

ILLIMITY PRESENTS ITS 2022 NON-FINANCIAL STATEMENT AND 2023-2025 SUSTAINABILITY PLAN

The excellent results achieved in 2022 and the additional 2025 targets highlight the illimity Group's strong commitment to increasingly integrate ESG topics into its growth strategy in order to create long-term sustainable value for all of its stakeholders.

Main highlights of the 2022 Non-Financial Statement:

- reporting of indirect Scope 3 GHG emissions extended to include financed emissions (Category 15) from this year;
- gender pay gap maintained below 5% and confirmation of the positive perception of the working environment, considered excellent by 80% of employees;
- direct environmental impacts among the lowest in the sector;
- Bank's main ESG ratings and scores upgraded, among the highest in the sector

Additional ESG targets set in the 2023-2025 Sustainability Plan, among which:

- development of the sustainable finance offer which by 2025 will contribute to 15% of the volumes disbursed/invested;
- maintenance of Gender Equality Certification (UNI PdR 125:2022), together with the already planned doubling of the number of women in managerial roles;
- incorporation of environmental and climate-related impacts into the valuation of real estate assets;
- incorporation of ESG criteria into the supply chain valuation.

Milan, 22 March 2023 – illimity Bank S.p.A. (“illimity” or the “Bank”) presents its Consolidated Non-Financial Statement (“CNFS”), prepared pursuant to Italian Legislative Decree no. 254/2016. The document also contains the disclosures required by article 8 of Regulation (EU) 2020/852 (so-called EU Taxonomy Regulation for sustainable economic activities), and the new objectives of the 2023-2025 Sustainability Plan.

Rosalba Casiraghi, Chair of **illimity**, stated: *“The Sustainability Report is a fundamental document for dialogue with our stakeholders. Each year the document is enriched with further information which testifies the Group's increased maturity in non-financial disclosure designed to report our progress on ESG issues and establish a solid baseline for achieving the sustainable success envisaged by our By-laws, which guide the whole Group”.*

Corrado Passera, CEO of **illimity**, commented: *“We have come a long way on the ESG front in our first four years, working with significant commitment to achieve the objectives already set in our 2021-2025 Strategic Plan. It was therefore our wish with the new 2025 Sustainability Plan to set additional ambitious objectives that will position us at the top of the international banking sector.*

We will accelerate the virtuous path already begun on ESG issues, this reflecting not only the principles on which the Bank is founded but also the Regulator's recommendations, as well as the expectations of the financial market and the ESG ratings agencies with whom we are in constant contact".

With a view to continuously improving ESG strategy, at its meeting of 9th February 2023 the Bank's Board of Directors also approved the **2023-2025 Sustainability Plan**¹, which contains additional qualitative and quantitative objectives designed to pursue a growth that is increasingly based on sustainability.

The **environmental** objectives focus on combatting the effects of climate change and fostering the transition towards climate neutrality and a net-zero emissions economy, where banks play, and will continue to play, a key role in supporting and accompanying financed businesses in their ecological transition process.

More specifically, one of the targets set in this area is the development of the **sustainable finance** offer that will take the volumes originated in this area to 15% of the total by 2025. In addition, the Group intends to structure a new **fund with ESG features** through illimity SGR and incorporate **environmental and climate impact metrics** in the valuation and management of **real estate assets**. The importance of energy transition and climate impact is further confirmed both by the target of **100% of renewable electricity energy** with which the Group intends to be sourced by 2025 and by the Bank's commitment to the development of initiatives to increase its employees' awareness of sustainable mobility.

Objectives of a **social** nature have been strengthened by way of commitments on diversity, equity and inclusion issues. In particular, in confirming a **doubling of the number of women in managerial roles** by 2025, the Bank additionally intends to maintain its **Gender Equality Certification (UNI PdR 125:2022)** and incorporate **ESG criteria into the assessment process for its supply chain**. On this front, in 2022 the Bank already began an ESG analysis of its supply chain with the dual objective of identifying, on the basis of proportionality and materiality, the commitment to ESG factors (by assigning an ESG score) and the indirect environmental impact (by obtaining or estimating its suppliers' Scope 1 and Scope 2 GHG emissions) generated by the supply chain.

