



**A sustainable company  
from its foundation**

## **ESG Investor Presentation**

March 2024



## illimity at a glance



2023-25 Sustainability Plan



Commitment to the environment



People and Social footprint

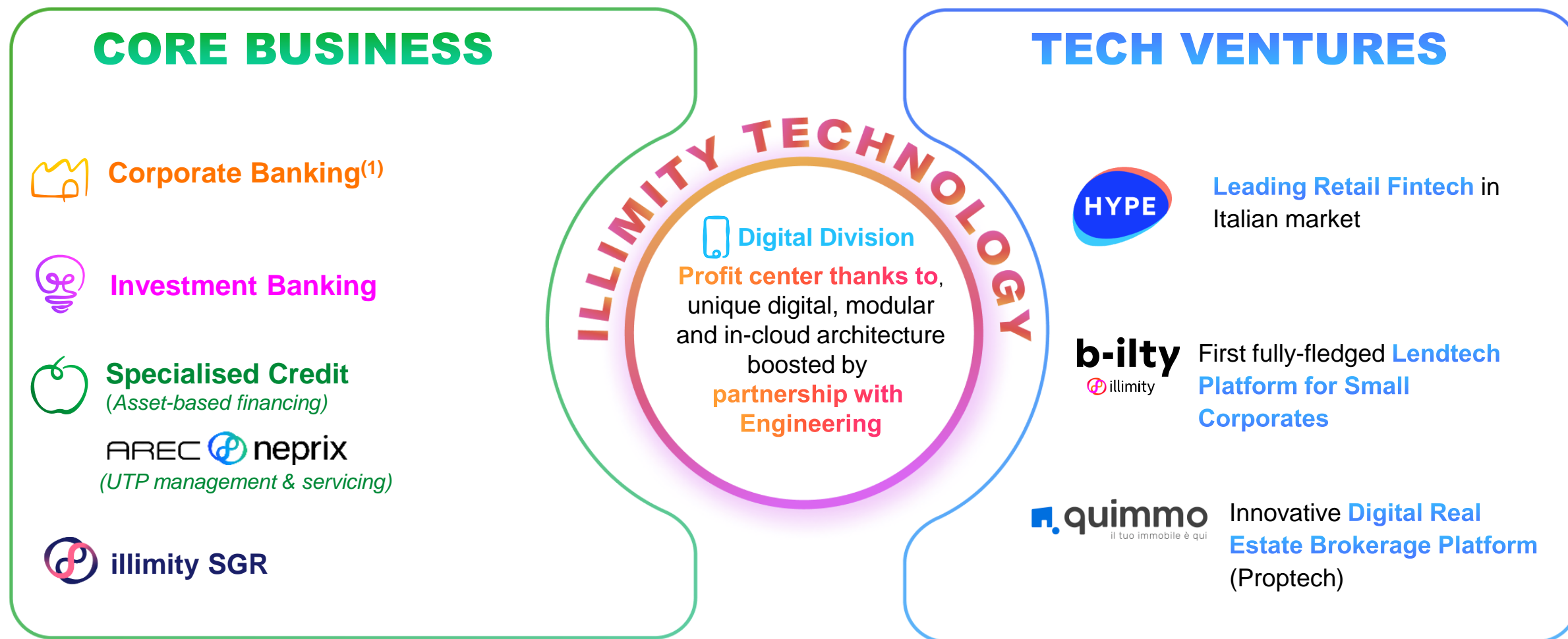


Governance



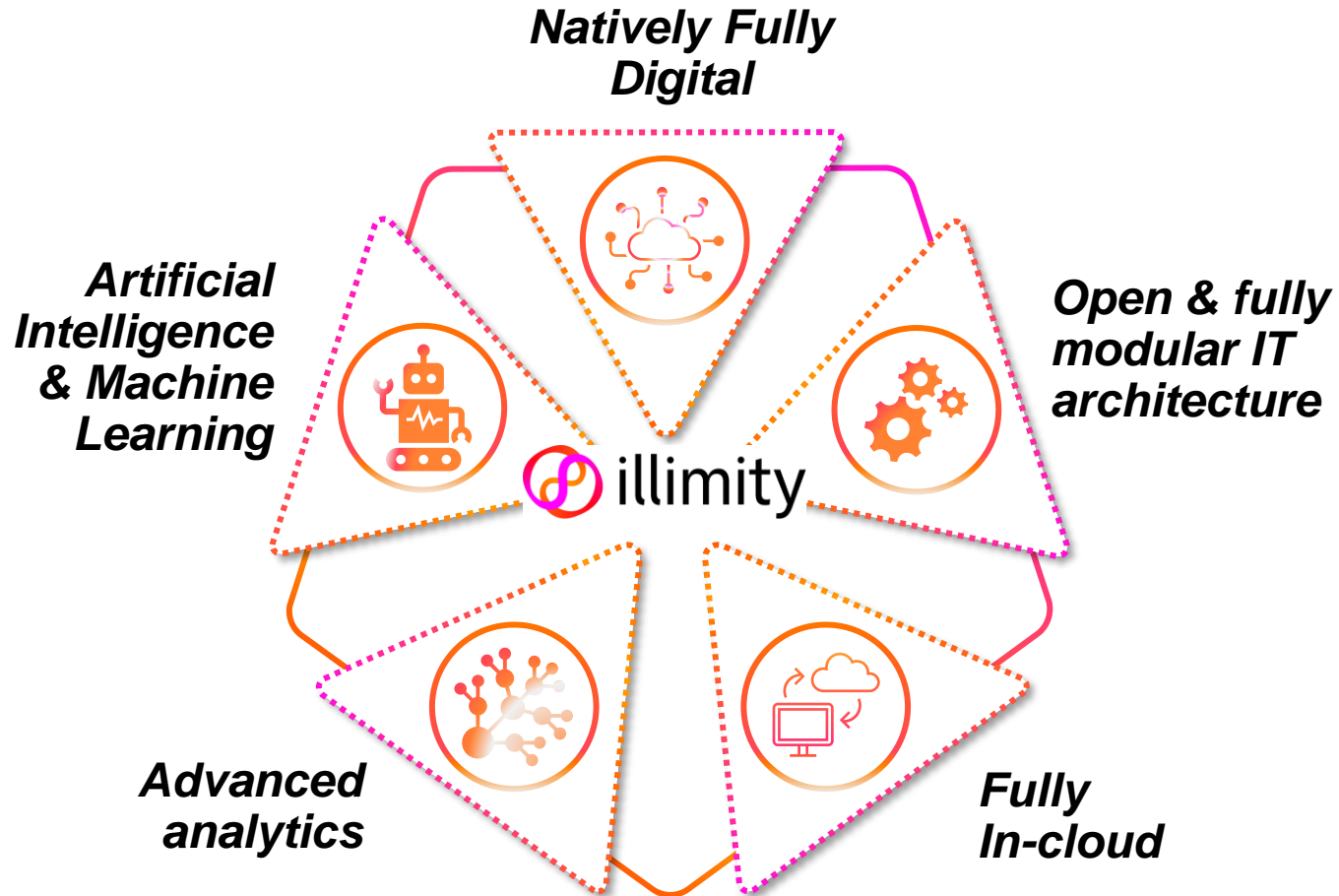
Sustainable finance

# New paradigm bank technology driven



(1) Former Growth Credit Division renamed Corporate banking Division as of 01/01/2024

