Appetite Framework) – with the CRO determining when such threshold is exceeded and with reference to the overall ESG score – the feasibility of the operation is subject to the submission of an action plan (i.e. ESG commitments and objectives for improvement), established and agreed with the financed counterparty and aimed at – in a reasonable time horizon – implementing the measures that must be taken to suitably address the weaknesses found. In this case, a monitoring and reporting process will be set in process for the implementation of the action plan and the relative effect on the ESG score, to be reported to the Decision-Making Bodies with a frequency depending on the duration of the plan.

In exceptional cases, for companies for which an ESG score is not obtained through the direct questioning of the customer (via a completed ESG questionnaire) or from an info provider, the Structure requests the support of the Risk Strategy & Group Control Area to carry out a desk analysis of the ESG profile with respect to the actual business model and that of the sector to which the businesses belong.

More specifically, the Bank may consider obtaining information relating to:

- the characteristics of the relative economic sector and the consistency of the current and future technological profiles of the company with respect to the processes of transition to a “low carbon economy”;
- the presence and value enhancement of items connected with the developments of the circular economy;
- ISO certifications (e.g. certifying the adoption of an environmental or social management system);
- other important information obtainable from the counterparty’s Non-Financial Statement, if available;
- the potential reputational effects connected with the ESG profiles identified.

In the case of loans secured on collateral, the impact of the related climate and environmental risks is taken into account during the loan-granting and monitoring phase, with particular reference to the physical risks that may affect the value of the security. For securities:

- referring to loans or operations qualifying as Significant Operations (OMR – *Operazioni di Maggior Rilievo*);
- exposed to material climate-environmental risks, on the basis of the thresholds established with the support of Risk Management;
- that may have significant effects on the earnings and risk profiles of the loan;

the consistency between the types of risk to which it is exposed (e.g. of a hydraulic, hydro-geological, climatic, seismic, etc. nature), the existence and effectiveness of the relative insurance cover, the temporal horizon of reference for their assessment as part of the established strategies and the relative business plans, are specifically assessed.

The details and depth of the collection process and the analysis of these information items depend on the importance of the operation, also with reference to the ESG profiles affected the most.

The result of the analyses and the relative supporting documentation are sent to the CLO and become an integral part of the preliminary information set, in support of the assessments conducted by the Bank’s Decision-Making Bodies.

3 RULES FOR GRANTING CREDIT

3.1.1 Excluded sectors

It can be taken for granted that the Bank operates in the fullest compliance with the principal of legality and accordingly does not finance or make investments in counterparties that are involved, directly or indirectly, to the best of the Bank’s knowledge and belief, in activities that do not comply with the laws of the Italian State and those of the European Union.

In addition, taking into account the United Nations Guiding Principles on Business and Human Rights and in compliance with the Bank’s strategic guidelines and the guidelines expressed in its credit strategies, excluding the portfolios and single positions managed from a gone concern standpoint, the Structures of the Growth Credit, Distressed Credit and b-ilty Divisions do not lend to the following types of counterparty (*negative screening*):

- political parties;
- sports teams;
- companies producing and/or selling:
 - “controversial” arms (anti-personnel mines, cluster munitions and sub-munitions, chemical weapons and biological weapons), namely those that can injure indiscriminately or disproportionately, and/or their essential or technological components and the services dedicated to them, falling within the

sphere of application of currently applicable international conventions and treaties (e.g. the Ottawa Anti-Personnel Mine Ban Convention, the Oslo Convention on Cluster Munitions, the Biological and Toxin Weapons Convention, the Chemical Weapons Convention, the Nuclear Non-Proliferation Treaty, the UN's Arms Trade Treaty)³;

- equipment and goods whose export is prohibited pursuant to the applicable legislation of the European Union (Council Regulation No. 1236/2005 as amended⁴);
- military weapons and/or common firearms and/or defence or security equipment intended for non-government entities outside the OECD and/or private or state counterparties involved in breaches of embargos (UN, EU, USA, etc.);
- companies working in the tobacco production and/or sales industry;
- activities connected with gambling, betting and similar activities;
- activities connected with the production and distribution of pornographic material.

Further, as regards the Growth Credit Division, the Distressed Credit Division and b-ilty, in addition to the above, loans are not made to counterparties performing:

- activities that significantly degrade the environment and natural resources, including those working in the:
 - sector of electricity power stations fuelled by coal and/or combustible oil;
 - sector of gas and oil from non-conventional sources (e.g. shale gas and tight oil through fracking);
 - production and or sale of asbestos fibres and/or products containing PCBs (polychlorinated biphenyls);
 - manufacture of pesticides and other chemical products for agriculture, limited to the activities included in Annex I, division 20.2 of Regulation (EC) No. 1893/2006;
 - production, sale and/or use of drift nets for "trawl" fishing (passive barrier nets);
 - production of palm oil in the absence of Roundtable on Sustainable Palm Oil (RSPO) certification or compliance with the sector practice promoted by the RSPO.

Lending is permitted to counterparties operating in these sectors with significant environmental impact if the Bank's support is directed towards converting production to green models and/or improving the sustainability profiles of such activities.

