



Sustainability Profile 2019

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01.

Bank beyond the form



Letter to Stakeholders

Dear friends of illimity,
We present this first Sustainability Profile at a difficult time as we find ourselves in the midst of a health, economic and social emergency.

Since the birth of illimity we have understood sustainability as responsibility towards the entire community of which we feel a part, and especially towards businesses, families and individuals, whom we would also like to accompany in this period of significant uncertainty.

During what have been extremely complicated weeks we have sought to capitalise fully on the new paradigm around which we have built illimity. The technologies we have adopted and our organisational model have enabled us to remain fully operational by adopting smart-working as the standard from the beginning of the emergency, ensuring maximum security levels for our workers and providing levels of service appropriate for our customers and partners. Our strategic and financial decisions have proven to be correct, and the prudence we have always shown in lending and investment decisions also give us comfort in the present complex scenario.

More than ever before we now want to provide real, clear answers to our business customers as far as their growth and revitalisation plans are concerned, we want to make a contribution to the creation of new opportunities for gaining economic and social value, also in highly critical situations, and with our direct banking services we want to accompany our customers towards a new normality that must be both more sustainable and more resilient.

With this first Sustainability Profile we confirm the responsibility that we wish to assume towards all of our stakeholders: our shareholders, to optimise returns on the capital with which we have been entrusted; our customers, to accompany them along the path to succeeding in their challenges; our workers, to make the most of their skills and diversities; our partners, to constantly create wider opportunities; and finally society as a whole, to generate positive effects and be of service to the entire community. Commitments which distinguish the way we work and which we state clearly in our illimity Identity (page 30), commitments which on this occasion we share with the outside world for the first time, giving substance, with facts and figures, to two key words: innovation and responsibility. The contents and format of our first Sustainability Profile will be extended and enhanced over the next few years, but after our first year of operations we felt the need to publish an initial version, even if necessarily incomplete.

We will continue to invest and work in the conviction that there is always the need for banks like illimity, institutions capable of boosting the long-lasting growth of this country's entrepreneurial fabric and of providing innovative banking services as a means of making the lives of individuals and families simpler and more relaxed. This is the responsibility which we have taken on ourselves and which, in the name of 500 illimiters, we are committed to achieving.

Rosalba Casiraghi
Chairman illimity

Corrado Passera
CEO illimity

illimity’s approach to sustainability

illimity Bank S.p.A. (“illimity Bank” or “illimity”) considers sustainability to be a strategic prerequisite in both the long and the short term, undertaking to ensure effective control of the connected risks.

illimity is the new paradigm bank and a **sustainable native company** because it has taken a natively sustainable path in its strategies, processes and Group governance. The first steps were the mapping of a part of the Group’s policies, regulations and procedures with the aim of incorporating sustainability issues and the corresponding GRI (Global Reporting Initiative) Standards, taking into consideration the Bank’s core business. In addition, the most important sustainability trends and issues in all the processes and the determination of the most significant aspects to be tracked through the use of KPIs were identified, providing for improvements to ensure the constant development of the Group’s sustainability. The process for identifying the material topics, meaning the key indicators on which the reporting and communication of sustainability were to be based, was guided by the Bank’s mission, by the industry’s benchmarks and trends and by a detailed analysis of publications in the media. The means by which the survey was conducted were then fine-tuned by way of:

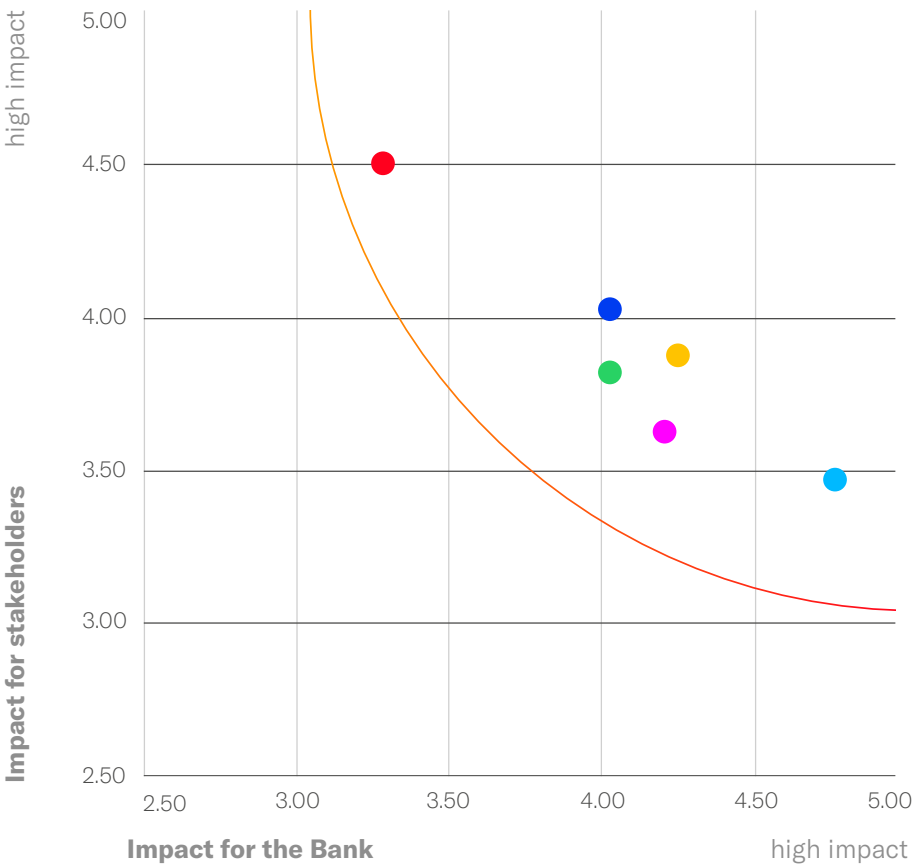
- an analysis of **internal importance**, investigated by carrying out a sample of **20 interviews** with members of the Bank’s Board of Directors, its Chief Executive Officer and its managers.
- an analysis of **internal and external importance**, investigated by involving over **680 of illimity’s stakeholders**, including employees, shareholders, customers, partners, suppliers and members of the community of illimiters, who were asked to complete a structured questionnaire designed to collect information about their requirements and expectations.

To the material topics resulting from the internal and external survey, reported in the matrix, were then added a series of regulatory topics that constitute our integrity and our conduct, on which we place the maximum attention, and these are discussed in Chapter 4 “Integrity in business conduct”.

This report is our first exercise in communicating the results we have achieved so far, the activities we have introduced and the objectives that illimity sets itself as a means of continuing its sustainable path. The **Sustainability Reporting Standards (“GRI Standards”)**¹ published for the first time in 2016 by the Global Reporting Initiative, the globally recognised international standards for sustainability reporting, have been freely used in reporting several of the indicators referred to in this report.

¹Further information about the GRI Standards and the indicators selected for reporting can be found in the appendix at page 70.

illimity’s materiality matrix



Material topics		People
		Innovation
		Support for SMEs
		Solidity of results
		Socially responsible activities and products
		Customer relations and the ability to provide a tailored response

illimity’s first materiality matrix is the result of making an assessment of the topics that are potentially important for the Bank and its stakeholders. The above identifies out the topics which, proving to be material and exceeding the materiality threshold for both the Bank and its stakeholders, are addressed in the Profile. The materiality matrix was validated by the Sustainability Committee at its meeting on 10 February 2020.

²The materiality threshold established during the materiality analysis was 3.25 out of 5.



02.

The illimity Group

illimity Bank S.p.A. (“illimity”) is the parent company of the Group bearing the same name. Its story begins in January 2018 with the launch of SPAXS S.p.A. (“SPACS”), the largest Italian SPAC (special purpose acquisition company) and one of the biggest in Europe, set up to acquire and capitalise an entity operating in the banking industry, which raised 600 million euro. The purchase of Banca Interprovinciale S.p.A. (“Banca Interprovinciale”) in 2018 and the subsequent merger between SPAXS and the Bank gave rise to illimity Bank, which began trading on Borsa Italiana’s MTA exchange on 5 March 2019.

illimity is a new paradigm bank, specialising in lending to SMEs and characterised by a strongly innovative and high-tech business model. illimity extends financing to high-potential businesses which still have a low credit rating or are unrated, including the non-performing (Unlikely-to-Pay) SME segment. It also purchases secured and unsecured distressed corporate loans with the aim of servicing these through its platform, neprix S.r.l.. Finally, it provides innovative services for retail and corporate customers through its direct digital bank, illimitybank.com.

The illimity Group consisted of the following companies at the end of April 2020:

neprix S.r.l. (“neprix”), launched in 2019, is the servicer specialising in the management of corporate distressed credit having an innovative, multi-disciplinary and technological servicing model. With the acquisition of IT Auction S.r.l. (“IT Auction”), leader in online auctions of business assets and real estate, neprix intends to become the number one end-to-end operator specialising in distressed corporate credit capable of covering the entire value chain in a differential manner.

IT Auction S.r.l. (“IT Auction”), formed in 2011, is the company specialising in the management and sale of real estate and capital assets by way of insolvency procedures, real estate foreclosures and private sales through an innovative business model that aims at achieving a transparent enhancement of asset value through online auctions on its network of portals. IT Auction collaborates with over 120 courts throughout the whole of Italy, more than 100 professionals, thousands of national and international companies and large leasing companies.

illimity SGR S.p.A. (“illimity SGR”), is the illimity Group’s asset management company formed to set up and manage alternative investment funds with the main focus on investments in corporate credit, and was authorised to trade by the Bank of Italy in February 2020. The Group also contains a series of vehicles playing a functional role in securitisation operations, structures used to acquire certain distressed credit portfolios.

The principal milestones in illimity's history

Jan 18

SPAXS, Italy's leading entrepreneurial special purpose acquisition company, aimed at creating a new player in the banking sector, gets under way.