# Native fully digital with a new generation IT architecture that led to a strong competitive advantage in technology



- **Pervasive digitalisation** in our products, processes and procedures with **data-driven decision making**
- **Open architecture** to foster innovation and increase efficiency
- Combination of **digital & human**

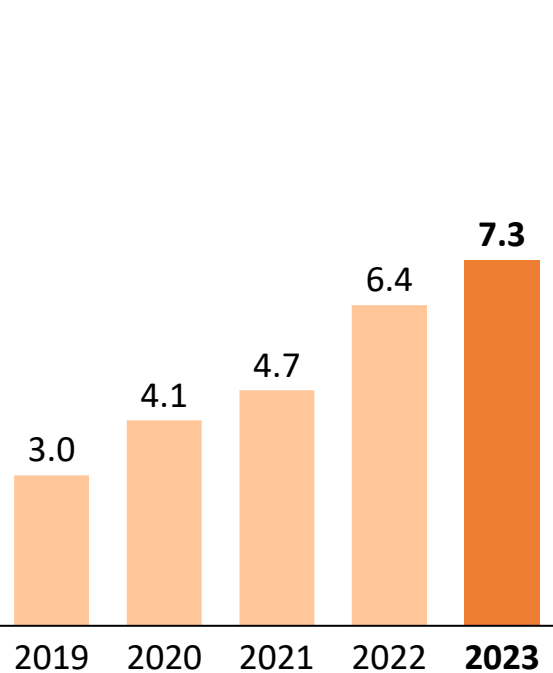
**illimity one of only 24 Italian companies**  
included in



# Progression in volumes and profitability keeping low risk profile while investing for future

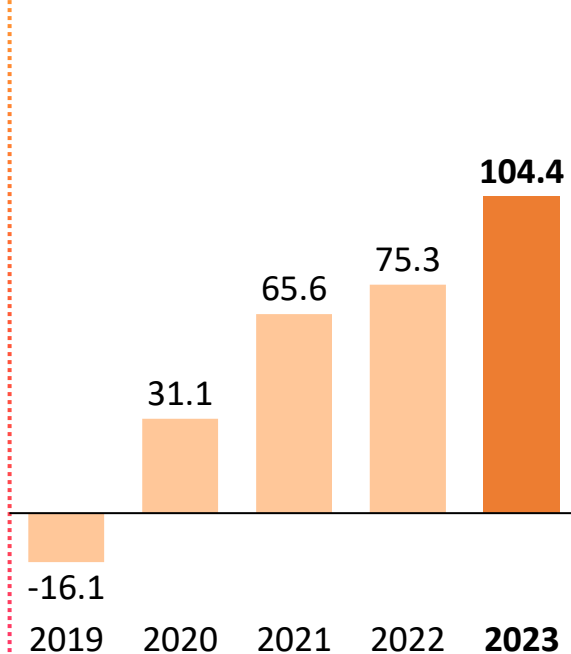
## Growing Total assets

€bln



## Increasing Net profit

€mln



## Low risk profile

1.27%

Gross NPE ratio<sup>(1)</sup>

14.7%

CET 1 ratio

~ 1.1MLD

Liquidity<sup>(2)</sup>

## Tech investments for future



(1) Excluding NPE covered by public guarantees (2) Including Cash and High Quality Liquid Assets

# Strong commitment to sustainability led to important ESG achievements

## Environmental



*Green, Social & Sustainability-linked Loans Framework embedded in the credit offer*



*Carbon Neutrality Scope 1&2 & disclosure of Scope 3 cat. 15 "Investments" according to PCAF & GHG Protocol*