On the other hand, as regards the b-ilty Division, in addition to the above, loans are not granted to counterparties performing any of the following activities:

- financial services such as, for example, the activities of the Central Banks or other monetary intermediations;
- those relating to the insurance and pension fund field as well as the related auxiliary activities;
- the production of fungible items for own use by families and cohabitants, namely the activities of families involved in the production of various goods intended for own consumption (for example, hunting and gathering, breeding and similar);
- those involving real estate or rental agencies.

In addition to the above, in accordance with Law no. 220/2021 as amended, none of the Bank's divisions may provide any form of financial support (including, by way of example but not limited to, the granting of credit in any form, the pledging of financial guarantees, the acquisition of equity investments, the purchase and subscription of financial instruments), also carried out through subsidiaries, to companies operating in the construction, production, development, assembly, repair, preservation, employment, use, warehousing, storage, detention, promotion, sale, distribution, import, export, transfer or transportation of anti-personnel

⁴ Commission Implementing Regulation (EU) No. 775/2014 amending Council Regulation Reg. (EC) No. 1236/2005.

mines and of cluster munitions and sub-munitions, of any nature or composition whatsoever, or of parts of these.

In the case of counterparties potentially belonging to these sectors, in-depth checks must be carried out at the preparatory phase, also referring to external lists where available, placing particular emphasis on the purposes for the Bank's lending and taking into account the weighting of the excluded activity compared to the overall operations of the company or group to be financed.

Any exceptions to the above must be suitably motivated and detailed and fall under the decision-making responsibility of the Board of Directors.

3.2 LENDING RULES BY PRODUCT TYPE

3.2.1 Lending with ESG features

The following are the types of operation with ESG features (**ESG Lending**):

- **Green Loan (GL):** a targeted transaction whose proceeds are used exclusively to finance or refinance projects which underlie clear environmental benefits and are in line with with the key components of the Green Loan Principles (GLP) published by the LSTA (Loan Syndications and Trading Association), with the LMA and the APLMA) and the Green Bond Principles (GBP) published by the ICMA (International Capital Market Association);
- **Social Loan (SL):** a targeted transaction whose proceeds are used exclusively to finance or refinance projects which underlie clear social benefits and are in line with with the key components of the Social Loan Principles (SLP) published by the LSTA and the Social Bond Principles (GBP) published by the ICMA;
- **Sustainability-Linked Loan (SLL):** a transaction linked to certain specific sustainability objectives, namely one for which the financing conditions are subject to the counterparty's commitment to reach specific results of an environmental, social and/or governance nature, consistent with the key components of the Sustainability-Linked Loan Principles (SLLP) published by the LSTA.

These transaction may take the form of loans or bilateral refinancing or be carried out with other lenders, also as part of a syndication process.

In general terms, the borrowing company must certify and the Bank must verify that the contractually established objectives have been achieved, if necessary through the use of third parties engaged for the purpose.

Annex of this Procedure relating to the framework of green, social and sustainability-linked loans provides a detailed description of the types of product considered eligible by the Bank for the financings finalized (GL and SL) and the possible environmental, social and governance performance objectives and indicators to which the general purpose financing operations may be linked (SLL), in accordance with national and international standards and practices on environmental, social and governance issues.

The CLO with the support of the ESG Governance Structure and in conjunction with Credit and Banking Compliance and Risk Strategy & Group Controls prepares the updates and amendments to the framework. More specifically, he or she:

- monitors and reviews the population of admissible activities;
- reviews and validates new assets/loans to be included in the category of admissible activities as well as the inclusion of any new categories of admissible activities;
- assesses, at least annually, the impact deriving from the activities in the category of admissible activities and identifies and manages potential ESG risks associated with the admissible activities;
- constantly monitors market trends relating to the best practice adopted for Green Loans, Social Loans and Sustainability-Linked Loans in terms of disclosures, reporting and harmonisation;
- reviews and approves the relative periodical reporting;

- holds discussions with any external suppliers in charge of advisory services regarding, and/or validation or verification of, the environmental, social and governance objectives and the use of the proceeds.

4 LENDING PROCESS

This chapter describes the phases of the lending process.

It should be noted that the intensity and depth of the analyses performed during the single phases of the process reported in the remainder of the document vary, depending on the level of complexity of the various forms of operation within the Bank.

More specifically, the process of granting, managing, monitoring, classifying, valuing and recovering credit exposures can be divided into the following phases:

- origination;
- pre-preparatory and feasibility study;
- preparatory;
- proposal;
- opinion;
- data entry;
- approval;
- finalisation and disbursement.

4.1 ORIGINATION

4.1.1 Origination

The aim of the origination phase is to identify financing opportunities consistent with the guidelines established by the Growth Credit and Distressed Credit Divisions.

In general terms, business opportunities can be identified:

- through direct research activity by the Division's business Structures;
- through contact by advisors supporting the counterparty to be financed or third-party investors with whom the operation is to be structured by way of a partnership;
- through contact by financial intermediaries (brokers) or specialised investors (private debt funds, asset management companies, financial institutions with dedicated structures, investment banks, family offices, fund managers, etc.) operating in the market of financial instruments issued by or loans disbursed to performing corporate businesses.
- by analysing and monitoring the performance of bonds listed in the various regulated markets of reference;
- by means of a request for credit facilities made directly by the customer.