Apr 18

The business combination between SPAXS and Banca Interprovinciale is announced.

Aug 18

SPAXS shareholders approve the business combination and the name of the new bank is announced: illimity.

Dec 18

illimity's innovative headquarters with smart spaces in Palazzo Aporti in Milan is opened.

Jun 19

illimity signs an agreement for the purchase of IT Auction, which from the integration with neprix will create the leading end-to-end servicer specialising in distressed corporate credit.

Apr 19

illimity presents neprix, the servicer specialising in managing corporate distressed credit.

Mar 19

illimity Bank is born out of the merger between SPAXS and Banca Interprovinciale on 5 March, with its simultaneous listing on Borsa Italiana's MTA exchange.

Sep 19

illimitybank.com, illimity's third core entity, which provides direct digital banking services to retail and corporate customers, begins operations.

Feb 20

illimity SGR is formed to set up and manage Alternative Investment Funds.

Corporate governance

illimity’s Corporate Governance framework establishes the relationships between the Bank’s structures, its corporate bodies and its stakeholders. It is the framework by which (i) business objectives are set, (ii) the means by which these are to be achieved is established, (iii) supervision is carried out to ensure that taken as a whole they are sufficient to achieve their scope and comply with legislative requirements and (iv) detailed control activities are performed ex ante and ex post to ensure practical compliance with strategies and legislation.

Effective organisational and corporate governance structures represent an essential condition for businesses to pursue their corporate objectives; for banks, these assume particular relevance owing to the specific features of banking activities and to the public interest, an object of specific consideration by the legal system. In this respect in addition to responding to the entity’s own interests, the organisational and corporate governance structures of banks must ensure the existence of healthy and prudent management, an essential objective of legislation and supervisory controls.

illimity has a traditional governance structure envisaging the following bodies:

- Shareholders’ Meeting
- Board of Directors
- Board of Statutory Auditors

The corporate government system is in line with international best practice and envisages a **Board of Directors**, in office since 20 September 2018, with an ample representation of independent members and composed of people with a high standing and significant and complementary skills and experiences. The Board of Directors is vested with full powers for the ordinary and extraordinary management of the Bank other than those reserved by law or the bylaws for shareholders in general meeting.

The **Board of Statutory Auditors**, which acts as the Bank’s control function, is made up of three standing auditors and two substitute auditors whose duties, obligations and term in office are those established by the law and by article 28 of the bylaws. The Board of Statutory Auditors was appointed by shareholders at the general meeting held on 18 January 2019.

Members of the Board of Directors

Rosalba Casiraghi, Chairman
Corrado Passera, Chief Executive Officer
Massimo Brambilla, Director
Giancarlo Bruno, Director
Elena Cialliè, Director
Martin Ngombwa, Director
Alessandro Gennari, Director
Luca Rovati, Director
Maurizia Squinzi, Director

Members of the Board of Statutory Auditors

Ernesto Riva, Chairman of the Board of Statutory Auditors
Stefano Caringi, Standing auditor
Nadia Fontana, Standing auditor
Riccardo Foglia Taverna, Substitute auditor
Michela Zeme, Substitute auditor

³ Director appointed at the shareholders’ meeting of 10 September 2019 to replace Robert Edward Diamond.
⁴ Director appointed at the shareholders’ meeting of 22 April 2020 to replace Sigieri Diaz della Vittoria Pallavicini.

The Governance of Sustainability

In accordance with best international practice, sustainability matters are overseen by an internal board committee consisting of three directors set up for the purpose in January 2020.

The main task of illimity’s internal board committee for sustainability is to assist the Board of Directors by carrying out preliminary enquiries in order to make recommendations and provide advice for making assessments and taking decisions pertaining to sustainability matters. This committee, assisted by the Communication & Stakeholder Engagement function, fosters a responsible and sustainable culture within the Group and sets medium-long term sustainability objectives.

The Board of Directors approves the materiality matrix resulting from the stakeholder engagement activities and scrutinises the general set-up of the main documents, including this Sustainability Profile, which represent and communicate the commitment, results and improvement objectives for the Bank as far as sustainability is concerned.

The Communication & Stakeholder Engagement function oversees the Group’s sustainability activities and coordinates the monitoring and reporting process for these matters, in constant collaboration with the various Functions and Divisions of the Group.

“Our commitment is to build sustainability into all of the banking Group’s processes and activities as the strategic prerequisite for responsible growth in all the sectors of our business.”

Giancarlo Bruno, Chairman of the Sustainability Committee

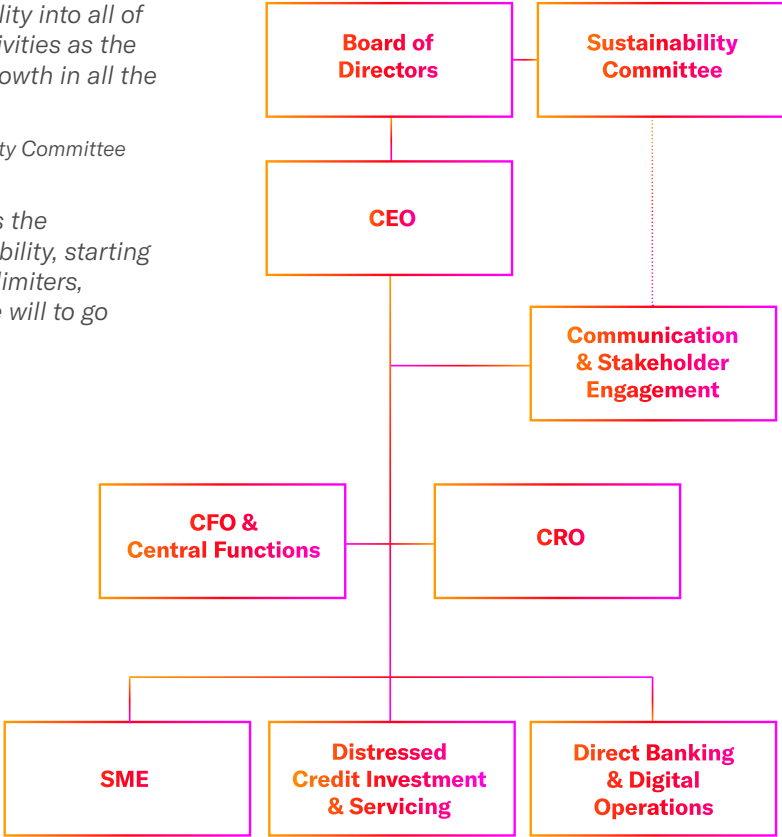
“This first Sustainability Profile narrates the commitments and facts of our responsibility, starting from people and the real views of our illimiters, all different but brought together by the will to go beyond and face new challenges.”

Isabella Falautano, Chief Communication & Stakeholder Engagement Officer

Members of the Sustainability Committee

Giancarlo Bruno, Committee Chairman
Rosalba Casiraghi
Elena Cialliè

The following have a permanent invitation to attend the committee’s meetings:
Corrado Passera, Chief Executive Officer
Isabella Falautano, Chief Communication & Stakeholder Engagement Officer





03

The illimiters

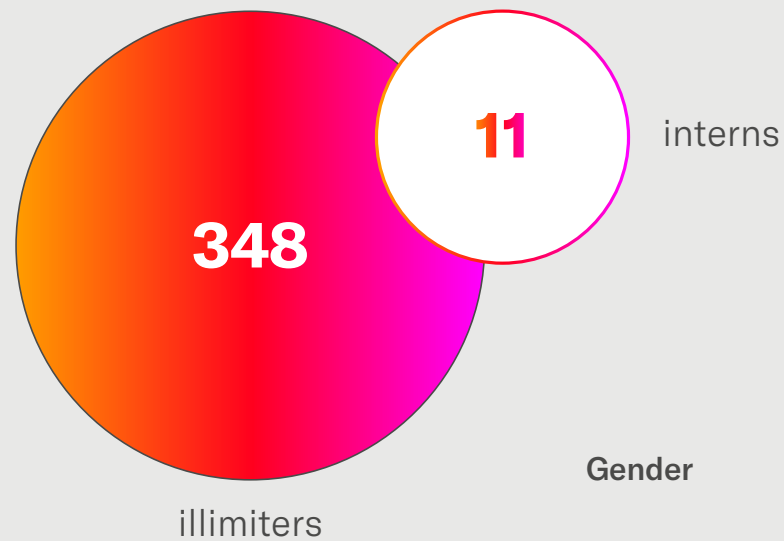
The illimiters



Material topic: People

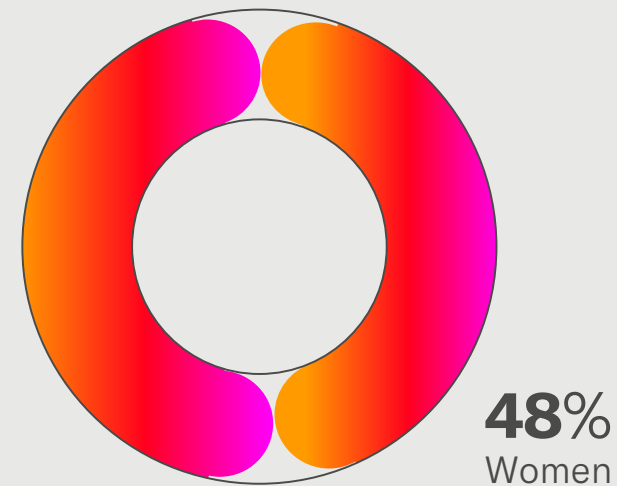
GRI 405-1

Number of Employees



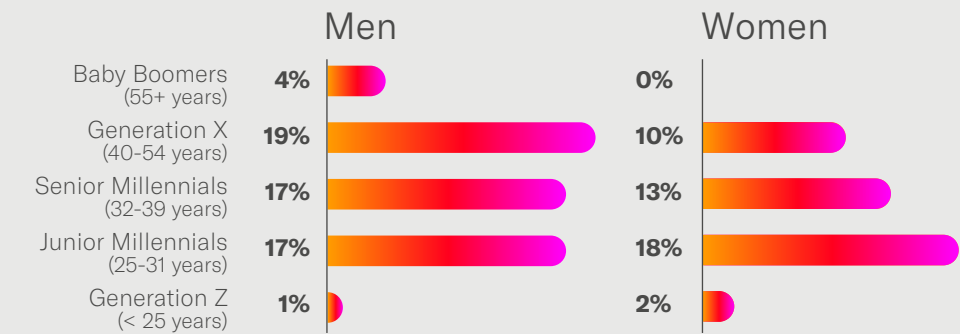
Gender

52%
Men



Figures at 31/12/2018. Not including IT Auction whose acquisition was in the process of being finalised.