*100% of electricity used from renewable sources at the Group's main locations*



*Art. 8 SFDR "Selective Credit Fund" launched by illimity SGR*

## Social



*3 consecutive years in Europe and 5 in Italy, as a Great Place to Work*



*Adoption of an internal Anti-harassment Policy inspired by ILO & UN principles*



*Confirmation of Gender equality certification UNI PdR 125:2022*



*Doubled the number of women in managerial roles*

## Governance



*"AA" by MSCI moving from "Average" to "Leader" in its industry*



*Signatory of*  
**PRINCIPLES FOR RESPONSIBLE BANKING**



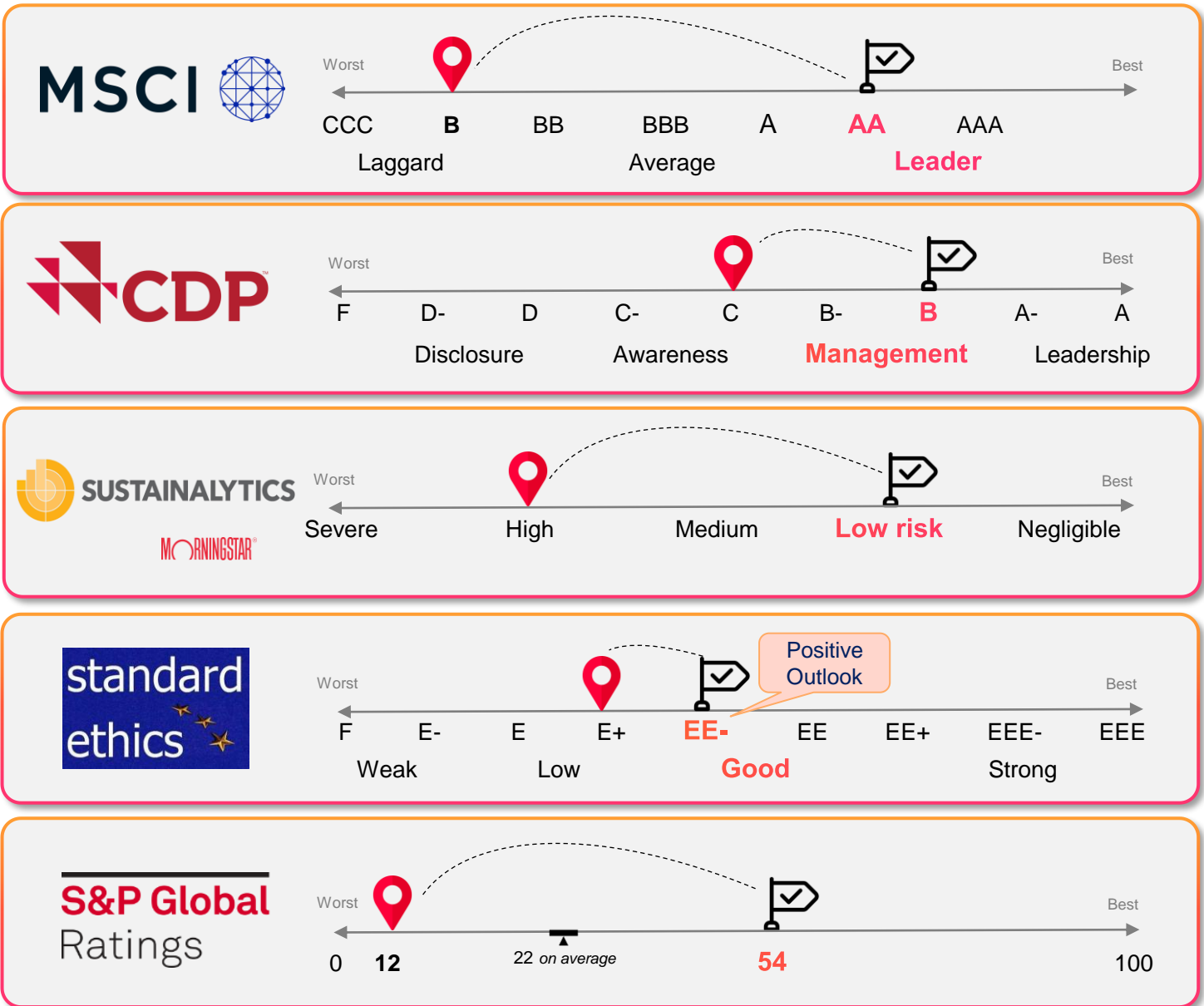
*Adoption of an ESG Investment Policy for corporate finance*



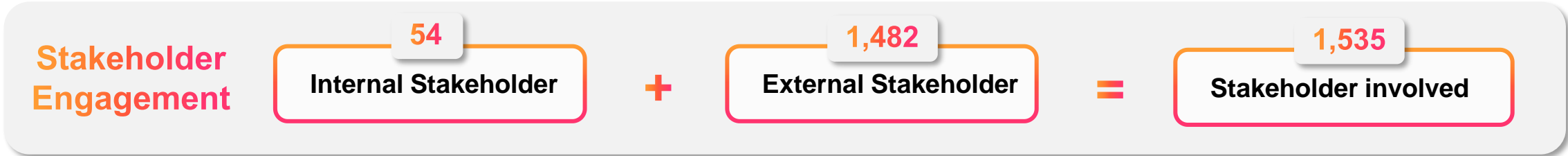
*Signatory of*  
**Principles for Responsible Investment**  
*by illimity SGR*

# ESG rating improvements confirmed illimity's continual sustainability efforts: FY21 vs. FY23

Improved ESG ratings



# Materials themes addressed in illimity sustainability report



- 01. Environmental impact and climate challenges
- 02. Support to entrepreneurs and financial inclusion
- 03. Innovation
- 04. Customer Satisfaction
- 05. Robustness and creation of shared value
- 06. Diversity, Equity and Inclusion in the company
- 07. Empowerment, engagement and well-being of illimiter

- 08. Sustainable finance
- 09. Value chain and business relationships
- 10. Integrity in company conduct
- 11. Transparent communication and company reputation
- 12. Safeguarding of human rights
- 13. Cyber Security and Data Protection





illimity at a glance



**2023-25 Sustainability Plan**



Commitment to the environment



People and Social footprint



Governance



Sustainable finance

# 2023-2025 Sustainability Plan: rational and main pillars



Starting from a solid baseline built on the important ESG achievements, illimity decided to further strengthened its commitment to sustainability by integrating more extensively detailed **qualitative** and **quantitative 2025 targets**, in order to:

Meet the growing needs of the market and **ESG rating agencies**

Position the Bank among the best practices of the **Italian banking sector**

Implement **feedback** received from **investors** during engagement activities

**E**

## Environment

The **environmental targets** focus on the urgent issue of **transitioning to a net-zero economy**, in which illimity, plays and will play, a **key role in supporting and assisting the financed businesses in that process**.

**S**

## Social

The **social targets** were reinforced through commitments regarding **diversity and inclusion**, including **gender equality certification** and **initiatives to raise awareness among employees**.

**G**

## Governance

Since its inception, illimity has aligned with the best practices regarding the **integration of sustainability into the business strategies, processes, policies** and **governance** of the Group, with the goal of consolidating that positioning

# 2023-2025 Sustainability Plan: Environment

E

Environment

AREA	TARGET	STATUS
<b>Carbon Footprint</b>	Maintain of the Group's carbon neutrality (Scope 1 and Scope 2 emissions)	✓
	Measure the so-called "financed emissions" (Scope 3)	✓
	Address the so-called "financed emissions" (Scope 3)	Ongoing
<b>Energy Desk</b>	Reactivation of renewable energy plans through the Energy Desk	Ongoing
<b>ESG in the RAF</b>	Integration of ESG factors in the credit assessment and Risk Appetite Framework (RAF)	✓
<b>Energy used</b>	Reach 100% of electricity energy used from renewable sources at the Group's main location	✓
<b>FSC Paper</b>	Maintain 100% use of FSC paper throughout the Group	✓
<b>Environmental Policy</b>	Develop an environmental policy at Group level	Ongoing
<b>Environmental KPIs in Real Estate</b>	Consider the environmental and climate impacts in the appraisal and management of Real Estate asset	Ongoing
<b>Green Loans and sustainable finance</b>	Develop the offering and framework for sustainable finance products)	✓
	Develop ESG support/advisory services for SMEs	Ongoing
	Reach 15% on cumulative business origination volumes for sustainable finance	Ongoing
<b>ESG Asset Management</b>	Launch of SGR fund with ESG characteristics	✓
<b>Climate Disclosure</b>	Reporting aligned with TCFD disclosure	✓