The origination phase envisages – possibly with the advisory support of the Tutor – contact with the potential counterparty, including by way of the advisors assisting the customer and/or the co-investor, in order to gather preliminary information, also informally, on the entity to be financed and the features of the hypothetical operation.

In assessing the support of a possible Tutor, before beginning the collaboration the business Structure ensures that the identified professional satisfies the necessary independence requirements for the specific deal in relation to which he or she is called to provide his or her professional contribution.

If business opportunities are assessed as being potentially interesting for the Bank and are in line with the Division's guidelines, the competent Structure obtains the documentation required to initiate the feasibility analyses of the operation.

As part of the preliminary discussions with the customer, the business Structures assess the viability of stating that the operation has ESG features. On the basis of these preliminary assessments the type of operation to be financed can be defined as:

- a. standard lending (in any case subject to the phase of assessing the company's ESG profile);
- b. ESG lending.

The investment opportunities identified by the various business Structures are subject to constant monitoring by the BO&CS Structure for the purpose of:

- planning the Division's commercial activity;
- fostering the organisation of the various activities in the lending process;
- producing suitable reports for the Head of the Division, for the Credit and Investment Committee and for the Corporate Bodies.

As regards credit exposures to groups of connected customers, the latter must be examined on a global basis taking care to obtain the necessary information to identify the composition, the economic and capital situation and the financial exposure of the group to which the company involved belongs and the relative ESG profiles. For a detailed discussion of the criteria and the means of identifying and managing groups of connected customers, reference should be made to the Policy on "Groups of connected customers and large exposures".

The matters described for the origination phase may evidence differences in the case of the acquisition of UTP positions by the Bank.

4.2 PRE-PREPARATORY PHASE AND FEASIBILITY STUDY

4.2.1 Pre-preparatory phase

With regard to operations preliminarily considered viable on origination, the business Structure concerned initiates an analysis process for the purpose of performing a complete assessment of the operation, of the entity to be financed and of the loan or bond to be purchased in order to enable the Decision-Making Body to take the decision to lend in an informed manner on the basis of all the relevant information.

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The pre-preparatory phase is the first step in the investigative procedure and envisages different activities depending on the type and complexity of the operation to be analysed.

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The business Structures, possibly in collaboration with the Tutors, take the action required to gather the documentation needed to develop the first analyses to be carried out to assess the creditworthiness of the counterparty borrower and the technical viability of the operation.

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These analyses represent a first screening of the operation, for the purpose of checking that the deal in question is worth further investigation or whether it would be better to turn it down as being inconsistent with the Division's risk-assumption policies, and is carried out by assessing a variety of items of both a quantitative and qualitative nature.

The documentation to be obtained to perform the pre-preparatory analyses regards in particular the following matters:

- the economic, financial and capital situation of the borrower and any guarantors and/or other connected parties (e.g. statutory accounts and/or consolidated financial statements, interim situations and forecasts, business plans, etc.);
- information about the reference sector/market and analyses thereof, if available;
- risk profiles relating to anti-money laundering (AML), terrorist financing, usury and the reputational aspects of the counterparties involved in the operation;
- additional information useful for performing a preliminary analysis of the creditworthiness of the counterparty and the viability of the deal.

The business Structure, with the possible involvement of the Tutor, processes the pre-preparatory analyses, also availing itself of the data, public information, analyses, specialist publications and any other useful information made available by the Credit Machine Structure.

At the same time as it performs the preliminary feasibility check of the operation, wherever possible the business Structure⁵:

- carries out a direct information gathering process on the ESG profile by submitting “ESG score” and “Taxonomy alignment” questionnaires to the customer;
- conducts an indirect ESG data gathering process by way of info providers;
- engages the Risk Strategy Structure to assess the climate risk by performing:
 - an assessment of the company’s physical and transition risk;
 - an assessment of the physical and transition risk for productive assets/guarantees (where applicable);
 - a check that the scores (resulting from the ESG questionnaires and climate risk assessments) comply with the RAF limits.

If the assessments are not in line with the tolerance thresholds established in the RAF, in order to proceed with the operation the company must draw up an action plan to overcome the weaknesses identified in the ESG assessment, setting coherent objectives.

The aim of the “Taxonomy alignment” questionnaire is to check whether the counterparty’s activity, not subject to non-financial reporting requirements, is in line with the eco-sustainable activities of the European taxonomy, complying also with the Do No Significant Harm⁶ principle and the minimum safeguard clauses.

If intervention with ESG features is assessed as viable, the business Structure, with the possible involvement of an external advisor, proceeds with the analysis of the documentation gathered and carries out the necessary detailed checks with the customer to determine the type of loan:

- Green Loan (GL);
- Social Loan (SL).
- Sustainability-Linked Loan (SLL)

If an external ESG advisor is engaged, the business Structure, with the possible support of the competent Structures of the Bank, shall assess his or her independence profiles and ensure the absence of any conflicts of interest in relation to the services requested.