Generation mix



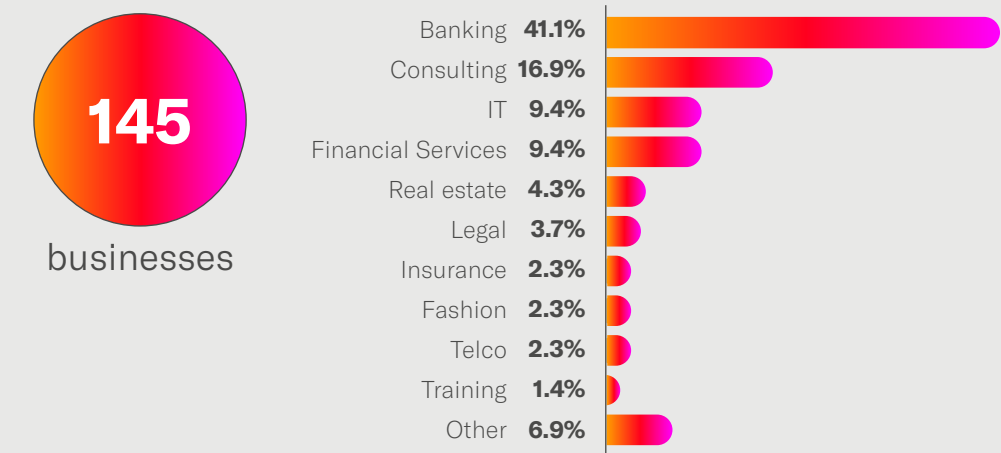
Age Range



Nationality



Sector of origin





04.

Integrity
in business conduct

Integrity in business conduct is a basic element in our way of being a new paradigm bank. We pursue our objectives with honesty, propriety and responsibility, in full compliance with the rules. Elements that are an integral part of illimity’s DNA.

For us, working with integrity means:

Maintaining market integrity

As a listed company we provide transparent, accurate and complete corporate information for the benefit of investors, analysts, supervisory authorities and, more in general, the market. In addition, we adopt systems and procedures suitable for preventing the abuse of privileged information, market manipulation and unlawful operations or conduct that could seriously jeopardise proper trading performance and undermine investment confidence.

Loyal competition

We comply with Italian and European Union antitrust provisions and refrain from actions or activities that may have distortive effects on free competition in the market. We collect information on our competitors exclusively from public or publicly available sources. We dissociate ourselves from any approach which is designed to obtain unlawful advantages or is contrary to the principles underlying antitrust supervision.

Respecting privacy and protecting the confidential data in our possession

Safeguarding the confidentiality of personal data is for us a cultural principle on which the trust in relations with customers, employees, suppliers and partners is based. We protect the know-how that this information makes available from unauthorised access or from any attempt to appropriate it.

Combatting fraud and money-laundering

We adopt the measures and precautions needed to suitably identify, prevent and manage money-laundering and terrorist-financing risks, contributing to the protection of the integrity of the financial system and civil society from crimes against persons. We carry out an annual self-assessment of the money-laundering risk for each business line in compliance with the internal methodology required by the Bank of Italy and approved by the Bank’s Board of Directors.

Fighting corruption

We are actively engaged in fighting all forms of corruption, also between private parties, ensuring that full collaboration is provided to all authorities through the preparation of suitable measures and controls performed by independent functions. We provide for anti-corruption measures on hiring and training our staff, on acquiring, managing and selling equity interests and other assets and on acquiring, managing and selling real estate assets pledged as security for investments in non-performing loans.

Pursuing customers’ interests

Lending means putting our customers’ expectations, needs and objectives at the basis of our activities and translating these into practical action. In order to protect the interests of our customers, even if only potential, we gather information on what they need, we listen to them, we inform them about the nature and features of our credit products and the relative costs, we reply promptly to their requests and complaints and we analyse new information to adapt financing should new objectives or needs arise.



05.

The illimity Identity

Our identity and our values are the result of the collective work of the illimiters because building our identity starts out from these people.

We are a bank and we are proud to be one

We lend particularly because we want to find and nourish the wealth of hidden potential in our economy and our society:

- Companies that, with support, could make a giant leap forward
- Companies that, with support, could get back on the right track
- Companies that didn't manage to make it, but that could provide some value

Behind and in these companies there are people and families, and around them, a community. Our actions can foster their well-being.

We thrive on innovation

We are a new paradigm company with our roots in listening to the real needs expressed by companies and people. This was our starting point for fundamentally redesigning how to be a bank and how to provide banking services, integrating cutting-edge technologies with the best expertise and experience.

We believe in freedom

Our spirit is entrepreneurial and we feel free to move beyond the preconceptions and conformisms of the traditional system, freed of external conditioning.

We act responsibly

- **towards our shareholders**, working hard to optimise the returns on the capital entrusted to us, especially in the medium term
- **towards our customers**, speaking to them clearly, getting back to them quickly and helping them with the challenges they face
- **towards our staff**, making the most of their potential and their diversity, seeking the right work life balance
- **towards our partners**, providing an ever increasing platform for cooperation and opportunities
- **towards society and the environment**, making a positive impact.

We want the facts to show we are not only capable of making a profit, but also of making a positive contribution to society, helping to foster well-being and build trust.

We are illimity. Bank beyond the form.





06.

We live on innovation



Material topic: Innovation

GRI 102-2 Activities, brands, products and services

First and foremost we innovate in the way of doing banking.

Being a new paradigm bank, without a legacy, means achieving an innovative combination of a business model with structural and sustainable competitive advantages and a strategy focused on large market segments currently not adequately served by traditional operators.

In illimity innovation is a strategic lever that pervades the whole organisation: from the **business culture** to the **operating processes** and the **technological infrastructures**. There is no centralised Innovation function in our organisational structure because we are convinced that if shared, innovation is the driver capable of generating value for the whole business. It is therefore essential for innovation to start out from every division, area and working team and for there to be shared processes to enable illimiters to work in across-the-board teams, sharing different skills, generating ideas and identifying new opportunities.

Innovation in the SME Division

Through the Small Medium Enterprises Division (SME Division) we want to be a specialist partner for small and medium-sized Italian businesses, mostly of a manufacturing nature, which owing to the complexity of the operations to be carried out or current financial difficulties are not served by traditional operators. We want to be the reference point for the companies that require a specialised and tailored approach to support their business growth programmes or the rebalancing and recovery plans for their manufacturing activities.

A highly specialised and distinctive model

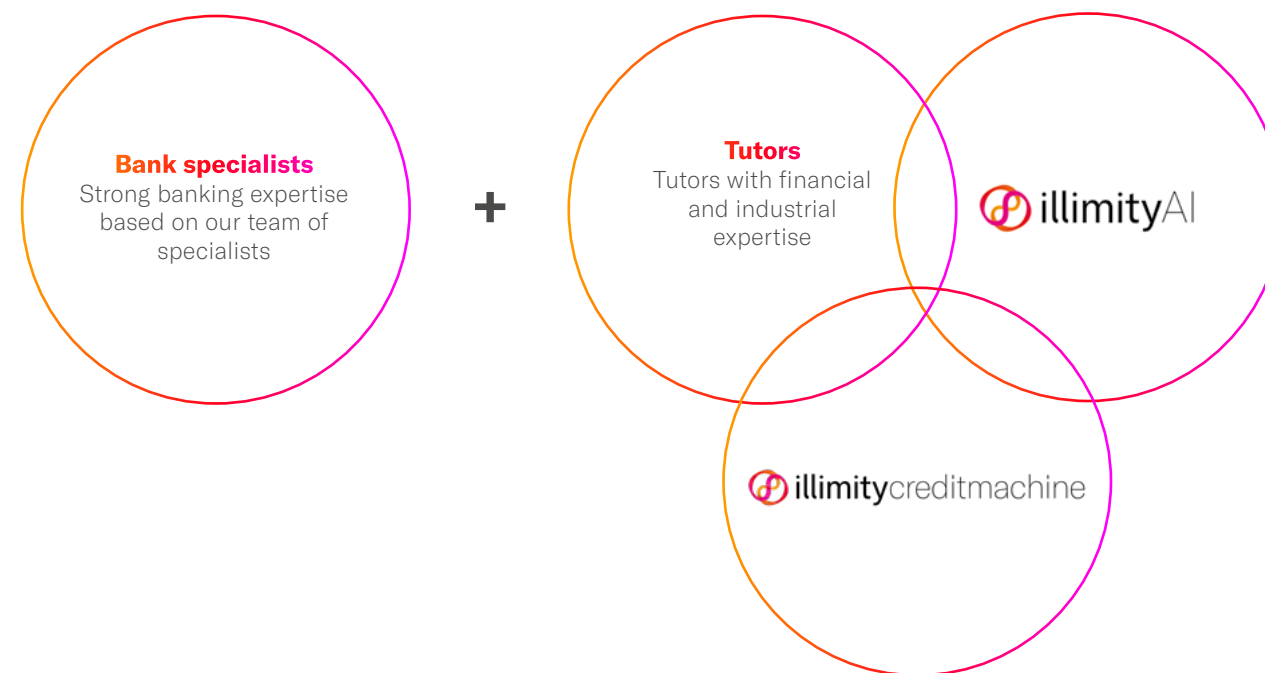
We combine the financial professionalism and expertise of our **Tutors** – executives with strong vertical experience in different business sectors – with the **best technologies** – propriety tools based on Machine Learning e Artificial Intelligence – to develop tailored solutions capable of generating new opportunities.