# 2023-2025 Sustainability Plan: Social & Governance

S

Social

G

Governance



AREA	TARGET	STATUS
<b>Gender Equity</b>	Double the number of women in managerial roles (Gender Equity)	✓
<b>Talent Pool &amp; Gender Pay Gap</b>	Maintain the balance between men and women in the formalised "talent pool" and a gender pay gap with a maximum deviation of 5%	✓
<b>Engagement Index</b>	Maintain the engagement index of Group employees above 70%	✓
<b>fondazione illimity</b>	Develop impact projects for the real estate sector, through fondazione illimity	✓
<b>D&amp;I Certifications</b>	Maintain the UNI_PdR 125-2022 gender equality certification	✓
<b>Anti-harassment Policy</b>	Develop a company policy to combat harassment, inappropriate sexual conduct and bullying	✓
<b>Training</b>	Maintain the average number of hours of training at 42 hours per employee	✓
	Guaranteeing 3 hours of ESG training per employee	✓
<b>Sustainable mobility</b>	Develop initiatives to raise awareness on sustainable mobility (commuting) for employees	Ongoing
<b>Supply Chain</b>	Reach more than 50% of total expenditure on goods and services as of 2025 assessed with ESG criteria	✓
<b>ESG Rating</b>	Enhance illimity's ESG Ratings	✓
<b>Remuneration</b>	Integrate ESG Goals in incentive plans	✓
<b>ESG Ambassadors</b>	Identifying the specific ESG Ambassadors in the key structures (10% of illimiters)	Ongoing
<b>Endorsement to PRB</b>	Endorsement of the Bank to the Principles for Responsible Banking	✓
<b>Anti-Bribery and Compliance Certifications</b>	Obtain Anti-Bribery certification (ISO 37001)	Ongoing
	Obtain Compliance certification (ISO 37301)	Ongoing
<b>ESG Investment policy &amp; limits</b>	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)	Ongoing



illimity at a glance



2023-25 Sustainability Plan



**Commitment to the environment**



People and Social footprint



Governance



Sustainable finance

# Among the lowest environmental impacts within the sector



**illimity's business model**, with no physical branches and a 100% digital infrastructure, which is completely cloud-based, is **designed to minimize direct environmental impact** and intrinsically **contrast climate change**

## Carbon Neutrality

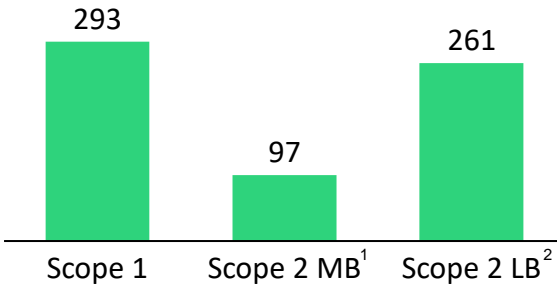


illimity is carbon neutral since 2020 thanks to carbon offsets (purchased voluntary carbon credits) compensating Scope 1 and Scope 2

## Scope 1 and 2


Data in tCO2e

Low emissions Scope 2 market-based thanks to electricity supply certificated Guarantee of Origin



## Scope 3 disclosure

Enlargement of reporting Scope 3 emissions

- Cat. 1 - Purchased Goods and Services
- Cat. 3 - Fuel- and Energy-Related Activities 
- Cat. 5 - Waste generated in operations
- Cat. 6 - Business Travel
- Cat. 7 - Employee Commuting
- Cat. 15 - Investments (financed emissions)

## Renewable Electricity Energy

83%

Thanks to a gradually increase of electricity purchased with a Guarantee of Origination certificate

## Emission Intensity

0.6

Scope 1 & 2 emissions (location-based approach) for FTE (full-time contract).

Among the lowest in the sector (Sector avg. 1.6<sup>3</sup>).

## TCFD disclosure

2023 Reporting on climate-related issues are aligned with the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD).

# Environmental factors included in the credit risk assessment and RAF

## ESG Factors in our Credit Policy

We assess and monitor the **ESG risks of the counterparties** that we finance. This occurs through the obtaining of solicited and unsolicited ESG external ratings, which include **environmental and climate indicators**.

### Key ESG elements of Credit Policy:

- List of excluded sectors
- Use of solicited ratings via questionnaire
- Use of ESG unsolicited rating of a third party

## RAF 2023

### ESG Indicators

### Frequency

ESG scores of financed counterparties

Physical and hydrogeological risk scores related to NP portfolio collaterals

Sustainable finance targets in terms of volumes of loans disbursed/financial instruments purchased

ESG rating assigned to illimity Group

Operating losses generated by ESG factors

illimity Emission intensity ( Scope 1+2 for FTE)

Quarterly

Annual

Six-monthly target

## Scenario Analysis

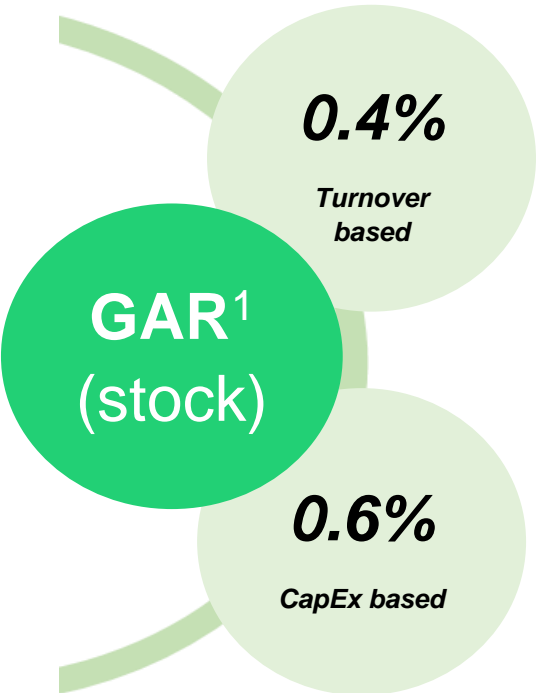


- By using data from *Oxford Economics*, we implemented 3 scenarios: '**Net Zero**'; '**No Further Action**' and '**Delayed Transition**', considering **50+** variables (GDP, consumer price index, carbon emissions, unemployment rate, etc).
- The **in-house satellite model** allows us to estimate the **impacts** on Bankit DR (Default Rates), resulting in shocks to be applied to the PD (Probability of Default) of illimity over a forecast horizon of up to 30 years.

# EU Taxonomy Eligibility Reporting FY23



**Assets eligible** for the EU Taxonomy are approximately **2%** of total assets  
**Alignment** is represented by the **GAR** for the stock at 31 Dec 2023



**GAR is impacted by the illimity’s loan book mainly represented by SMEs not subject to NFRD obligations.**

	FY23		FY22
	Turnover	CapEx	Turnover
<b>Voluntary Eligibility<sup>2</sup></b> (6 environmental objectives for undertakings subject and not to NFRD)	17.4%	17.7%	17.1%
<b>Voluntary Alignment<sup>2</sup></b> (climate change mitigation and adaptation objectives for undertakings subject and not to NFRD)	2.9%	3.1%	n.a.