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If as a result of the pre-preparatory analyses the deal is considered potentially viable and, accordingly, worth pursuing in further detail, the process continues by initiating the preparatory phase.

Pre-preparatory activities are performed in a manner consistent with the complexity of the individual cases.

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4.3 PREPARATORY PHASE

4.3.1 Preparatory phase

The preparatory phase is initiated on completion of the pre-preparatory phase. This envisages a level of detail consistent with complexity, size and risk profiles of the operation and has the purpose of formalising the document file to be submitted to the competent corporate Structures for their opinion on the merits, where provided on the basis of the lending powers delegated to the Corporate Bodies, or for their approval of the credit facility.

⁵ Excluding the Distressed Credit origination perimeter, while waiting for the subsequent development of the processes

⁶ DNSH (*Do No Significant Harm*): Regulation (EU) 2019/2088 considers an investment sustainable only if it does not significantly harm any of the environmental or social objectives established in such regulation or if it does not significantly harm any of the environmental objectives in the EU Taxonomy

The business Structures firstly ensure that the counterparty forms part of the Group's Single Perimeter in accordance with the process set out in the internal regulation of reference (i.e. Policy on Transactions with Parties Forming Part of the illimity Banking Group's Single Perimeter) applicable at the time.

In addition, the business Structures initiate a conflict check if the conditions so require, in accordance with the process set out in the internal regulation of reference (i.e. Conflict of Interest Management Policy) applicable at the time.

The competent business Structure then performs further preparatory checks with the possible involvement of the sector specialist Tutor and, if necessary, with the intervention of external advisors for the performance of due diligence engagements and/or for the determination of the legal and contractual aspects of the operation in question.

In general, the level of detail required in the analyses (with the possible involvement of professionals external to the Bank) depends on:

- the nature and complexity of the borrowing counterparty or the counterparty whose loan is being purchased;
- the nature and complexity of the operation;

and requires documentation suitable for assessing the risk profiles of the operation to be obtained and analysed.

Without altering the general scheme of the information contents of the preparatory phase listed below, the level of detail must be consistent with the size of the intervention, the type of counterparty, the availability of the information and/or the cost of obtaining this, with an approach based on the proportionality and efficiency of the analysis activity.

The following is an example of a list of the documentation usually obtained and analysed during the preparatory phase:

- chamber of commerce certificate of the counterparty to be financed or of the issuer of financial instruments and of any other entities involved in the operation;
- statutory accounts and, if available, consolidated financial statements;
- business plans, forecasts and/or pro-forma financial statements;
- land registry certificates if the operation is secured by a mortgage on property;
- information document or regulation of the listed financial instrument or contractual documents of the financing under assessment;
- ESG assessment⁷;
- in the case of ESG Lending, documentation for ensuring the admissibility of the project or of the ESG objectives and KPIs compared to illimity's framework as attached;
- other documentation considered important by the competent business Structure.

Assessments during the preparatory phase may regard the following aspects among others:

- economic, financial and capital aspects of the counterparty and/or of the group to which it belongs or of the issuer;
- business aspects (e.g. markets, products, competition, etc.);
- information on production relating to the industrial activity performed (e.g. analysis of the production sites, details of the production cycle, etc.);
- legal and contractual aspects;
- reputational aspects;

⁷ Also including information on the counterparty's ESG profiles and risks in the business information file

- fiscal aspects, also relating to the financing structure and the financial instrument;
- environmental and social sustainability aspects of the activity performed by the company;
- insurance, regarding the exposure to particular types of risk and the related insurance coverage;
- human resources (e.g. social safety nets, disputes with employees and/or managerial figures).

In particular, if the proposal envisages the provision of guarantees, these must be subject to a detailed assessment, suitably reported during the preparatory phase.

On the basis of the type of product requested, the Bank analyses all the information and documentation required to assess the counterparty, such as for example the purpose of the loan and the information identifying the customer. In accordance with the requirements of the EBA Guidelines on loan origination and monitoring, during this phase the Bank must ensure that the customer is able to fulfil its contractual obligations and that it is likely that it will, taking into account the specific feature of the instrument, without considering the collateral as the prime source of repayment.

For the purpose of analysing the financial position as part of the assessment of creditworthiness and the investment opportunity, the Bank considers both the current and future financial position of the counterparty, including its possible financial statements, the source of the ability to make repayment in order to fulfil its contractual obligations, also in case of unfavourable events and, if necessary, its capital structure, working capital, earnings and cash flows.

[omissis]

4.4 PROPOSAL

4.4.1 Proposal

On completion of the preparatory phase, the competent business Structure formalises its lending proposal, sending it formally to the Credit Machine Structure, in the cases envisaged, and to Risk Management for Significant Operations (OMR) and, in the case of extensions and/or restructuring of loans, to the O,CM&NPE Structure for information.

[omissis]

The proposal must be accompanied by the documents relating to the profiles and assessments of ESG risk gathered by the business Structure.