Value for customers:

- highly-specialised expertise
- tailor-made credit solutions
- swiftness of response

Value for illimity:

- competitive advantage in assessing credit
- focus on large segments of the market covered only to a limit extent



We get the most out of a company's potential

illimity **frees up SMEs and enables them to get the most out of their potential**, even if they still have a low credit rating or are unrated. **Without preconceptions**, with a long-term view, imagining what could be the future development of an entrepreneurial initiative that as of today has still to realise all of its potential.

We provide targeted services

Factoring

We finance the supply chain of operators in the sector and Italian business clusters by purchasing trade receivables from customers with or without recourse through a dedicated digital channel.

Turnaround

We purchase loans originally classified as Unlikely To Pay (UTP), with the aim of turning them around and returning them to performing status by identifying the optimum financial solutions, which may include disbursing new finance or taking over existing loans.

Crossover & Acquisition Finance

We finance high-potential businesses with a non-optimal financial structure or with a low credit rating or without a rating and also support our customers by means of acquisition finance to support growth, development and strategic repositioning plans.

Innovation in the Distressed Credit, Investment & Servicing Division

Our Distressed Credit Investment & Servicing (DCI&S Division) is one of the leading operators in Italy specialising in corporate distressed credit. A structure focusing on the purchase of non-performing loans, on financing third-party investors that acquire bad loans and, through our neprix servicing platform, on managing and increasing the value of distressed loans, also on behalf of third parties.

The main distinguishing feature of the DCI&S Division in the non-performing loan sector is its ability to **manage the whole of the loan management value chain**, from purchasing to servicing through to the sale on the market of the assets linked to the loans involved. In addition, the expertise found in the DCI&S Division enables it to provide Senior Financing to other investors in the distressed sector.

Providing an innovative feature to our approach to managing distressed credit, which leads to a considerable competitive advantage for the Division, is **the use of Artificial Intelligence in the various phases of the process**. A first and important area of use is in retrieving the information to be found in documents of different types (such as for example legal texts, contracts and agreements, appraisals) and transforming them into computer data capable of being processed. The second sphere in which Artificial Intelligence is applied is in the construction of **predictive models** that evolve both dynamically and intelligently, enabling data to be processed and analysed. The objective is to **increase efficiency and reduce costs** by using all the information available in order to raise awareness in business decisions.

neprix, our servicing platform

All servicing activities are handled by the **neprix** platform, whose innovative approach can be recognised in a business model that aims to **create an ecosystem of partnerships with the best FinTechs** or with the more highly qualified service providers. The acquisition of **IT Auction**, the operator of excellence specialising in the management and marketing of real estate and business assets through its network of online platforms/auctions and a network of professionals throughout Italy, was carried out precisely from this standpoint.

A tailored, multi-disciplinary, technological and specialised model

- **Tailored.** We provide services that are made-to-measure on the basis of discussions with individual customers and their specific needs.
- **Multi-disciplinary.** We deploy a team with different skills, ranging from engineering to architecture, from IT to finance, from legal affairs to real estate.
- **Technological.** Thanks to Artificial Intelligence, Machine Learning and the work of our data scientists we can create swift and accurate models for analysing large and complex data sets.

- **Specialised.** neprix combines top-level vertical expertise in various specific segments, placing considerable importance on the real estate guarantees underlying loans. For this reason we have set up teams specialising in property valuation, dedicating particular attention to the benefits that the enhancement of the property can generate in the area in which it is situated.

Innovation in the Direct Banking & Digital Operations Division

We were born with the objective of establishing ourselves as a new paradigm bank, one capable of combining technological innovation with the best available skills but without neglecting the human touch.

illimity is fully digital

Digital provides benefits that were unthinkable until a few years ago. We wanted to exploit these in full right from the start, providing our customers with a bank which they can access through a website or app without the need to go physically to a branch. Even the opening of an immediately operational account can be carried out in ten minutes, from any device, from any place and at any time of day. Customer assistance is given by way of chat, email, telephone or video-call with operators ready to respond to customers' needs in real time or by recalling customers on the day and at the time that suits them best.

illimity is fully on cloud

We are the first Italian credit institution to have adopted the cloud as the enabling platform for all our core processes, thanks to a strategic partnership with Microsoft. The cloud enables customers to access latest generation solutions with an ease and rapidity unthinkable for traditional systems, and is capable of covering areas that range from aspects regarding infrastructure through to the productivity of people and workgroups, from the "end to end" management of processes and customer relations through to their own applications of the banking business.

illimity is fully modular

We have created a complete bank, one dedicated to serving families and businesses, but also an **open, modular platform**, because through APIs and big data it is capable of incorporating the best third-party services available on the market. In this way customers can benefit from a wide-ranging offering of products provided directly by us and by our partners, selected for the quality of the offer and the possibility of working in a totally digital manner.

Innovation in managing human capital

Innovation in managing human resources in illimity is based on three basic pillars: talent, engagement and digitalisation.

We develop the talent of illimiters

We foster growth paths based on forming and developing personal and professional skills at all business levels.

The discovery of talent already begins at the recruitment stage, when a candidate is invited to undergo **personality and motivation assessments** based on **illimity's leadership models**. Once in the company, employees are involved in highly-tailored concrete development plans. The performance management and feedback process represents the time for following up on results and expected performance, but is also the occasion for sharing growth objectives and individual and group development initiatives.

We involve our people

Through **engagement** initiatives each member of staff feels part of a project, to which he or she contributes with their work in the dual role of author and advocate.

We distinguish ourselves by our **flat hierarchical structure** consisting of two managerial lines. This proximity considerably fosters the **perception of the impact that the activity of the single individual can have on the final result** and facilitates communications between employees and their supervisors. At the same time we have adopted a Performance Management system in which the individual assessment schedule also includes “group” objectives. Business performance therefore has an effect on the individual incentive system.

We additionally believe that the engagement of co-workers should also pass by way of their well-being, which is why we have introduced an evolved and modular **Benefit & Welfare** model capable of responding to co-workers' needs and those of their families.

We facilitate HR processes thanks to a digital approach

The **digitalisation of processes** enables us to simplify certain aspects of the way in which the working lives of co-workers is managed, making it an engaging experience within everyone's reach. The main project from this standpoint has been the implementation of **Workday**, the leading-edge and cloud-native HR management platform. This flexibility of ours also allows us to work remotely, through the use of smart working, in a simple and efficient manner.

Innovation in the CRO Department

The CRO Department is characterised by being one of the major innovation hubs within the Group, thanks to an innovative approach and to the design, development and use of risk assessment models and methodologies supporting risk management and business processes.

Innovative technologies and processes are mainly used to this end, traceable to the world of **Artificial Intelligence** and **Machine Learning**, even in the case of areas characterised by consolidated and traditional best practices in the banking market.

From the standpoint of creating widespread sustainable value, the CRO Department is involved in **spreading** its technical know-how **throughout the Group**, arranging, organising and/or running workshops and/or meetings of internal communities.

The business and risk management are led by the availability of large internal and external data bases, interpreted by AI-ML algorithms, all engineered in an **agile environment** that is also innovative and in constant evolution; output is represented by **simple off-the-shelf management tools and applications**, made-to-measure and put at the Group's service to support the relative decision-making processes.

The CRO Department fully embraces the “**no legacy**” philosophy which provides it with a high level of flexibility in introducing any process or product innovations, avoiding the need for costly and slow adjustments to infrastructure that are typical of the legacy systems that characterise traditional banking business models.

To the benefit of the smoothness and pervasiveness of information sharing, of shorter time-to-market, of the efficacy of decision-making processes and of risk awareness inside the Group, the CRO Department fosters the use of innovative technological processes such as “DevOps” (a software development methodology) and “Infrastructure as Code” (a process for the configuration and management of computer data infrastructures), contributing to the Group's alignment to the **best standards of the Information Technology sector**.

In addition, the CRO Department is also committed to taking into consideration the **key social and environmental risk factors** - generated or suffered risk - with the aim of maintaining business solidity and continuity in the long term.



07

**Numbers and facts
of our Responsibility**

We have outlined the main responsibilities we have towards our various stakeholders, which we must take forward in parallel in order to fully accomplish our raison d'être as a new paradigm bank that wants to make profits while providing benefits for businesses and families and for the society in which we live.

Responsibility towards our Shareholders



Material topic: Solidity of results

The decision to create illimity through a SPAC by raising funds on the market, while at the same time proceeding with a listing on the completion of the business combination, is an indication of the attention, innate in the project, which we give to the relationship with our shareholders.

This attention becomes an information flow marked by quality and transparency, also considering the high level of specialisation that calls for detailed analyses of the issues and the identification and monitoring of suitable Key Performance Indicators (KPIs) representative of illimity's specific features. This information flow takes shape on the one hand in financial documentation, press releases and presentations, and on the other in meetings with investors (both current and potential) during roadshows and through participation at sector conferences.

The principal sustainability indicators regard capitalisation, liquidity, asset quality and profitability.