(1) Please refer to the templates in the Appendix in the Non-Financial Declaration published on the website <https://www.illimity.com/en/sustainability/sustainability-report>, which constitute the mandatory information regarding the EU Taxonomy by Group illimity banking with reference to the financial year 2023, pursuant to Annex V of Delegated Regulation (EU) 2021/2178 and subsequent Delegated Acts and Delegated Regulation (EU) 2022/1214. The parameters above, below and in the Appendix relating to the EU Taxonomy have not been subject to external review and have been prepared to the best of our ability and known information.

(2) The above analysis, of a voluntary nature, relating to the admissibility and alignment of exposures to non-financial undertakings not subject to NFRD obligations is therefore reported only for analysis purposes on a purely statistical basis, not constituting specific Taxonomy information



# Financed emissions: Scope 3 - Category 15 (Investments)

Calculation of financed emissions of illimity by sector, as of 31.12.2023, in terms of **exposure in M€**; **Scope 3 financed emissions** (absolute and in %) and **Carbon Footprint** in tCO<sub>2</sub>/M€.

	FY2023	FY2022					
Financed emissions	0.73 MtCO <sub>2</sub> e -6% Y/Y	0.79 MtCO <sub>2</sub> e	SETTORE	Exposures [M€]	Financed Emissions Scope 3 [tCO <sub>2</sub> ]	[%]	Carbon Footprint [tCO <sub>2</sub> /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
Carbon footprint	150 tCO <sub>2</sub> e/M€ invested -20% Y/Y	187 tCO <sub>2</sub> e/M€ invested					
Coverage	66%	63%					

The financed emissions shown in the table do not include the share relating to **government bonds**, whose Carbon Footprint is **121 tCO<sub>2</sub>/M€** exposure



illimity at a glance



2023-25 Sustainability Plan



Commitment to the environment



**People and Social footprint**



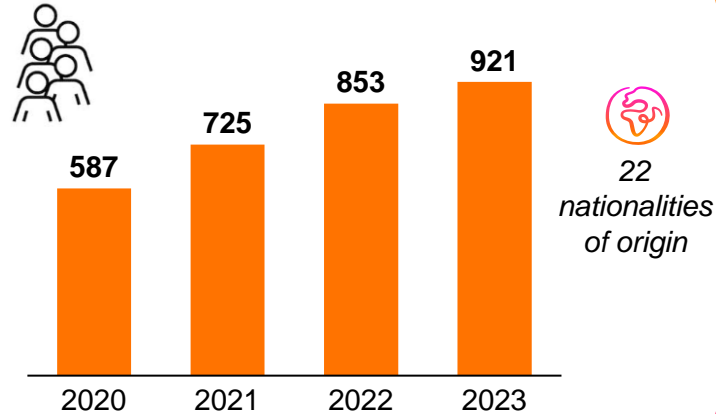
Governance



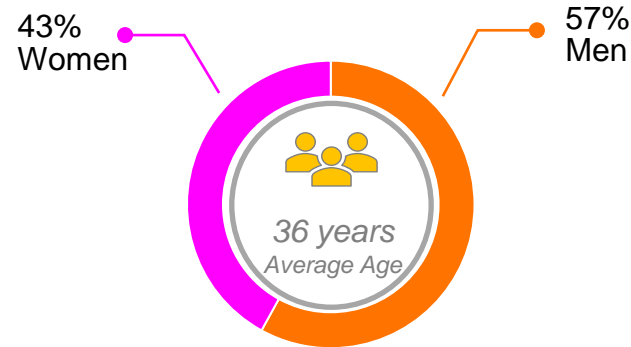
Sustainable finance

# The illimiters: talent and diversity fosters innovation

## Number of illimiters



## Gender breakdown



## Employees' Engagement

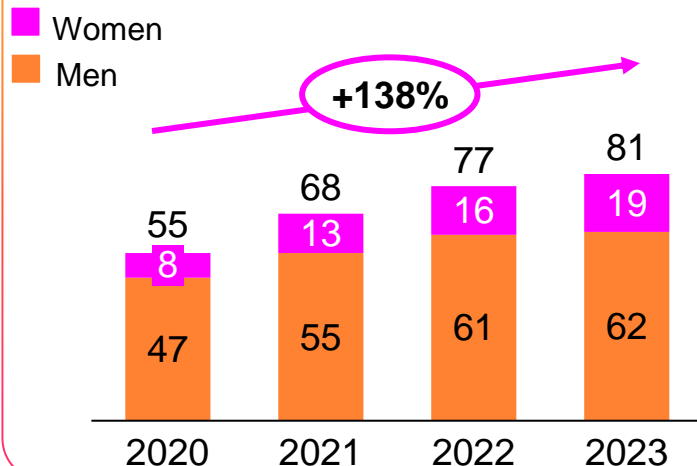


**Best Work Place in Europe**  
for the third year



**Great Place to Work**  
for the fifth year

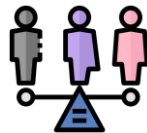
## Growth of women with an executive role



## Diversity, Equity & Inclusion



First bank to obtain the  
**Gender Equality**  
**Certification** UNI PdR part  
of the National Recovery and  
Resilience Plan