If the loan falls under the category of “ESG Lending”, the main qualifying items must be specified (e.g. any incentivising conditions, covenants and KPIs and other information requirements specific to the loan).

This additional information is necessary for incorporation into the system, which is carried out by the O,CM&NPE Structure (CMO operating area).

[omissis]

4.5 OPINION

From an operational standpoint, the preparatory phase formally comes to an end when sent for the opinion – where envisaged – of the Credit Machine Structure, and, for Significant Transactions, for that of Risk Management for subsequent despatch to the competent Decision-Making Body (the above-mentioned phase also holds for factoring operations).

[omissis]

The Credit Machine Structure drafts an opinion on the merits with respect to the viability of the proposed operation in terms of the creditworthiness of the counterparty or of the investment, the reasonableness of the technical means of intervention (e.g. technical forms, guarantees, duration, etc.) and compliance with the Bank’s guidelines, ensuring in addition that the procedural steps and limits envisaged by corporate regulations have been complied with.

More specifically, the Credit Machine Structure:

1. checks the completeness of the information provided as part of the preparatory phase, in order to ensure that there is a comprehensive information set available to enable the competent Decision-Making Body to arrive at an informed decision on the loan;

2. checks that the detailed analyses required during the preparatory phase have been fully incorporated and/or considered when drawing up the proposal;
3. checks the sensitivity analyses carried out by the competent business Structure, assessing its drivers and the relative results and proceeding to the autonomous formulation of additional sensitivity analyses in the cases where, on the basis of the professional judgement of the Structure's analysts, it is believed useful or necessary to assess different scenarios compared to those considered by the proposing Structure, in order to make the opinion expressed on the operation more robust. If the Credit Machine Structure believes it necessary to carry out further detailed work compared to the analyses already performed, it sends an additional work request to the business, whose results will be tracked during the decision-making process;
4. checks compliance with the procedural steps envisaged by internal regulations;
5. checks the existence of the documentation relating to the accounting and regulatory classification of the single loan or financial instrument (e.g. staging, forbearance, recognition at amortised cost rather than fair value, etc.) in accordance with internal and external legislative and regulatory provisions on the subject (i.e. on the basis of the Classification and Valuation Policy);
6. checks the existence of documentation relating to ESG matters and/or information on the assessment of ESG risks, in particular climate and environmental risks (e.g. ESG score, taxonomy-alignment, climate risk assessments);
7. checks *ex ante* compliance with the limits (sector concentration, ratings and contractual term) in order to direct the position, if these are exceeded, to the Decision-Making Body that is competent on the basis of the powers delegated to it for credit.

[omissis]

4.6 APPROVAL

4.6.1 Approval

Following completion of the preparatory phase and after obtaining, where envisaged, the opinion of the Credit Machine Structure, the credit facility file or the investment proposal is submitted to the competent Decision-Making Bodies, on the basis of the limits on amounts provided by the Delegated Powers.

[omissis]

Cases for which the Head of the CLO Structure, the Loans and Investments Committee or the Board of Directors have decision-making responsibility must be accompanied by the opinion of the Credit Machine Structure.

Cases for which the Loans and Investments Committee or the Board of Directors have decision-making responsibility which are for amounts exceeding the applicable OMR threshold or which qualify as OMR in relation to the application of the other criteria established in the relative Policy, must additionally be accompanied by the Risk Opinion issued by Risk Management.

Cases to be submitted for the approval of the Board of Directors must also include the opinion of the Loans and Investments Committee.

For the proposals submitted to it, the Decision-Making Body either:

- accepts the proposal in the terms in which it has been presented;
- rejects the proposal, possibly providing recommendations on the conditions for a subsequent re-proposal;
- approves the credit facility/investment proposal after making the changes considered appropriate (e.g. technical forms, guarantees to be given, duration, etc.).

In expressing its approval, the Decision-Making Body may provide operating provisions, conditions that assist the intervention and any other recommendation as to the improvement and subsequent management of the position and, if necessary, additionally qualify the operation as a Green Loan, Social Loan or Sustainability-Linked Loan, delegating the business Structure with the task of carrying out the activities required to satisfy the specific regulatory requirements (in particular for loans sustainable from an environmental standpoint). This approval is recorded in the information system on a timely basis. [omissis]

4.7 PLAYERS INVOLVED IN THE MONITORING PROCESS

In general terms, the players involved in the first-level monitoring process are the following:

- **CLO** [omissis];
- **Relationship Manager** [omissis];
- **Operations, Credit Monitoring & NPE**: in charge of the overall process of monitoring the Bank's organic and non-organic credit [omissis];
- **Heads of Business Structures** [omissis].

4.8 TYPE OF MONITORING

[omissis]

Monitoring covenants and contractually required information

A precise monitoring of compliance with any contractual covenants and obtaining and checking any additional information that the borrowing counterparty must provide to the Bank on a regular basis are key elements for controlling the risk arising from larger positions.