Autonomous indicators

CET1	21%
LCR (Liquidity Coverage Ratio)	> 1,000%
Gross Organic NPE Ratio	4.2%

The indicators at the end of 2019 demonstrate robust capitalisation and equity, as well as attention to credit quality. Profitability figures are not provided for this particular year as it was the Bank's first annual reporting period. It is noted, though, that the Bank closed the final quarter of 2019 with a net profit.

Responsibility towards our Customers

Corporate customers

Material topic: Support for SMEs

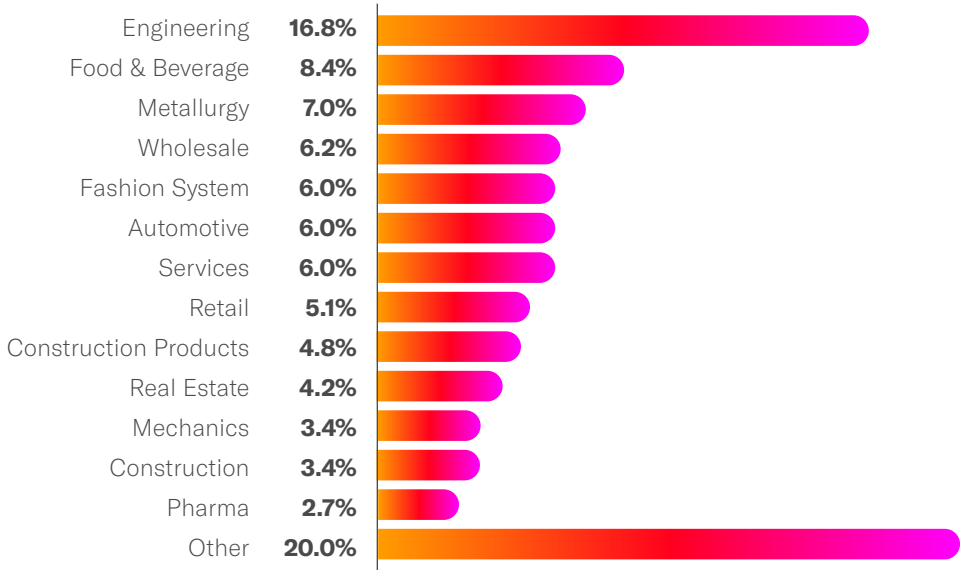


Our commitment is to focus on an enormous need calling for satisfaction: providing credit to SMEs with growth potential and to businesses which have had problems but which if suitably supported can achieve the hoped-for revival.

These are businesses which currently find it hard to obtain finance and which we decide to support after a careful analysis that combines financial and business skills, provided by the expertise of our Tutors through the use of increasingly sophisticated data analysis techniques. Thanks to this combination we are able to lead businesses through a turnaround and revival process with the resulting social effects and consequences, such as safeguarding jobs and producing value for the local entrepreneurial fabric.

GRI FS6

Distribution of the SME portfolio by sector



Our SME portfolio contains an important diversification: the sector in which we are most interested is engineering, characterised by large-scale players involved in carrying out civil engineering projects at both a national and international level, followed by the food and beverage industry, as always recognised as one of the key sectors of the Italian economy.

Autonomous indicators

Financing solutions as a percentage of the monetary total of the credit portfolio		%
Turnaround		20.0
Crossover		27.0
Conversion rate: ratio between analysed operations and financed operations		%
Turnaround		10.6
Crossover		12.8

Our conversion rate, meaning the ratio between the operations analysed and those actually financed, highlights the attention and care that have always been a feature of illimity’s credit activities.

Case History

How we accompanied Cantine Torrevento

In January 2020, with the participation of institutional investors specialising in the industry, we financed Cantine Torrevento Srl with the aim of supporting the growth path of the Apulian winery belonging to the Prosit Group, formed in 2019 out of the intuition of leading managers in the wine sector. The aim is to create a 100 million euro revenue operator focusing on running wineries with Italian regional products in the “premium” and “super premium” band, with particular attention placed on maintaining the production chain and accessible quality.

More specifically, in a highly fragmented market such as that of the production and export of wine, which in Italy, although operating in an environment of absolute excellence, is represented by businesses that are still of a size that is too small to be able to compete adequately at an international level, Prosit has set itself the objective of generating value to the benefit of its subsidiaries through: the strategic coordination, managerial growth and direct management (investments and distribution) of the strategic markets where critical mass, portfolio width and operational efficiency are crucial for having contractual power with customers.

After analysing Prosit’s strategic situation and in particular Cantine Torrevento’s business plan, illimity therefore decided to support the Prosit project financially by providing backing for Cantine Torrevento, which represents one of the project’s main acquisitions.

Case History

How we supported HTR Bonifiche

Thanks to a flexibility that allows for the use of factoring, we supported HTR Bonifiche Srl by using a “Contract Advance” tool which, on the basis of a contractual relationship between the supplier (seller) and the customer (debtor), enables funds to be advanced to the seller which can be used for the initial spending for the work to be performed under the contract. This is a type of factoring that envisages the possibility for the selling company to obtain financing by anticipating the future receivables that will materialise from contracts already concluded with its customers. By resort to this type of product, HTR Bonifiche Srl, of limited size but with solid basics, was able to take part in a project of national resonance, making its know-how available in the processing, removal and disposal of material contaminated by asbestos. illimity’s support enabled the company to compete on a par with large-scale counterparties, thereby enhancing the value of a part of the national economic fabric and providing a real contribution, in line with its mission.



Our approach to the counterparty in distressed credit

Material topic: Socially responsible activities and products

Behind a businessman in difficulty there often lies an activity that has been brought to a halt, causing unemployment and decay. Starting up constructive discussions with the businessman enables us to turn the position round and allow the company to return to the market, also through out-of-court solutions that speed up resolution time and reduce the distance between market value and realisable value.

Targeted and suitable intervention can give life back to a business: also the security given on loans, such as for example real estate, can enjoy a new life thanks to redevelopment, perhaps by moving towards a different business use, with the aim of giving a second chance not only to the businessman but also to the local area.

Autonomous indicators

Collaborative Agreement Index

Ratio between the number of positions closed by agreement with the debtor and the total number of positions closed with a positive outcome. 92%

Time to solve

Average period recorded for closing out-of-court procedures meaning the length of time between the onboarding date (entering information about the loan into the system) and the finalisation date (receipt of the final agreed payment). 6 months

Case History

For a nominal value of approximately 5 million euro we bought an exposure from an Italian bank which an important Italian bus manufacturer had towards the bank. This company, with over 400 employees, found itself in 2016 in the midst of an industrial and financial crisis that had led to an increase in its liability towards the bank to 5 million euro. In the absence of any settlement agreements or other forms of settlement with the company, the bank preferred to sell the position. After examining the company's financial situation, illimity made contact with the company's management and following negotiations concluded a mutually satisfying settlement agreement that freed the company of its entire liability to illimity and improved its liquidity position. In this way also illimity was able to provide a real contribution to the revival of the company, which according to the latest information is fully recovering.

Retail customers

Material topic: Customer relations and the ability to provide a tailored



A bank designed with and for customers

illimitybank.com was created with the aim of simplifying people's lives. For this reason, thanks also to the "Go beyond the form" community, the bank has been designed with customers and for customers to foster **informed money management** and gather together integrated tools for savings, payments, loans and insurance in one single ecosystem.

To enter the bank you need only access the website or the app without the need to go physically to a branch, and to do this we take user experiences typical of the digital world as our inspiration.

Customers can benefit from having at their disposal a current account, smartphone services, payment cards, F24 tax payment forms, a medium-long term deposit account and small provisions based on the rounding of spending and small transfers to a digital money-box divisible into various projects. In addition, thanks to an evolved spending analysis system, customers can set spending limits based on alert services, in this way increasing their **financial awareness**.

illimity was one of the first Italian banks to adopt the technological interfaces needed to adapt to the requirements of the new European Directive **PSD2** (Payment Services Directive 2), enabling its customers, both individual and corporate, to immediately access information about their accounts, also those held with other banks, as means of keeping a better control of their financial situation. For the bank this provides the possibility of understanding a customer's whole world and his or her real needs.

1,100€

Average savings with the plans by customers in 4 months

98%

Active customers

71%

Customers who mostly manage their accounts from their mobile app

15%

Customers who have used illimity connect at least once

10%

Accounts with active spending plans

Figures for the period between 12 September 2019 (date on which the direct bank was launched) to 31 December 2019.

Listening and customer relations

The key to dialogue lies in the comprehensibility of communication. Clear communication towards customers is an absolute fundamental for a digital bank and this requires us to think out messages again in order to make them simple and immediate.

The banking system is evolving towards simplification and learning to avoid an excess of information, which can lead to a resulting lack of transparency in the products. The **“Contact Policy”** that we have developed enables customer communications to be tailored and profiled so that communication channels are only used to send information that is useful to customers and based on their real needs.

All the transactions of illimitybank.com are digital, but **imbued with the human touch both** by the professionals who designed the new bank and by members of the community who with their ideas and suggestions have contributed to creating the products and services. But there is something else: a team of experts is available to provide assistance through a free of charge hot line, chats, video-calls and emails for people who, in addition to interaction via app or on the website, prefer human contact.

The customer experience as a key factor

The **customer experience** is a key factor in our strategy: illimitybank has the aim of providing a better and differentiating customer experience compared to our competitors and of generating customer satisfaction levels exceeding those to be found on the market.

illimity’s approach follows **design thinking methodology** and sees constant synergies between the customer insight and user experience design areas. The attention to customer experience and simple and clear communication with customers leads to a high satisfaction index (Net Promoter Score - NPS), which is constantly monitored in order to have an ever-active improvement process based on customer feedback with which to create an active dialogue and a continuous exchange of views.