Lastly, from its very beginnings illimity has been in line with best practice in incorporating sustainability into its business strategies, processes, policies and **Group governance** with the aim of consolidating that positioning, also by way of achieving a constant upgrade in its ESG ratings and becoming a signatory to the Principles for Responsible Banking and relative reporting.

illimity's Non-Financial Statement provides all stakeholders with a complete set of information on its sustainability performance. The report, based on the figures as at 31 December 2022, has been prepared in compliance with the 2021 version of the **GRI Sustainability Reporting Standards** ("GRI Standards") – "in accordance" option, to which voluntary qualitative and quantitative indicators have been added. The preparation of this report, coordinated by the IR & Sustainability Department, involved all the main corporate Divisions and Departments by way of an **ESG Digital Governance** collaborative platform.

¹ A detailed list of the ESG objectives can be found in the Appendix to the Press Release through the following link: <https://www.illimity.com/en/sustainability/our-esg-objectives>

The CNFS is structured on the basis of 4 strategic pillars – **Principles of Governance, People, Prosperity and Planet and Society**, as well as **Innovation** as the intrinsic, transverse pillar – consistent with the metrics of measuring Stakeholder Capitalism.

The following paragraphs set out the results achieved and the initiatives started up in 2022.

PRINCIPLES OF GOVERNANCE

The culture of rules and integrity in business conduct act as the basis for the way in which corporate governance operates and staff work. In addition, diversity and expertise are central values, concretely reflected in the Group's corporate governance system.

In February 2022 the Extraordinary Shareholders' Meeting approved the new version of the Bank's By-laws on a majority vote, in this way adopting the "one-tier" system of management and control and including **sustainable success** for the creation of long-term shareholder value in this revised version, taking into account the interests of the stakeholders important for illimity.

illimity's Board of Directors, whose composition sees **gender balance** with 54% of its members being men and 46% women, is one of the few in Italy that is led by a female chair, Rosalba Casiraghi, who has been in office since 2018. In accordance with best international practice and to the extent of its competence, sustainability issues and the management of ESG impacts are overseen by the **Sustainability Committee**, set up for the purpose in January 2020, and by the **Risks Committee**, each of these board sub-committees consisting of four Directors. Lastly, illimity has over 30 **ESG Ambassadors**, in charge of the development of specific ESG initiatives and the fostering of a sustainability culture in their teams.

PEOPLE

Enhancing the value of people, involving them and looking after their welfare in a Group consisting of over 850 illimiters having 25 nationalities and coming from more than 300 organisations, are crucial factors at the heart of illimity's success. HR policies and initiatives have the aim of fostering the illimity journey that accompanies the entire development route of employees through dedicated growth paths, continuous feedback and recognition, initiatives designed to respond to the needs arising from the personal sphere and an inclusive approach that values diversity.

In November 2022, illimity was the first bank to obtain UNI PdR 125:2022 **Gender Equality Certification**, which is included in the National Recovery and Resilience Plan (NRRP) and establishes the guidelines for fostering gender equality and envisages the structuring and adopting of a set of performance indicators that will be constantly monitored.

The Bank additionally confirms its path towards the **neutralization of the gender pay-gap** which stands physiologically at 4.6%. It is also recalled that since 2022 **specific ESG objectives have been incorporated into the short- and long-term incentive plans**, with a weighting of 15% in the Annual Variable Incentive Plan (MBO) and 20% in the Long-Term Incentive Plan (LTIP) intended for management and key members of staff.

For the fourth consecutive year the Bank has been recognised as a **Great Place to Work**[®], with an especially positive perception by employees of the working environment, which 80% consider to be

excellent, and for the second time it has been included in the **Best Workplaces in Europe™** rankings.

PROSPERITY

The illimity Group's aim is to generate long-term value for all its stakeholders. In 2022, **76% of the economic value generated was distributed to stakeholders.**

illimity was conceived with the aim of focusing on an enormous need to be satisfied, namely providing credit to SMEs with growth potential that require specialist support to deal with their growth plans and to businesses that have had problems but which, if adequately supported, can achieve the hoped-for revival.