The monitoring process envisages that:

with a frequency consistent with the timing provided for the receipt of the information by the borrowing counterparty [omissis]

1. the Loan Agency Structure of the BO&CS Structure and/or the Structure dealing with the positions of Arec neprix for the positions under respective management obtains the documentation of the loan agreement;
2. having received the documentation, the Loan Agency and the Structure dealing with the positions of Arec neprix check compliance with the matters contractually established, performing the necessary detailed analyses where the results provided indicate differences from contractual requirements or in any case possible critical matters, also in the future;
3. where appropriate, the Loan Agency and/or the Structure dealing with the positions of Arec neprix formalise the results of the controls, notifying these to the Head of the competent business Structure, the Manager, as applicable, and the O,CM&NPE Structure;

in the case of critical matters (e.g. failure to comply with covenants, management data provided by the company that point to a negative shift compared to the business plan, etc.), the Manager re-examines the facilities, structuring the relative corrective action [omissis]

In the case of "ESG Lending", if performed by the Loan Agency the monitoring of the covenants and the contractually required information is also extended to ensuring the correct use of the proceeds⁸ and to compliance with the objectives/KPIs on the basis of the updated information provided by the customer, possibly with the support of an external advisor.

[omissis]

⁸ In particular, the compliance of Green Loans with prevailing sustainability laws and regulations is also ensured by a process of monitoring throughout the term of the loan, conducted by the Loan Agency Structure, in order to check that (i) the amount financed has been used – wholly or in part – for financeable green activities, or that (ii) the financed asset has not been sold, removed, taken out of service, not maintained, not used and/or in any case not employed for carrying out the financeable activity. On the basis of the outcome of the monitoring process, if it is the case the conditions and possible sanctions will be applied as governed by *ad hoc* contract documentation.

ANNEX – GREEN, SOCIAL & SUSTAINABILITY-LINKED LOAN FRAMEWORK

A list is provided below of the projects and activities that the Bank considers admissible for granting Green Loans, Social Loans and Sustainability-Linked Loans.

The illimity Group sets itself the objective of actively monitoring the credit and sustainable debt market and accordingly undertakes to regularly review the framework so as to ensure full alignment with best market practice and adherence to voluntary standards.

1. Environmental and social impact of the products

illimity considers the expected environmental and social effects arising from the financed activities and the objectives for which the counterparty assumes performance commitments.

GREEN LOAN IMPACT	
<p>By the origination of Green Loans, illimity will finance the investments and expenses of companies in its loan portfolio intended to contribute to the realisation of one or more of the following environmental objectives, as set out in the European Union Taxonomy of sustainable activities.</p> <p>More specifically if an activity or project pertains to two environmental objectives, illimity only associates the more pertinent activity.</p>	<ul style="list-style-type: none"> • Climate change mitigation; • Climate change adaptation; • The sustainable use and protection of water and marine resources; • The transition to a circular economy; • Pollution prevention and control; • The protection and restoration of biodiversity and ecosystems.
<p>The use of proceeds earned through the origination of environmentally sustainable lending (Green Loans) will enable illimity to help companies support the UN Agenda 2030 for Sustainable Development Goals (SDGs), thereby contributing in particular to achieving the following objectives.</p>	<ul style="list-style-type: none"> • SDG 6: Clean water and sanitation; • SDG 7: Affordable and clean energy; • SDG 9: Industry, innovation and infrastructure; • SDG 11: Sustainable cities and communities; • SDG 12: Responsible consumption and production; • SDG 13: Climate action; • SDG 14: Life below water; • SDG 15: Life on land.

SOCIAL LOAN IMPACT	
<p>By the origination of Social Loans, illimity will finance the investments and expenses of companies in its loan portfolio intended to contribute to the realisation of one or more of the following social objectives, (as also identified in the proposed European social taxonomy).</p>	<ul style="list-style-type: none"> • Decent work (including for value-chain workers); • Adequate living standards and wellbeing for end users. • Inclusive communities and societies.
<p>The use of proceeds earned through the disbursement of loans and provision of facilities socially sustainable (Social Loans) will enable illimity to help companies support the UN Agenda 2030 for Sustainable Development Goals (SDGs), thereby contributing in particular to achieving the following objectives.</p>	<ul style="list-style-type: none"> • SDG8: Decent work and economic growth.

SUSTAINABILITY-LINKED LOAN IMPACT	
<p>By the origination of loans linked to environmental, social and governance sustainability objectives (Sustainability-Linked Loans), illimity will finance the ecological and social transition of companies in its loan portfolio that undertake to achieve specific results in the ESG profile, thereby also contributing to the realisation of one or more of the following.</p> <p>More specifically if an activity or project pertains to two environmental objectives, illimity only associates the more pertinent activity.</p>	<p>A. environmental objectives, as set out in the current European Taxonomy of eco-sustainable activities:</p> <ul style="list-style-type: none"> • Climate change mitigation; • Climate change adaptation; • The sustainable use and protection of water and marine resources; • The transition to a circular economy; • Pollution prevention and control; • The protection and restoration of biodiversity and ecosystems; <p>B. social objectives, as set out in the proposal of Social Taxonomy of the European Union:</p> <ul style="list-style-type: none"> • Inclusive and sustainable communities and societies; • Decent work (including for value-chain workers); • Adequate living standards and wellbeing for end users.
<p>By the origination of loans linked to environmental, social and/or governance sustainability objectives (Sustainability-Linked Loans), illimity will help companies to support the UN Agenda 2030 for Sustainable Development Goals (SDGs), thereby contributing in particular to achieving, among other things, the following objectives.</p>	<ul style="list-style-type: none"> • SDG1: No poverty; • SDG3: Good health and well-being; • SDG5: Gender equality; • SDG7: Affordable and clean energy; • SDG8: Decent work and economic growth; • SDG9: Industry, innovation and infrastructure; • SDG11: Sustainable cities and communities; • SDG 12: Responsible consumption and production; • SDG13: Climate action; • SDG14: Life below water; • SDG15: Life on land.