Autonomous indicators

Customer relations and the ability to provide a tailored response	
Customer service level ⁵	95.0%
Net Promoter Score Index	37

⁵ The “Customer service level” is calculated as the number of interactions with response to customers as a percentage of the total number of interactions received on all channels (calls, chats, emails, etc.).

Go beyond the form, the community gives voice to customers

With more than **40,000 members** and over **900 ideas** gathered in 2019, our community has played a key role in the birth of illimitybank.com. Though surveys, interviews, meet-ups, focus groups, questionnaires and contests we give voice to people and set up a direct listening channel with them, every day, in order to create a different bank, tailored to our customers’ needs.

Laboratory of ideas

The community is an open space, a place for sharing, where we gather new ideas and never stop asking ourselves: “Why not?”.

Seek and test environment

We listen to our customers and every day ask ourselves how to make illimity the bank closest to their needs, not forgetting what really counts: **people**.



Responsibility towards our Workers



Material topic: People

In illimity we develop human potential, because people are the real demonstration of our commitment and our identity.

Development of human capital

During 2019 we set up training and development programmes that revolve around three axes: **specialist training, mandatory training and behavioural training/leadership development** structured on the basis of illimity's skills model.

Skills and behaviour | Managers

LIMITS EXPLORER

- Motivates people by setting challenging objectives in line with everyone's individual attitudes and abilities
- Stimulates, recognises and rewards virtuous behaviour, excellent results and innovative solutions

CURIOUS LEARNER

- Creates a working environment where people have the possibility of learning every single day
- Fosters an open environment that facilitates learning and the exchange of experiences from and towards other business areas

TEAM BOOSTER

- Strengthens the idea of working together, with a spirit of inclusion, acknowledging and making the most of differences
- Facilitates the possibility for co-workers to express their potential using dialogue and feedforward as active growth tools

BREAKTHROUGH THINKER

- Creates an environment open to dialogue where people feel free to generate new ideas and dissent in a constructive manner
- Transforms problems and mistakes into new opportunities, pushing beyond the schemes

ESSENTIAL STRIVER

- Fosters the search for simple and effective solutions
- Acknowledges and values determination and continuity in achieving results

PARTNERSHIP MAKER

- Creates partnerships with co-workers giving visibility to encouraging their transverse growth
- Fosters a cross team/division culture

In addition to the basic training provided to everyone, ad hoc training plans are prepared at the beginning of the year which each Division creates on the basis of its specifics and individual needs.

A number of development initiatives have been implemented, on the one hand factoring in internal skills (e.g. Cross Divisional Mentoring) and on the other envisaging the support of external specialists through experiential coaching modules that lay the foundations for team-building and reaching common objectives. Steps have also been taken towards the development of female talent by way of active participation in initiatives fostered by associations in favour of the development of women's talents.

Our training courses have a solid base in the **LMS (Learning Management System)** platform. Workers can follow the courses how and when they like, also from their mobile phones. The course library is built on the skills model and follows gamification logic to further encourage the use of its contents.

Skills and behaviour | All illimiters

LIMITS EXPLORER

- Brings into question the status quo, traditional solutions and convictions
- Sets up challenges, together with the team and internal and external customers, to go beyond the obvious
- Proposes innovative ideas and solutions, taking them through to the end

CURIOUS LEARNER

- Considers colleagues and customers as sources of inspiration and learning opportunities
- Seeks out information for understanding trends and customer needs and setting best practice as the guide
- Seeks learning and updating opportunities also on matters not directly connected with the role

TEAM BOOSTER

- Fosters the network of relationships
- Develops and shares knowledge, accepts and provides constructive feedforward, acting as a coach for the others
- Acknowledges all adversities and learns from them

BREAKTHROUGH THINKER

- Listens carefully without bias
- Sees problems and mistakes as new opportunities
- Takes courageous decisions without legacy, considering all viewpoints

ESSENTIAL STRIVER

- Seeks simple and effective solutions and pursues them energetically
- Communicates in an essential and practical manner
- Acts with determination and continuity to achieve the assigned

PARTNERSHIP MAKER

- Supports all colleagues in achieving cross-function results energetically and passionately
- Understands the needs of external and internal customers in advance in order to create products and services going beyond their expectations
- Assumes the responsibility for results even if things don't work, presenting a constructive face towards internal and external customers

GRI 404-1

Average hours of training per employee	Women	Men
Senior management	47.0	39.0
Middle management	25.5	33.4
Professional areas	31.6	34.9

Training is focused on various subjects (mandatory compliance training, technical-specialist training, behavioural training, language training and training on health and safety at work). Needs are listed on a customised bottom-up logic for each Division and envisage moments of upskilling on specific topics and/or topics in constant evolution (e.g. programming language, insolvency procedures). Although illimity exclusively addresses the Italian market, considerable attention is also placed on English language training by way of individual programmes followed with native teachers.

Diversity & Inclusion

We foster diversity of gender, age, culture, skills and experience as an asset on which we can build value and trust internally (towards colleagues) and externally (towards customers, partners and other stakeholders). Our policy is one of genuine inclusion, starting from encouraging diversity in all HR processes.

At the end of 2019 the group could count on a workforce of **348 employees** having origin in **15 sectors** and over **145 different companies**. Their average age is 37 and a third of the population is aged between 25 and 31 years. As a whole the age of illimiters ranges from 22 to 65. **Eleven different nationalities** are represented in illimity.

GRI 405-1

Diversity of governance bodies	Women	Men
Total members of the board of directors (%)	33%	67%

Analysis by age band	Women	Men
<= 31 years (%)	0%	11%
32 - 39 years (%)	0%	0%
40 - 54 years (%)	11%	34%
>= 55 years (%)	22%	22%

Gender diversity in the management and control bodies complies with legal requirements and sees Rosalba Casiraghi as the chairman of the board of directors, Elena Cialliè as the chairman of the Risk Committee and Maurizia Squinzi as the chairman of the Related-party transactions Committee and the Nominating Committee (since april 2020). The search for the best people for all positions in illimity, including the most strategic roles, is the result of a “gender neutral” process guaranteed by the Group’s HR policies.

GRI 405-1

Percentage of employees by employee category by gender and age	Women	Men
Top management		
<= 31 years	0%	0%
32 - 39 years	0%	16%
40 - 54 years	100%	70%
>= 55 years	0%	14%
Total %	16%	84%
Middle management		
<= 31 years	32%	28%
32 - 39 years	41%	33%
40 - 54 years	25%	32%
>= 55 years	1%	8%
Total %	37%	63%
Professional areas		
<= 31 years	58%	60%
32 - 39 years	58%	60%
40 - 54 years	15%	6%
>= 55 years	2%	0%
Total %	58%	42%

GRI 405-2

Ratio of basic salary and other forms of remuneration of women to men by employee category	Women/Men
Top management	94%
Middle management levels 3-4	92%
Middle management levels 1-2	96%
Professional areas	101%
Average for employees	96%

The figures are an average that takes into consideration basic salary and benefits such as the welfare and benefit allowance (the total of the annual budget of each employee for the company welfare scheme and the amount of any other benefits) and, where envisaged, the value of the notice extension agreement.
In January 2020, following the compensation review process, the gender pay gap for top management was virtually nil if the CEO’s direct carry-overs are excluded.

Autonomous indicators

Top Management to Worker Compensation Ratio ⁶	
Ratio between CEO compensation and average worker compensation	5.9
Ratio between average CEO + top management compensation and average worker compensation	5.0

illimity’s CEO pay-ratio is significantly lower than the benchmarks of the market in which the company operates⁷.

Steps were taken in 2019, in conjunction with the Valore D association, in favour of the development of female talent which involved 6 workers in mentoring and inter-generational role model programmes. In addition, illimity joined the initiative organised by the Italian Banking Association, which recognised appreciation for gender diversity as a key resource, signing the “Women in Bank” Charter.

Company welfare scheme

- We have introduced a distinctive benefit policy, flexible in the choice of services and with access to best-in-class solutions. The company’s welfare scheme provides for the following benefits:
- Occupational and non-occupational injury insurance (basic cover borne by illimity plus possible additions from the welfare budget)
 - Life insurance and total permanent disability insurance (basic cover borne by illimity plus possible supplements from the welfare budget)
 - Long-term care insurance that envisages compensation for employees in case of the loss of self-sufficiency (cover borne by illimity)
 - Health assistance with possible extension to family members (only with the welfare budget)
 - A supplementary pension
 - Flexible benefits plan with reimbursed services and direct access in the areas of: education, recreation and assistance
 - Luncheon vouchers (for middle management and office workers)

Autonomous indicators

Welfare as a percentage of average gross annual compensation	Women	Men
Top management	16%	15%
Middle management levels 3-4	11%	10%
Middle management levels 1-2	10%	10%
Professional areas	12%	12%
	50%	47%

⁶ CEO pay ratio = CEO actual TDC/avg per HC, where: • CEO actual TDC = fixed remuneration + actual variable remuneration, including any deferred portion and an estimate of LTI value - Source: Reports on 2020 policies and on paid compensation 2019. • Avg per headcount = average payroll cost as stated in the 2019 consolidated financial statements and on the basis of the HC at 31 December 2019.
⁷ The average CEO pay ratio is 37.43 for the market in which the company operates (Banks - FTSE MIB-2019) – Source: Willis Towers Watson – 2020.

A smart working scheme was initiated in September 2019, which over 36% of workers had joined by 31 December 2019. This provides for the possibility of working from home one day a week.

Autonomous indicator

Smart working	Women	Men	Total
Employees who are members of the smart working scheme as a percentage of total workers	46.2%	29.3%	36.2%

Performance Management and Compensation Policies

Performance Management plays a basic role in determining individual growth areas. In this respect at least two feedback moments between the manager and the worker are planned during the year.

In addition to the class managerial appraisal (top-down), we have also decided to extend the system to “behavioural cross-evaluation”. By way of a questionnaire, all employees can provide an assessment of the effects of the behaviour of a colleague. This system also allows workers to provide an assessment of their supervisors.