The Growth Credit Division **supports SMEs in their development, restructuring and relaunch processes**, with the resulting positive social effects in terms of jobs and value generation for the entrepreneurial fabric. In 2022, investments having the aim of reviving businesses in economic or financial difficulty totalled EUR 351 million, while financing with environmental effects and benefits amounted to EUR 40.4 million, relating to operations dedicated to sectors involved in the circular economy, renewable energy and green transportation.

As part of its servicing activity, the Distressed Credit Division provides professional support for its customers, seeking to conclude out-of-court agreements that speed up settlement periods and contribute to the recovery of the exposure. The **Collaborative Agreement Index**, the ratio between the number of positions closed through out-of-court proceedings and the total number of positions, ended 2022 at 78%, while the **Time to solve**, the average period needed to close out-of-court procedures, was only 5 months on average.

Lastly, thanks to **b-ilty**, the first offer wholly dedicated to small and medium-sized businesses, the Bank intends to support its corporate customers with products whose aim is to support companies in their green and digital transition journey. This has seen the launch of **b-green**, the package conceived for businesses that want to carry out sustainable projects (such as installing photovoltaic panels or improving the energy efficiency of their systems) and **b-innovative**, for investments in the digitalisation of a company's business operations and management.

PLANET AND SOCIETY

illimity's business model, with its fully digital and in cloud infrastructure, minimises direct environmental impacts and makes the responsible use of resources more efficient. The Bank's process for **measuring environmental impacts** was set up at the start of activities and includes all Group companies. In 2020 the Group initiated a design approach aiming to identify steps to make more efficient and reduce its Scope 1 and Scope 2 GHG emissions which, thanks also to the purchase of carbon credit certificates, has enabled it to achieve **Carbon Neutrality**.

illimity has additionally undertaken **mitigation** activities as a means of making consumption more efficient and reducing usage, and **as things currently stand its environmental impact is one of the lowest in the banking sector** (0.5 tCO₂e/FTE). A number of initiatives designed to reduce/optimize employee commuting were started in 2022. In particular the "**Green Friday**" initiative in the Milan office that sees the lighting and air-conditioning systems on three floors being switched off every Friday and during the Christmas and summer holidays, in this way saving energy and reducing environmental impact. In addition, a **modular smart-working system** has been

introduced that envisages a number of flexibility levels for employees to agree with their managers to enable illimiters a proper work-life balance and reduce home-work journeys.

As of today, **76%** of the Group's **electricity consumption** comes from renewable sources and **total renewable energy** usage has risen from 8% to 44% over a period of two years, thanks also to the purchase of Guarantee of Origin certified energy.

In addition, in line with the Bank's sustainability strategy, from this year disclosures of indirect Scope 3 GHG emissions have increased, with particular regard to those relating to financing activities (**financed emissions**). In this way the Bank is able to monitor its portfolio carbon footprint and set up any decarbonisation strategies with its business structures.

Lastly, in this year's CNFS the disclosures on climate-related and environmental issues have been aligned to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

INNOVATION

A **focus on technology and a digital approach** is one of the distinguishing features of the Bank, the first Italian lender to be born with **100% in cloud systems**. For illimity, innovation is a strategic lever that pervades the whole of the organisation: from the **business culture** to **operating processes** and **technological infrastructure**.

The **Digital Mindset Revolution** programme was introduced in 2022, by which the Group intends to foster a solid internal digital revolution, in terms of both mindset and skills, through a series of activities that range from assessment tests to dynamic training articles prepared *ad hoc* and training sessions in workshops that have already involved illimiters for over 2,500 hours. The activities are monitored by appropriate KPIs that measure the satisfaction levels of the workshops and the number of processes revised from a digital standpoint.

The 2022 CNFS can be downloaded from the website <https://www.illimity.com/en/sustainability>, where further information can also be obtained.