**New Anti-harassment**  
**policy**

## Negligible Equity Pay Gap

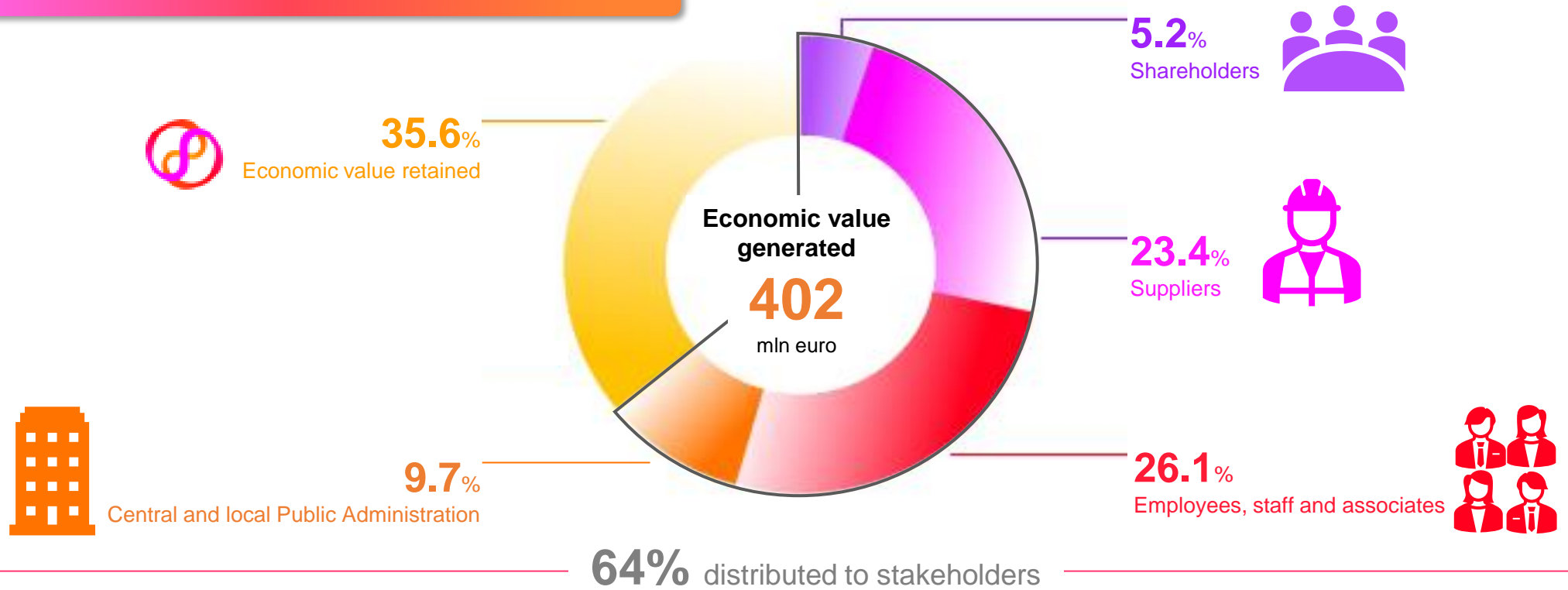
**4.9%**

**among the best in the sector**

- Analysis of internal and external remuneration benchmarks
- Defining financial packages on employment
- Annual salary review process focus on gender issues

# Prosperity

## Economic value generated and distributed



## Main financial data on a consolidated basis

**Total assets**

**7.3**

bn euro

**CET1 ratio**

**14.7%**

**Net profit**

**104.4**

mln euro

# Responsibility to distressed credit customers

## KPI *Social* – Specialised Credit Division & AREC neprix

In the absence of standard KPIs (GRI) directly related to **social impact** in the distressed credit world, illimity is a pioneer: it has developed **autonomous indicators** that measure the process of value creation.

2023	
<b>Collaborative Agreement Index</b> Ratio between the number of positions closed through out-of-court proceedings and the total of positions successfully closed by illimity Group	<b>73.3%</b>
<b>Time to Solve</b> Average time recorded to solve out-of-court proceedings	<b>6 months</b>



These indicators highlight **illimity's focus on finalizing out-of-court agreements**, which **accelerates resolution times** and contributes to the **recovery of the entrepreneur**

# Exploring Artificial Intelligence potential

## SPECIALISED TRAINING



## DESIGN SESSIONS

*Stimulate creativity and generate ideas*

## TECH MATCH

*Discussions with AI experts*

**Microsoft AI tools**

**Training for all employees**

**Interactions with AI Task Force team**

**Internal newsletter dedicated to AI topics**

fondazione illimity promotes innovative projects  
for the **social regeneration** of real estate assets and **impact investing**.

## Social

We build value for local communities through projects focusing on the social regeneration of real estate assets.

## Research & Development

We work with universities and centres with expertise in: research projects and feasibility studies for real estate regeneration; social housing creation; and the development of local cultures and areas.

## Collectivity

We create networks and synergies between profit and non-profit organisations, and both public and private entities, with the aim of sharing best practices and projects, thus creating the conditions for true financial sustainability.

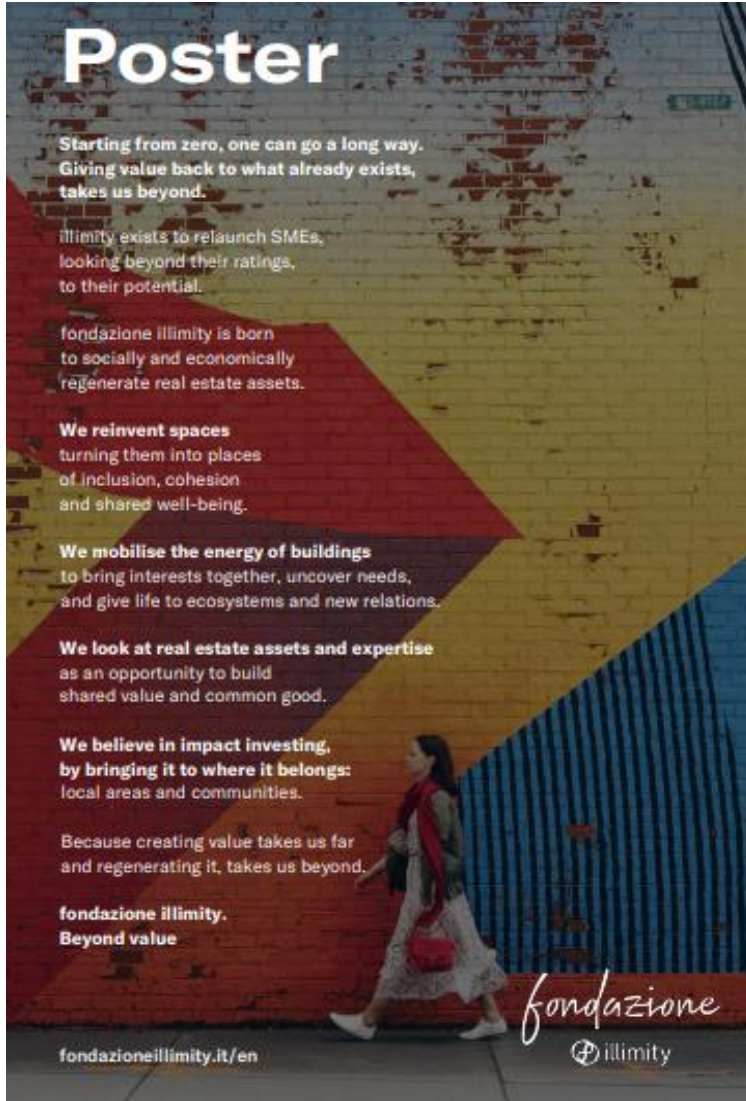
### Albergo Etico Cesenatico

Project to insert **people with disabilities** into **the working world** and offers them **training** and **independence**.