As something new, in 2020 in the long-term incentive system for the CEO and top management we have introduced objectives linked to sustainability topics which assess commitment to excellence in People Engagement and Customer Experience.

- The remuneration strategy for all illimiters is strongly based on alignment with the stakeholders:
- all illimiters are shareholders of the Bank;
 - management and key staff are incentivised to create long-term value;
 - all illimiters are incentivised to maintain an excellent performance;
 - all incentives are linked to sustainable performance: the bonus pool is correlated with an improvement over planned objectives;
 - remuneration is heavily based on the company’s welfare scheme.

GRI 404-3 Percentage of employees receiving regular performance and career development reviews

A Performance Management process was carried out in the Bank’s first year of activity. The feedback phase took place at the end of the process (February/March 2020) and involved all employees hired before the end of September 2019 (91%). Employees hired from 1 October 2019 in any case received feedback from their managers without a formal appraisal forming part of the Performance Management process.

Great Place To Work

In 2019 we were recognised as a Great Place To Work®.

This recognition certifies companies having a quality working environment and was awarded by leading Italian consultancy firms working in the study and analysis of the business environment following a survey in November 2019 to which 92% of our workers responded.

From the online questionnaire it emerged that illimiters especially appreciate management's expertise and ethics, are proud to work for the company and cherish a strong team spirit. In further detail, the figures that emerged point to an especially positive perception of the working environment – exceeding sector benchmarks – which is considered excellent by 83% of employees, and a Trust Index© of 79%. More specifically, the Trust Index© summarises the percentage of positive responses expressed by employees in five different areas relating to the business environment: credibility, respect, fairness, pride and camaraderie. In addition, in April 2020 we were included in the **Best Workplaces 2020** list as one of the best companies in Italy for its ability to create an inclusive working environment and for the attention it places on people's well-being.

Level 2 supplementary employment contract

Together with union representatives, on 16 January 2020 we signed a level 2 agreement for employees that puts **our innovative welfare system, flexibility, parenthood and the reconciliation between work and family** life centre stage.

The main changes introduced by the agreement are as follows:

- **Centrality** of illimity's **Welfare & Flexible** Benefit system which hinges on welfare taken as a whole, health assistance and an à la carte welfare scheme that can be tailored by every member of staff on the basis of his or her personal and family needs
- Supplementary paid leave for **20 days for the fathers of new-born babies** (compared to the 7 days envisaged by the national collective bargaining agreement)
- **Vouchers for the birth/adoption** of children
- Paid leave for the **induction of children at school**
- Support for employees with **disabled children**
- Leave for **voluntary activities**
- **Graduation awards** for employees and their children

This is another important element in the strategy of enhancing the uniqueness of every illimiter.

GRI 401-3 Parental leave

During the year, 6 male employees and 2 female employees took advantage of parental leave. There was a return to work rate and retention rate of 100% twelve months after the leave.

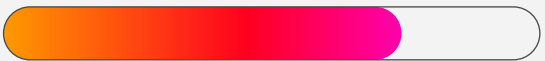
Great Place To Work



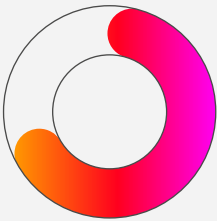
92%
Response Rate



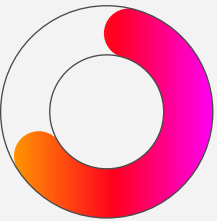
83%
Excellent working environment



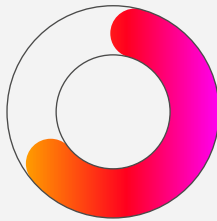
79%
Trust Index©



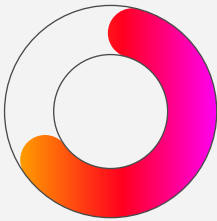
81%
Credibility



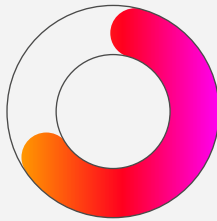
77%
Respect



74%
Fairness



82%
Pride



83%
Camaraderie



Responsibility towards our Partners

Material topic: Innovation

We work constantly to create an ecosystem of partnerships to provide integrated and complete solutions. We select and work with the best Italian and international business partners, who also share with us the principles and values of expertise, innovation and collaboration.

Partnership

Thanks to the partnership with **Microsoft**, based on a common vocation for innovation and the shared view of the need for an approach geared towards speed and scalability, we equipped ourselves from the start with a completely on-cloud infrastructure, in this way benefiting from all its functionalities that range from the infrastructure aspect to the productivity of people and workgroups and to process management. Since May 2019, the partnership with **Raisin**, the open banking platform that provides customers in 31 European countries with the possibility of having access to the continent's deposit products and selecting the best offers for their needs, has enabled us to look towards a market that is broader than that of Italy alone, diversifying funds and putting our deposit accounts at the disposal of Raisin customers in Germany.

Through the potential unleashed by open banking, the partnership with **Azimut** has enabled the company to include a wholly digital and paperless banking product in its offer. The customers of Azimut's consultants have exclusive products studied for their needs at their disposal, with the possibility of seeing the complete situation of the products and services provided by Azimut and illimity in one single app.

In November 2019, by way of the launch of the partnership with **Santander Consumer Bank**, we supplemented the offer of products and services of illimitybank.com with the possibility for our customers to access Santander Consumer Bank's personal loans in the space of just a few minutes. In this respect customers can identify the solution most suited to their needs using a simulator built into illimitybank.com's home banking which enables them to choose the term of the loan and apply directly online in a question of minutes.

We have then extended the direct bank's offer thanks to partnerships with two operators of excellence in the insurance market: the **Aon Group**, the leading group in Italy and worldwide in risk consulting, human resources consulting and insurance and reinsurance broking, thanks to which illimity customers can obtain insurance cover for their pets and for travel simply and quickly, and the Helvetia Group, the leading Swiss insurance company with a presence in Italy for more than 70 years, which we have chosen as the priority partner for the digital distribution of accident insurance products.

illimity uses the core banking system of **Centrico**, the new company in the Sella Group that provides specialised services for banks, FinTechs and financial operators.

In an open business logic, illimity provides its customer base with the possibility of converting its spending plans into **Amazon.it** gift coupons through a fully digital process built into APIs

and an additional benefit of 3% that should be added to the rate of 0.5% that illimity already offers its customers on their savings plans. In this way the Bank provides a real contribution to the realisation of its customers' plans thanks to the collaboration with Amazon, a big tech that is a reference point at a global level for customer centricity and perfectly in line with illimity's value proposition and ecosystem.

Credit and debit cards, that can also be used for online purchases, have been developed with **Nexi** to enable customers to make payments anywhere and in complete safety. All of this is possible because illimitybank.com has been built on evolved protocols with the support of the open banking platform **Fabrick**.

Lastly, in May 2020 we established the illimity academy, a corporate business school whose objective is to create high-level economic and financial educational paths for new professionals in the credit sector through teaching programmes and training in the field. The first course, a master's in credit management structured in collaboration with the **MIP Milan Polytechnic Graduate School of Business**, will get under way in September 2020.

Events

We took the voice of illimity and illimiters to the leading events in Italy dedicated to the world of digitalisation, innovation, creativity and the Fintechs

- **FinTech Stage:** the week dedicated to the Fintech world during which illimity organised a "Beyond FinTech" panel discussion describing the partnership with Raisin
- **Campus Party:** an important event dedicated to young people during which illimity arranged blind interviews, speed dates and the "OltreHack" hackathon.
- **IAB Forum:** the biggest national event in the digital sector, to which illimity took the subject of potential with a presentation using the "illimity talk" format involving Corrado Passera and Federcio Faggin, the physicist, inventor and entrepreneur.
- **StartUpItalia Open Summit:** the event that brought together startupperes and innovators, was the setting for the second illimity talk between Corrado Passera and Luciano Floridi, Professor of Philosophy and Ethics of Information at the University of Oxford.
- **Milano Digital Week:** an entirely digital edition at which illimity participated by means of the illimity talk involving Corrado Passera and Roberto Cingolani, CIO of the Leonardo Group, and two webinars on the future of work run by our illimiters.

illimity talks

A format for looking beyond the schemes and give shape to possible futures. With the gurus of various sectors that explore the most innovative themes.

www.illimity.com/it/newsroom/illimity-talks

The Glance

We decided to talk about ourselves by using a metaphor, The Glance, the look capable of going beyond, of transforming limits into opportunities, of giving shape to our potential.

www.illimity.com/it/the-glance

Responsibility towards Society and the Environment

Society

illimity VS Covid-19

Following the spread of Coronavirus (Covid-19) in Italy we promptly drew up a series of initiatives designed to safeguard the health of everyone working in illimity and with illimity, as well as engagement activities and guidelines to help illimiters experience such a delicate time in the best possible manner.

The main initiatives adopted were as follows:

For illimiters

- Our smart native, innovative and technological nature enabled us to be one of the first companies to adopt continuous smart working as the standard means of doing our job right from the start of the emergency;
- We took out a specific Covid-19 insurance policy for all the employees, co-workers, interns, directors and statutory auditors of Group companies;
- We extended our e-learning offer and launched online courses and webinars on specific topics such as resilience, parenthood, health & well-being and the work-life balance;
- We fostered engagement and internal communication projects (the newsletter “Good News”) to encourage exchanges between workers and “reduce the distances”.