2. Eligible projects/activities and sustainability objectives

Set out below is a list of the projects and activities that the Bank considers admissible as purposes for obtaining sustainable loans from an environmental standpoint.

2.1. Eligible green projects/activities for environmentally sustainable lending (“Green Loans”)

Admissible green projects involve the following areas of intervention or economic activity performed by the financed party:




- A. energy (renewable & efficiency);
- B. construction (green buildings);
- C. circular economy;
- D. clean transportation;
- E. water & waste;
- F. biodiversity;
- G. forestry.

The areas are set out by category and for each of these the following are indicated:





- the use of the proceeds or the use of the loan;
- the relative key performance indicators (KPIs), by way of example;
- the contribution made to the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda and/or the objectives of the European Union Environmental Taxonomy (Regulation (EU) 2020/852);
- references to the category of products identified by international principles (GBP - Green Bond Principles).

The loans may be for specific activities and projects (dedicated/special purpose) or for “pure play” companies, the latter case only holding for companies that expect to achieve $\geq 90\%$ of their turnover from activities in line with the criteria established for the use of the proceeds.


A. ENERGY (renewable & efficiency)

Category of admissible green projects/activities	References and contribution to objectives
Renewable energy technologies	<p>SDGs:</p>   <p>ICMA GBP: “Renewable energy”</p> <p>EU Taxonomy Objective: “Climate change mitigation”</p>
Energy efficiency	<p>SDG:</p>  <p>ICMA GBP: “Energy efficiency”</p> <p>EU Taxonomy Objective: “Climate change mitigation”</p>


B. CONSTRUCTION (Green Buildings)

Category of admissible green projects/activities	References and contribution to objectives
Green buildings	<p>SDGs:</p>     <p>ICMA GBP: “Green buildings”</p> <p>EU Taxonomy Objective: “Climate change mitigation”</p>


C. CIRCULAR ECONOMY



Category of admissible green projects/activities	References and contribution to objectives
Eco-efficient and/or circular energy adapted products, production technologies and processes	<p><u>SDGs:</u></p>  <p><u>ICMA GBP:</u> “Eco-efficient and/or circular economy adapted products, production technologies and processes”</p> <p><u>EU Taxonomy Objective:</u> “Transition to a circular economy”</p>

D. CLEAN TRANSPORTATION


Category of admissible green projects/activities	References and contribution to objectives
Clean transportation	<p><u>SDGs:</u></p>  <p><u>ICMA GBP:</u> “Clean transportation”</p> <p><u>EU Taxonomy Objective:</u> “Climate change mitigation”</p>

E. WATER AND WASTE


Category of admissible green projects/activities	References and contribution to objectives
Pollution prevention and control	<p><u>SDGs:</u></p>  <p><u>ICMA GBP:</u> “Pollution prevention and control”</p> <p><u>EU Taxonomy Objective:</u> “Pollution prevention and control”</p>

Category of admissible green projects/activities	References and contribution to objectives
<p>Sustainable water and waste water management</p>	<p><u>SDGs:</u></p>  <p><u>ICMA GBP:</u> “Environmentally sustainable management of living natural resources and land use”</p> <p><u>EU Taxonomy Objective:</u> “Sustainable use and protection of water and marine resources”</p>
<p>Sustainable waste management</p>	<p><u>SDGs:</u></p>  <p><u>ICMA GBP:</u> “Eco-efficient and/or circular economy adapted products, production technologies and processes”</p> <p><u>EU Taxonomy Objective:</u> “Transition to a circular economy”</p>

F. BIODIVERSITY

Category of admissible green projects/activities	References and contribution to objectives
<p>Terrestrial and aquatic biodiversity</p>	<p><u>SDGs:</u></p>  <p><u>ICMA GBP:</u> “Environmentally sustainable management of living natural resources and land use”</p> <p><u>EU Taxonomy Objective:</u> “Protection and restoration of biodiversity and ecosystems”</p>

G. FORESTRY

Category of admissible green projects/activities	References and contribution to objectives
<p>Environmentally sustainable management of living natural resources and land use</p>	<p><u>SDGs:</u></p>  <p><u>ICMA GBP:</u> “Environmentally sustainable management of living natural resources and land use”</p> <p><u>EU Taxonomy Objective:</u> “Protection and restoration of biodiversity and ecosystems”</p>

2.2. Eligible social projects/activities for Social Loans

The projects sustainable from a social standpoint regard the following areas of intervention or economic activity performed by the financed counterparty.

