

ILLIMITY PRESENTS ITS FIRST VOLUNTARY NON-FINANCIAL STATEMENT AND ANNOUNCES THAT IT ALREADY ACHIEVED CARBON NEUTRALITY IN 2020

The materiality analysis involved over 740 stakeholders, inside and outside the bank, in determining the topics that are material for illimity. Five pillars were identified, in line with international trends, ranging from the G20's priorities to the new Stakeholder Capitalism Metrics:

- **Principles of Governance:** *illimity's Corporate Governance sees a Board of Directors, led by the Chairperson Rosalba Casiraghi, that is well-balanced in terms of gender.*
- **People:** *illimity was recognised as a Great Place To Work for the second consecutive year, with 85% of employees noting overall satisfaction and the gender pay-gap effectively closed.*
- **Prosperity:** *the Bank has introduced an ESG rating into its credit assessment and in 2020 has allocated financing of EUR 247 million to the relaunching of SMEs in difficulty.*
- **Planet and Society:** *the Bank has offset the emissions of 489 tCO₂eq arising from its business activities (Scope 1 and Scope 2), representing the Group's 2020 Carbon Footprint, by purchasing carbon credit certificates.*
- **Innovation:** *a focus on technology and the digital approach are distinctive features of the Bank, with 100% of its proprietary systems on cloud computing.*

Milan, 28 April 2021 – illimity Bank S.p.A. (“illimity” or the “Bank”) presents its first Voluntary Consolidated Non-Financial Statement (NFS) pursuant to the Italian Legislative Decree no. 254/2016 and announces that it already achieved carbon neutrality at a Group level in 2020.

Since starting activities in 2019, the Bank has always placed specific emphasis on environmental, social and governance (“ESG”) issues, and taking a native approach has embarked on a path of building these into the Group's strategies, processes and governance. This commitment is also reflected in the Group's decision to prepare its first voluntary NFS, continuing the reporting and transparency process started last year with the publication of its Sustainability Profile.

With its first Non-Financial Statement, illimity provides a wide range of information on its ESG performance to all its stakeholders. The report – based on the figures as of 31 December 2020 – has been prepared in compliance with the **GRI Sustainability Reporting Standards** (“GRI Standards”) – “Core” option, to which voluntary qualitative and quantitative indicators have been added. The preparation of this report, in the name of the digital innovation that has always set the Bank apart, involved all the main corporate functions and divisions using an **ESG Digital Governance** collaborative platform.

Rosalba Casiraghi, illimity's Chairperson, stated: *“The illimity Group's first Sustainability Report represents an important moment for sharing the responsibilities that guide us in helping people, families and businesses to unleash and enhance their potential with all of our stakeholders. I am especially proud of also chairing the Sustainability Committee, testifying our strong commitment to ESG issues, an involvement that unites us all, from the Bank's top management to its single functions and areas”.*

Corrado Passera, illimity's CEO, commented: *“We are continuing our commitment to ensuring solid profits for people who have invested in illimity, the innovative project which at the same time is aiming to be useful to society as a whole and able to provide a boost towards achieving sustained and sustainable growth in our country. Italy can and must reactivate its economic and social potential this year. And we in illimity intend to play our part in that process”.*

The Non-Financial Statement is structured on the basis of 5 strategic pillars – **Principles of Governance, People, Prosperity, Planet and Society and Innovation** - in line with international trends, which range from the priorities of the G20 under the Italian Presidency to the new Stakeholder Capitalism Metrics.

The following paragraphs set out the results achieved, and the initiatives begun in 2020 for each of the 5 pillars:

1. Principles of Governance

A **rule-based culture** 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, and in practice these are reflected in the Group's corporate governance system: in this respect illimity's Board of Directors is one of the few in Italy with a Chairperson, Rosalba Casiraghi, in office since 2018 and re-appointed as head of the new Board of Directors on 22 April. Since February 2021, illimity's Board of Directors is **well-balanced in terms of gender**, with 56% of directors being men and 44% women. A **Sustainability Committee** looks after sustainability issues, providing proposals and advice to the Board of Directors. The Communication & Stakeholder Engagement Function coordinates the process for monitoring and reporting non-financial matters, in constant collaboration with the Group's various functions and divisions.

2. People

Diversity and inclusion are crucial factors in a Group consisting of over 600 illimiters having 20 nationalities and coming from more than 200 organisations operating in 17 different industries. Right from the beginning, illimity has always set its sights on **closing the gender pay-gap** which, owing to grade and work experience, is at a physiological level of 3.6%. Specific emphasis is given to **reconciling work with family life**. Parental leave for new fathers allows for an extension to 20 days compared to the 7 days envisaged in the new contract for the banking sector, and since the start of the health emergency employees who have to look after children or relatives have been granted two hours of paid leave a day. For the second 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 85% of them consider excellent. In addition, the year saw the launch of the "[illimitHER](#)" programme, created to enhance the potential of young women promoting under-35 role models who have followed STEM paths. The programme involved over 10 speakers, 20 partners and inspired 6,000 young people in its first 8 months of activity.