### (RE) GENERATION CAMP

**Laboratory for creativity** held in a space regenerated by the illimity foundation. Its objective is to promote the **integration and socialisation of the younger generations**







illimity at a glance



2023-25 Sustainability Plan



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**Governance**



Sustainable finance

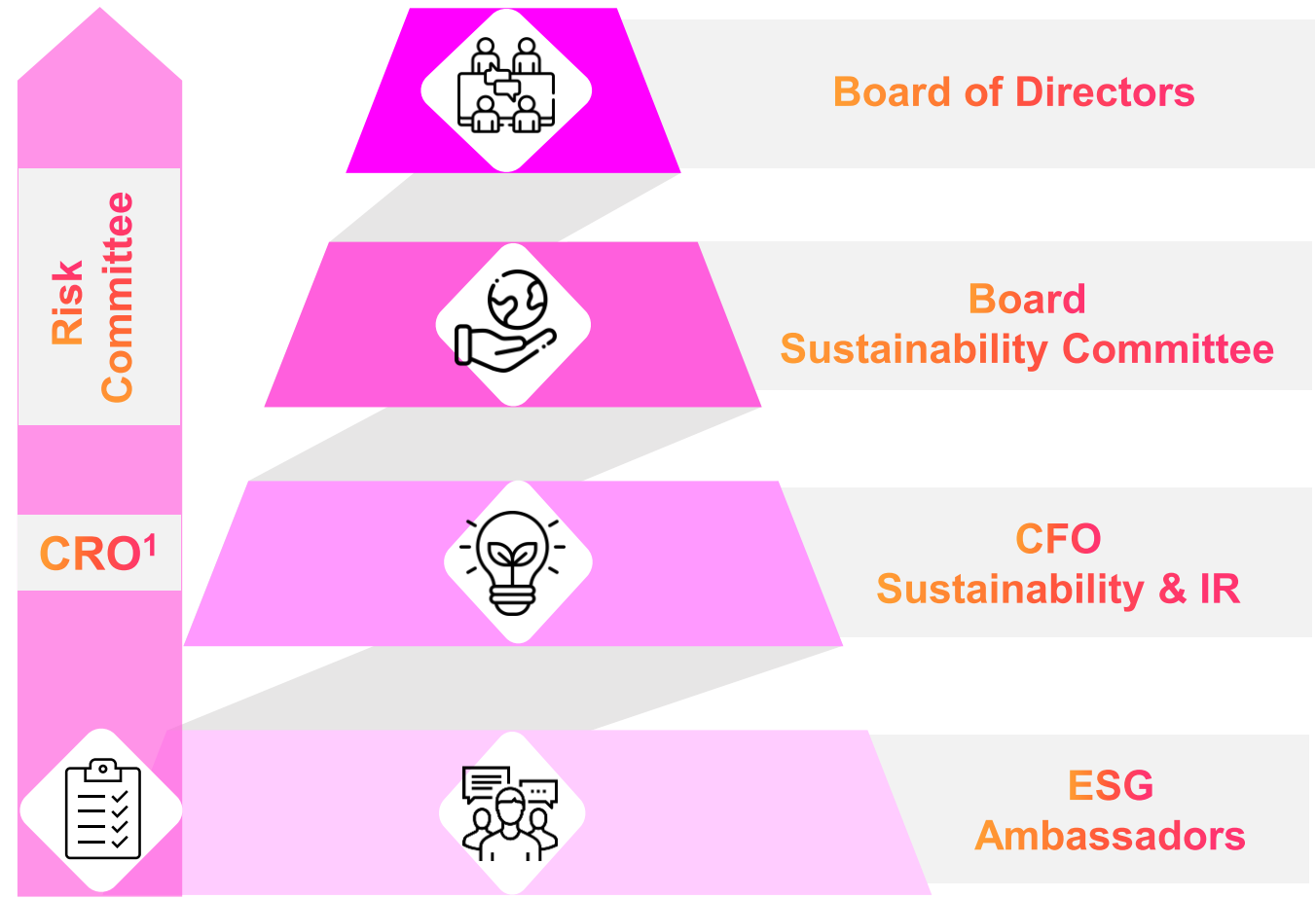


# Sustainability embedded in our governance system

## Key governance takeaways

- Adoption of the “**one-tier system**”
- **85%** board independence
- **46%** female board members (6 women out of 13 members)
- **Independent Chairperson**
- **62 years old** average age on the board
- **3 years** board average **tenure**
- **91%** average participation to board meetings in 2023
- **Diversity** in terms of gender, age, skills & background
- Explicit inclusion of “**sustainable success**” in the bylaws
- **Enforcement of ESG Ambassadors’ role**  
Including *Climate Risk Prevention*

## Governance Structure



# Board of Directors Skills Matrix



**BoD approved the results emerging from the self-assessment process  
integrating the ESG expertise as additional skill**

# Corporate governance & policies in line with best practices



illimity integrates ESG aspects into all its policies<sup>1</sup>, aligning **corporate governance practices** with **international best practices** and **shareholders' interests**.

*Most recent policies include:*



# ESG integrated in executives' variable remuneration

## Short Term Incentive: CEO Goal Card\*



Development of environmental policy, as well as a **climate strategy** at a Group level, including the **development of sustainable finance**



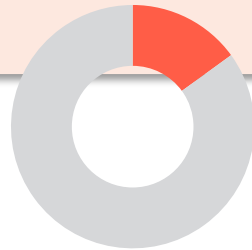
Maintenance of the **Gender Equality Certification** "UNI\_PdR 125-2022"



Maintenance of **Equity Pay Gap** in the range of +/- 3%.



**Fostering a sustainability culture** through the identification of specific roles (**ESG ambassadors**) in the main central functions, equal to approximately 10% of the employees



**15% linked  
to ESG goals**

## Long Term Incentive Plan

### Diversity, Equity & Inclusion (10%)



Employees' satisfaction over 70%.



YoY increase of women in managerial roles and gender balance in the company "talent pool".



### Top ESG Rating & Sustainable Finance<sup>1</sup> (10%)



Maintain or increase the investment grade in Standard Ethics and CDP ratings.



Yearly progression on Strategic Plan environmental targets.

**20% linked  
to ESG goals**



illimity at a glance



2023-25 Sustainability Plan



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Governance



**Sustainable finance**

# Sustainable Finance main achievements



A

**ESG policies** to effectively drive our **portfolio investments and credit granting process** towards our Group's environmental and responsible investments targets

B

**New Green, Social and Sustainability Linked loan Framework** to evaluate financing operations against ESG standards and Group's goals thanks to **measurable KPIs**



sace



illimity

C

**Innovative ESG services ecosystem for SMEs including a strategic partnerships with SACE and EIB** to support **corporates' sustainable transition**

# ESG policies to effectively drive our portfolio investments and credit granting process

A

## ESG Policies

**ESG Investment Policy** in Treasury and Investment Banking, to achieve 100% under ESG due diligence



The **ESG Investment Policy** aims to define, time by time and consistently with illimity's business model characteristics and RAF limits, strategic criteria for the integration of ESG aspects:

- **in the investment analysis**
- **In the responsible investment** decision-making processes.