The areas are analysed by category and for each of these the following are indicated:

- use of proceeds;
- the relative key performance indicators (KPIs), by way of example;
- the contribution to the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda and/or the objectives of the proposal of European Union Social Taxonomy;
- references to the category of projects identified in the ICMA International Principles (SBP - Social Bond Principles).

Category of admissible social projects/activities	References and contribution to objectives
<p>Socioeconomic advancement and empowerment</p>	<p><u>SDG:</u></p>  <p><u>ICMA SBP:</u> “Employment generation including through SME financing and microfinance”</p> <p><u>EU Social Taxonomy Objective:</u> “Decent work (including for value chain workers)”</p>

2.3. Sustainability-Linked Loans

The sustainability objectives linked to the loan, which the borrower undertakes to realise, are divided into the following classes:



- Environment;
- Social;
- Governance.





More specifically, when identifying the objectives linked to the loan, a minimum of two objectives must be envisaged, of which at least one falls under the Environment class in order to ensure a contribution to environmental sustainability.

The various classes of objective are then analysed by category and for each of these the following are indicated:





- the possible sustainability targets to be set;
- the relative key performance indicators (KPIs), by way of example;
- the references to the sustainability theme identified by the performance indicators in the illustrative registry of the ICMA international principles (Sustainability-Linked Bond Principles – Illustrative KPI Registry);
- the contribution to the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda and/or the objectives of the European Union’s Environmental Taxonomy and the proposal of Social Taxonomy.



• ENVIRONMENT

Related category of sustainability objective	References and contribution to objectives
<p>Pollution prevention and control</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Air quality”</p> <p><u>EU Taxonomy Objective:</u> “Pollution prevention and control”</p>
<p>Sustainable use of water</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Water”</p> <p><u>EU Taxonomy Objective:</u> “Sustainable use and protection of water and marine resources”</p>


Related category of sustainability objective	References and contribution to objectives
<p>Renewable energy</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Clean and accessible energy”</p> <p><u>EU Taxonomy Objective:</u> “Climate change mitigation”</p>
<p>Energy efficiency</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Climate change (greenhouse gas emissions and energy)”</p> <p><u>EU Taxonomy Objective:</u> “Climate change mitigation”</p>
<p>Circular economy</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Procurement and recycling of raw materials (circular economy); “Waste”;</p> <p><u>EU Taxonomy Objective:</u> “Transition to a circular economy”</p>
<p>Biodiversity and ecosystem protection</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Biodiversity (including soil/use of the soil); “Sustainable aquatic cultures and animal wellbeing”</p> <p><u>EU Taxonomy Objective:</u> “Protection and restoration of biodiversity and ecosystems”</p>





- SOCIAL

Related category of sustainability objective	References and contribution to objectives
<p>Local area support</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Access to essential and convenient services”</p> <p><u>EU Taxonomy Objective:</u> “Inclusive and sustainable communities and societies”</p>
<p>Employment support</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Employment conditions (hiring, working practices and workers’ rights)”</p> <p><u>EU Taxonomy Objective:</u> “Decent work (including for value chain workers)”</p>
<p>Community inclusion</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Community inclusion and involvement (including human rights)”</p> <p><u>EU Taxonomy Objective:</u> “Inclusive and sustainable communities and societies”</p>
<p>Training</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Inclusion and involvement in the communities (including human rights)”</p> <p><u>EU Taxonomy Objective:</u> “Decent work (including for value chain workers)”</p>

Related category of sustainability objective	References and contribution to objectives
Diversity, equity and inclusion	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Diversity”</p> <p><u>EU Taxonomy Objective:</u> “Decent work (including for value chain workers)”</p>
Employee wellbeing	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Employment conditions (hiring, working practices and workers’ rights)”</p> <p><u>EU Taxonomy Objective:</u> “Decent work (including for value chain workers)”</p>

- GOVERNANCE

Related category of sustainability objective	References and contribution to objectives
Health and safety	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Health and safety in the workplace”</p> <p><u>EU Taxonomy Objective:</u> “Decent work (including for value chain workers)”</p>

Related category of sustainability objective	References and contribution to objectives
<p>Data protection and digitalisation of products/processes</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Data protection and security (including IT security); “Product governance (safety and quality)”</p> <p><u>EU Taxonomy Objective:</u> “Adequate living standards and wellbeing for end-users”</p>
<p>Decent work</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Employment conditions (hiring, working practices and workers’ rights)”</p> <p><u>EU Taxonomy Objective:</u> “Decent work (including for value chain workers)”</p>
<p>Resilient supply chain</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Supply chain”</p> <p><u>EU Taxonomy Objective:</u> “Decent work (including for value chain workers)”</p>
<p>Good management</p>	<p><u>SDG:</u></p>  <p><u>ICMA Sustainability Theme:</u> “Customers (incl. relationship and wellbeing, responsible marketing and product labelling); “Product governance (safety and quality)”</p> <p><u>EU Taxonomy Objective:</u> N/A</p>