3. Prosperity

The illimity Group's aim is to generate long-term value for its stakeholders. Its business divisions are committed in this sense, having as their objective the unleashing and enhancement of the potential of people, families and businesses.

The SME Division of illimity supports small and medium enterprises (SMEs) in development, **restructuring and relaunch processes**, with the resulting positive repercussions on society, such as jobs and entrepreneurship. Financing totalling EUR 247 million was directed towards relaunching businesses in difficulty in 2020. In addition, at an environmental level, EUR 29 million was disbursed in operations dedicated to sectors involved in the circular economy, green transportation and renewable energy. An ESG rating has been gradually introduced to integrate sustainability and related risks in the credit assessment process.

The Distressed Credit Investment & Servicing Division is one of Italy's leading operators specialising in corporate non-performing loans (NPL) and unlikely-to-pay (UTP). The division focuses on purchasing distressed loans, financing third-party investors that purchase bad loans and, through its neprix servicing platform, managing and enhancing the value of distressed loans. As part of its servicing activity, the Division provides professional support for its customers, seeking to conclude out-of-court agreements that speed up settlement periods and contribute to recover 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 the year at **80.8%**. In addition, the Division identified the **energy sector** as an area of further specialisation, also given the contribution the segment provides to **green-style energy conversion**. A dedicated desk has therefore been set up having not only financial expertise but also technical and legal skills in energy-based and environmental matters.

The Bank's Digital Direct Division, illimitybank.com, was set up with the aim of providing value-added services and contents, and in 2020 initiated projects for the dissemination of financial culture. Appreciation for the Bank's initiatives and services was reflected in its **Net Promoter Score** – an index that measures customer satisfaction and loyalty – for which it achieved **48 points** compared to an industry average of 9.

4. Planet and Society

Measuring, mitigating and offsetting emissions

illimity's business model, with its fully digital and cloud-based infrastructure, minimises direct environmental impacts and makes the responsible use of resources more efficient. The Bank's process for **measuring environmental impacts** was originally set up from the beginning of its activity and further extended to include all Group companies in 2020.

illimity introduced **mitigation** activities as a means of making consumption more efficient and reducing usage by way of initiatives designed to discourage the use of lifts, printers and (FSC certified) paper and encourage the exchange of digital documents. The Milan offices are equipped with a system of timers that enable lighting and air-conditioning systems to be automatically switched off. In addition, from 2021 **the electricity used** in the two main offices in Milan and Modena is produced from **100% "GO" (Guarantee of Origin) certified renewable sources**.

Despite the limited environmental impact, right from the start the Bank decided to offset the emissions arising from its business activities (Scope 1 and Scope 2); these emissions, amounting to 489 tCO₂eq. in 2020, represent the Group's Carbon Footprint. **Carbon Neutrality is achieved** by purchasing "Gold Standards" carbon credit certificates linked to the "Clean Cookstoves Mozambique" project in Maputo, Mozambique, which has led to the replacement of high-usage coal burners with more efficient systems designed to reduce CO₂ emissions and the resulting benefits on the savings and health of the local populations.

Initiatives to combat the Covid-19 emergency

illimity's smart native, innovative and technological nature enabled the Bank to be one of the first businesses to introduce continuous smart working as the standard way of working right from the beginning of the emergency. In addition, a continuous **screening** process has been introduced for all employees and collaborators, who have the possibility of undertaking a free-of-charge swab test in their offices once a week, and a **specific Covid-19 insurance policy** has been taken out.

In terms of business support, illimity took prompt action to implement the measures introduced by the legislator, setting up a lean, streamlined process for obtaining the suspensions contemplated in the "Cura Italia" Decree Law and ABI moratoria. In 2020 **suspensions and moratoria** were concluded in almost 200 cases for a total of **approximately EUR 86.5 million** (now reduced to **approximately EUR 48 million**). illimity further acted on a timely basis by donating medical

equipment worth **EUR 270 thousand** that was needed to deal with the health emergency at the disposal of hospital facilities.

5. Innovation

In illimity, innovation is the driver capable of generating value for the whole business, the strategic lever that pervades the entire organisation and provides a real contribution to achieving the Group's business objectives and responding to stakeholders' needs. A **focus on technology and the digital approach** is one of the distinctive features of the Bank, the first Italian institution to be set with **100% of its systems using cloud computing**. Aware that innovation and a digital approach represent a fundamental approach to a country's growth, illimity consistently proposes services that respond to the new needs of the customer by combining cutting edge technologies with the human dimension. From a fully **Open Platform** perspective, the Bank has extended its range of services to include functions that support a greener lifestyle, in particular by fostering sustainable mobility and physical well-being. Worthy of note among the services launched last year is **illimity connect**, this enabling them to make payments from a single digital touchpoint. This is an example of how **Open Banking** technology can be used to help people to improve the relationship with their finances, giving them greater control and awareness. illimity's growth in Open Banking has seen a very strong acceleration in the last part of the year since the creation of the joint venture in **HYPE**, the leading Italian fintech platform with over 1.3 million customers.

To obtain further information and download the 2020 NFS, consult the website <https://www.illimity.com/en/who-we-are/sustainability>.

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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 illimity 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 600 employees and ended 2020 with assets exceeding 4 billion euro.