**ESG Investment Policy** of illimity SGR



The scope of **illimity SGR's ESG Policy** is to provide the strategic guidelines for the integration of the **sustainability risk analysis into the investment decisions taken by illimity SGR S.p.A.** within the management of Alternative Investment Funds.



- **ISC fund** launched in 2023 classified under Art. 8 of the SFDR<sup>1</sup> places great emphasis on ESG issues and **offers economic incentives to SMEs that achieve specific targets in their sustainability journey**
- In February 2023, the Group, through illimity SGR, became signatory of the **Principles for Responsible Investments**

B

New **Green, Social & Sustainability-linked Loans Framework** included in the credit offer and policy



As part of the environmental targets of the Group in the transitioning to a net-zero economy, the new **"Framework"** foresees the possibility to develop **sustainable finance products**; it is subject to **updates on a periodical basis** in order to ensure the full alignment with **best market practices** and **voluntary standards**.



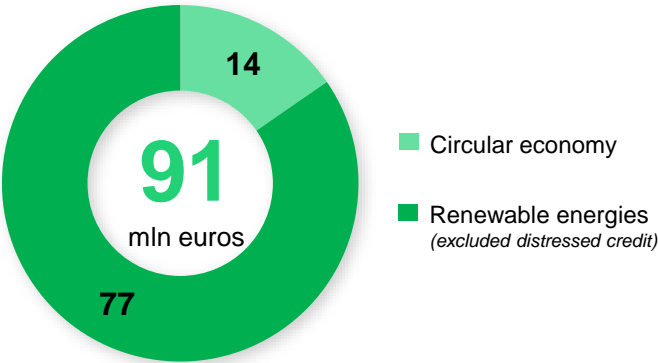
Note (1): A financial product that "promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices)" as per Regulation (EU) 2019/2088 of the European Parliament and of the Council.

# Sustainable finance to support SMEs

## ENVIRONMENT



Loans with environmental benefits



Business model natively addressing recovery and resilience of SMEs



B

## SUSTAINABILITY-LINKED

Sustainability-linked loans

ca. **90**  
mln euro

subject to the commitment of the counterparty to specific environmental, social and/or governance outcomes



## SOCIAL

Loans with social benefits

**386**  
mln euro

Total loans provided with the specific aim of restructuring companies in economic/financial difficulty



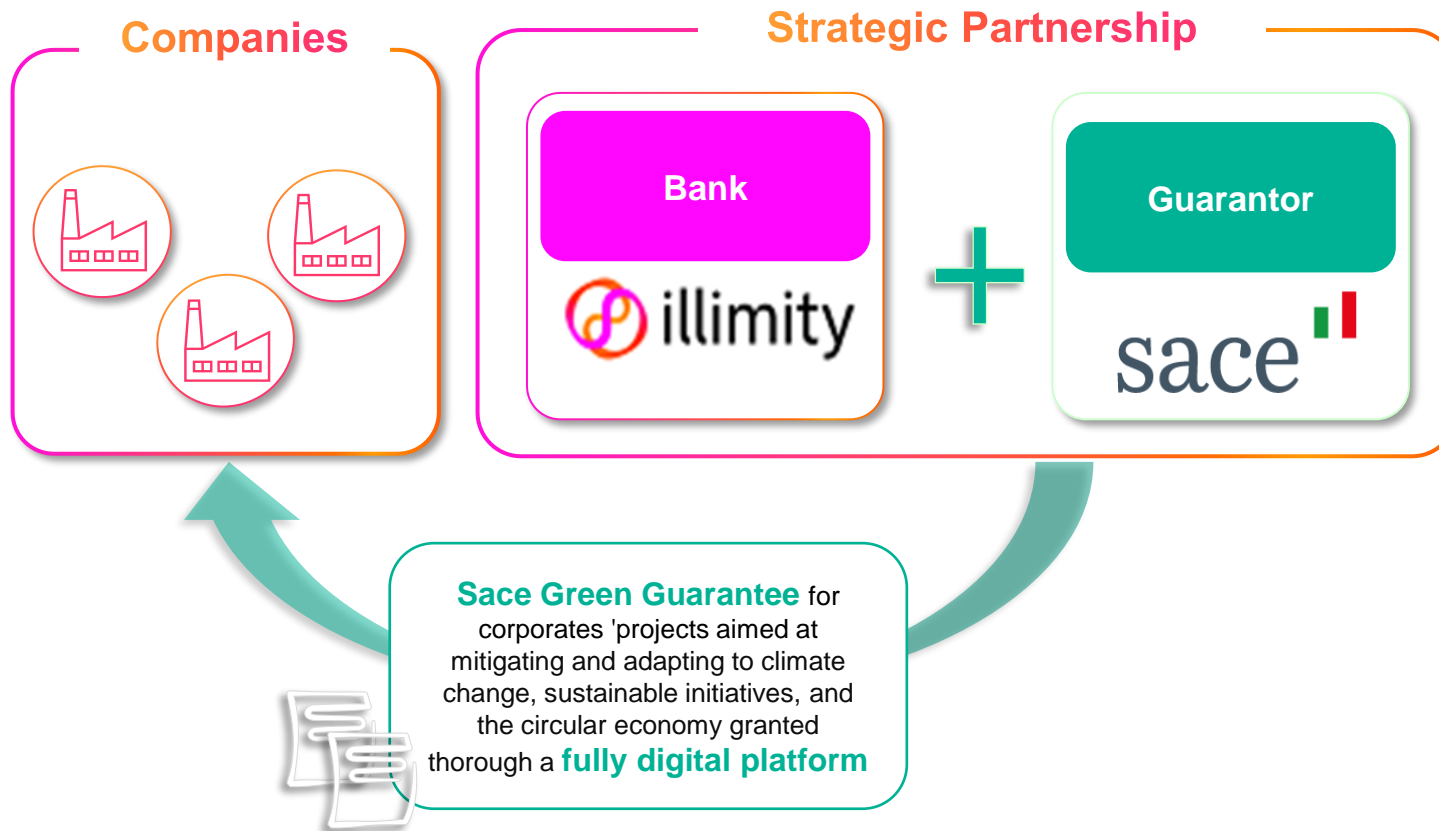
# ❖ Strategic partnership with SACE to support corporates' sustainable transition



## Key highlights

In December 2023 **illimity** has signed a **strategic partnership with SACE** which allows companies to benefit from an **80% Green Guarantee** to support **investments aimed at reducing environmental impact**

- **Projects** aimed at mitigating and adapting to **climate change**, preventing and reducing **polluting** activities, protecting **water** and marine resources, safeguarding and restoring **biodiversity** and ecosystems, sustainable **mobility**, and the **circular economy**
- Green Guarantee **issued at market conditions**, through a **fully standardized and digitized process**





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