SUSTAINABILITY PLAN 2023-2025 TARGETS

Environment



2021-2025 Strategic Plan	<ul style="list-style-type: none"> ■ Maintain the Group's carbon neutrality (Scope 1 and Scope 2 emissions); the measurement and addressing of the so-called "funded emissions" (Scope 3)
	<ul style="list-style-type: none"> ■ Reactivation of renewable energy plans through the Energy Desk
	<ul style="list-style-type: none"> ■ Integration of ESG factors in the credit assessment and Risk Appetite Framework (RAF)

Energy used	<ul style="list-style-type: none"> ■ Reach 100% of electricity used from renewable sources at the Group's main locations
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FSC Paper	<ul style="list-style-type: none"> ■ Maintain 100% use of FSC paper throughout the Group
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Environmental Policy	<ul style="list-style-type: none"> ■ Develop environmental policy at Group level
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Environmental KPIs in Real Estate	<ul style="list-style-type: none"> ■ Consider the environmental and climate impacts in the appraisal and management of Real Estate assets
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Additional targets

**2023-2025
Sustainability Plan**

Green loans and sustainable finance	<ul style="list-style-type: none"> ■ Develop the offering and framework for sustainable finance products
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Green loans and sustainable finance	<ul style="list-style-type: none"> ■ Develop ESG support/advisory services for SMEs
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Green loans and sustainable finance	<ul style="list-style-type: none"> ■ Reach 15% on cumulative origination volumes (disbursed/invested) for 2023-2025 for sustainable finance (Sustainability-Linked Loans, Green Loans/Investments and Taxonomy-Eligible Loans)
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ESG Asset Management	<ul style="list-style-type: none"> ■ Launch of ESG Fund (illimity SGR)
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Climate Disclosure	<ul style="list-style-type: none"> ■ Reporting aligned with TCFD disclosure
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Social



- 2021-2025 Strategic Plan**
- Double the number of women in managerial roles (Gender Equity)
 - Maintain the balance between men and women in the formalised "talent pool" and a gender pay gap with a maximum deviation of 5%
 - Maintain the engagement index of Group employees above 70%
 - Develop impact projects for the real estate sector, through fondazione illimity

Additional targets

2023-2025 Sustainability Plan

- D&I Certifications** ■ Maintain the UNI_PdR 125-2022 gender equality certification
- Anti-harassment Policy** ■ Develop a company policy to combat harassment, inappropriate sexual conduct and bullying
- Training** ■ Maintain average number of hours of training at 42 hours per employee, while guaranteeing 3 hours of ESG training per employee
- Raising awareness on sustainable mobility** ■ Develop initiatives to raise awareness on sustainable mobility (commuting) for employees
- Supply chain** ■ Reach more than 50% of total expenditure on goods and services as of 2025 assessed with ESG criteria

Governance



2021-2025 Strategic Plan

- Enhance illimity's ESG Ratings
- Integrate ESG Goals in incentive plans

Additional targets

2023-2025 Sustainability Plan

- ESG Ambassadors** ■ Identifying the specific ESG Ambassadors in the key structures (10% of illimiters)
- Endorsement to PRB** ■ Endorsement of the Bank to the Principles for Responsible Banking
- Anti-Bribery and Compliance Certifications**
 - Obtain of the Anti-Bribery certification (ISO 37001)
 - Obtain of the Compliance certification (ISO 37301)
- ESG Investment policy & limits** ■ Developing 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)

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illimity Bank S.p.A.

illimity is the high-tech banking group founded and headed by Corrado Passera that was created with the aim of responding to specific market needs by way of an innovative and specialist business model. More specifically, illimity extends financing to high-potential SMEs, purchases distressed corporate loans and services these through its platform neprix and provides digital direct banking services through *illimitybank.com*. illimity SGR, which sets up and manages alternative investment funds, the first of which dedicated to UTP loans, is also a member of the Group. The story of the illimity Group began in January 2018 with the launch of the special purpose acquisition company SPAXS S.p.A., which ended with a record 600 million euro being raised on the market. SPAXS subsequently acquired Banca Interprovinciale S.p.A., with the resulting merger between the two giving rise to “illimity Bank S.p.A.” which has been listed on the Italian Stock Exchange since 5 March 2019 (ticker “ILTY”), first on the MTA exchange and since September 2020 on the STAR segment. The banking group, headquartered in Milan, can already count on over 850 employees and ended 2022 with assets of around 6.4 billion euro.