For retail customers and the community

- We extended health services dedicated to the direct bank’s customers to telemedicine, telereporting for medical purposes and telecontrol thanks to the partnership with AON and its network of leading health facilities, in order to limit movement and ease the pressure on hospitals;
- We undertook ad hoc communication initiatives for the customers of illimitybank.com through email and social channels, providing information about the various digital functionalities of their accounts which are even more useful at a time of social distancing;
- In collaboration with StartupItalia we created the #andràtuttobene kit: a long list of activities and services available on apps and websites to facilitate the time spent at home;
- We developed the illimitips format: a weekly appointment at which illimiters put their expertise at the disposal of customers, describing their work simply and smartly;
- Smart Care, illimitybank.com’s customer service, continued to be available at the usual times, seven days a week, using smart working.

For corporate customers

- We have always considered risk and severe financial stress scenarios in financing operations in order to be able to tackle situations of this kind;
- We opened an exchange of views channel with all of our customers in order to share any difficulties that may have emerged and support them in a manner consistent with the changed conditions;
- We moved on a timely basis to give course to the provisions of the “Cure Italy” decree law (no. 18/2020), the “Liquidity” decree law (no. 23/2020) and the Italian Banking Association’s 2019 Credit Agreement (the “ABI Agreement”). In addition, bilateral

procedures were introduced to support customers who didn’t yet have the formal requirements for gaining access to the banks involved, thereby broadening the perimeter of the decree law and the ABI Agreement. By 16 April 2020, 128 requests for the suspension/freezing of loans and credit facilities linked to the Coronavirus virus and amounting to 45 million euro had been upheld;

- We increased factoring operations, this being a tool capable of providing businesses with solutions for dealing with the extension of payments, including by way of specific processes enabling transaction costs to be allocated between the transferor and the transferee.

For distressed credit counterparties

- Investments in the existing loans portfolio were assessed in an especially prudent manner and pricing was also validated by applying stress scenarios as a means of dealing with situations of this kind;
- In the servicing sphere we continue to have direct contact with the debtor. In cases of a deterioration in the debtor’s ability to repay his debt due to Covid-19, suitable solutions are found to address that need. We have already supported a number of businesses (operating for example in the catering, hotel and beauty industries), reformulating previously agreed repayment plans;
- In relation to the senior financing segment, only in rare cases do we directly manage relations with the debtor of the receivable underlying the operation, while we are constantly in contact with the parties and financed investors to discuss possible difficulties emerging and intervene as a result. In one case, following the formal request of the financed party and after ensuring that the requirements of the Cure Italy decree were met, the process envisaged in the law is in progress.

To tackle the health emergency

- We decided to help hospital facilities in the front line to tackle the health emergency by identifying equipment with the facilities worth over 250,000 euro and then proceeding with the purchase. More specifically:
 - › 1 Siemens Mobilett Elara Max portable radiology unit for the **IRCCS Foundation Ca’ Granda Multi-facility Hospital in Milan**;
 - › 10 portable Nihon Kohden monitors, 12 pocket-sized monitors and 100 oximeters for the **St. Paul and St. Charles ASST Hospital**;
 - › 5 Stephan EVETR ventilators for the intensive care units at the **St. Joseph Hospital (Multimedica Group)**;
 - › personal protection equipment for doctors and nurses at the **Holy Family Foundation**.
- Given the numerous requests, a current account was opened for collecting employee donations for the emergency. The total of 18,000 euro collected was then used for the intended purpose.

Rock No War Onlus

We continued our collaboration with Rock No War Onlus, a non-profit organisation that was already a partner of Banca Interprovinciale, making a total donation of over 170,000 euro in two years. After the construction of the new hybrid operating theatre at Modena Hospital in 2018, in 2019 we supported Rock No War in the project to redevelop the former “Carducci School” in Formigine (Modena) for conversion to an assistance centre for disabled people without family support (Law no. 112/2016 “After us”).

New generations



Material topic: People

During our first year of activity we took part in events and organised initiatives linked to the world of the new generations to bring them our know-how and the vision of the illimiters and to transfer the technical and transverse expertise that is important for their academic and career paths.

Campus Party Italy

At Campus Party we organised blind interviews and speed dates to select new illimiters, and the “OltreHack” hackathon to invite over 100 youngsters of the Z generation to carry out advance testing of the direct bank’s app.

illimity Kids Day

An “open door” afternoon that involved over 70 children and grandchildren of our illimiters, unleashing their creativity, in an exploratory journey of games and workshops as a means of discovering the fascinating world of technology.

Smart Future Academy

We are a member of Smart Future Academy, a project dedicated to high school students whose objective is to help youngsters understand what they can do when they become adults by recounting the experience of key figures in business, culture, science and art.

Hack@Mi 2020

As part of Hack@Mi, the event connected with STEMInTheCity 2020, we organised “Zero Emissions Milan”, the fully digital hackathon where young talents with STEM and humanistic expertise put themselves to the challenge to give shape to a smart and sustainable future.

University Career Days

We took part in various initiatives connected with the university world, with the dual aim of orienting and selecting young talents prepared to look beyond with enthusiasm, courage and ambition: in addition to the Career Day at the Ca’ Foscari University in Venice, we also participated at the Speed Date with Design Students event organised by Milan Polytechnic. With the Bocconi University we attended events such as Recruiting Date and Bocconi & Jobs, as well as more informal initiatives such as the Breakfast with illimity formula, a networking meeting with students.

Over 30 events including workshops, masterclasses and round tables through which our managing directors gave inspiration to more than 3,500 young people on the subjects of innovation, creativity and leadership.

Environment

Although the effects resulting from our activities, our products and our services do not form part of the Group’s material topics, we are aware of the importance that each small contribution can have in combatting climate change and protecting the environment. We are therefore also committed to monitoring and reporting our energy consumption and greenhouse gas emissions and the production of waste in light of the legislative framework established by constantly evolving European Union regulations and national and regional laws on the protection of the environment. During the year:

- We introduced an ad hoc set of rules with the aim of governing the management and maintenance of the properties used by the Bank and connected plant and equipment, with particular emphasis being placed on environmental effects and handling natural resources. The objective of the procedures is to encourage concrete attention and individual behaviour that are consistent with principles of proper corporate management and sustainable growth;
- We improved our energy procurement mix, making a commitment to improve this even further next year;
- We additionally made changes to the times when the air-conditioning equipment and lighting system are switched on in our buildings by using a system of timers which automatically turn off the power in order to reduce superfluous energy consumption;
- The whole building is plastic-free: employees can fill up flasks at drinking water dispensers and each floor has a set of crockery that can be washed and re-used. In addition, the use of lifts is discouraged and ID cards are required for access to printers to reduce the use of paper and ink to a minimum;
- Lastly, the differentiated collection of waste, including organic waste, is encouraged in the building through the use of recycling bins placed on every floor.

In the sphere of the responsible use of resources, 100% of the paper used in our offices is made from recycled material and is Forest Stewardship Council (FSC) certified. Finally, it is planned to introduce hand dryers to replace the use of paper towels. In the following we set out the main indicators obtained from data collected for this first year of reporting. In this respect, as far as the company’s reference population (FTEs) is concerned, we report virtuous figures compared to financial sector averages, in particular with regard to the consumption of materials (paper and toner) and electricity and greenhouse gas emissions.

GRI 301-1

Total weight of the materials used in illimity’s business (kg)	
Total consumption of FSC certified paper	1,432.5
Consumption of toner	116
Total	1,548
Total number of reams ⁸ of paper consumed per employee (FTE) ⁹	1.6
Total toner ¹⁰ consumed per employee (FTE)	0.4

⁸ 1 ream = 2.5 kg
⁹ II Expressed as full-time equivalents (FTEs) to indicate the effort spent by illimity’s full-time staff in a consistent manner over time.
¹⁰ 1 toner = 0.75 kg

GRI 302-1

Energy consumption within the organisation (GJ)	
Consumption of fuel for heating	0
Tele-heating	0
Electricity purchased and consumed	1,311.1
of which from renewable sources	31%
Energy produced and consumed	0%
Consumption of fuel by the corporate fleet ¹¹	1,113.8
Total energy consumption	2,424.9
Total energy consumption per employee (FTE)	3.7
Of which from renewable sources	406.4
Renewable sources as a percentage of the total	17%

GRI 305-1

Direct greenhouse gas emissions (tCO ₂ eq) ¹²	
Total emissions from the corporate fleet	82.8
Total emissions per vehicle	2.0

Direct greenhouse gas emissions arise exclusively from the corporate fleet.

GRI 305-2

Indirect greenhouse gas emissions (tCO ₂ eq) ¹³	
Total indirect emissions - “Location-based” method	117.5
Total indirect emissions - “Market-based” method	177.3
Total average “market-based” emissions per employee (FTE)	0.5

¹¹ All the vehicles in the corporate fleet are leased and diesel-driven and may also be used for personal purposes by employees. As a result, the figures relating to fuel consumption and greenhouse gas emissions are reported at 70% of the total consumption recorded on the basis of ABI guidelines on how banks should apply GRI (Global Reporting Initiative) environmental indicators (GRI standards - December 2018 version).

¹²⁻¹³ The conversion factor is based on the ABI guidelines on how banks should apply GRI (Global Reporting Initiative) environmental indicators (GRI standards - December 2018 version). The gases included in the calculation - and specified in the guideline - are CO₂, CH₄ and N₂O. For the “market-based” calculation of emissions the conversion factors found in Version 1.1 (2019) of European Residual Mixes 2018 published by the AIB (Association of Issuing Bodies) have been used.

Indirect greenhouse gas emissions are calculated using two methods:

- **Location-based:** an approach that considers the average emissions of the distribution network used by the organisation on the basis of the geographical location (Italy) of its electricity users;
- **Market-based:** an approach that considers the specific emissions relating to the contractual form of electricity supply chosen by the organisation.

Our indirect greenhouse gas emissions arise from the consumption of electricity in buildings. The emissions based on the market-based method are higher than those based on the location-based approach because as things currently stand no specific contractual terms are envisaged with the energy provider for supply from renewable sources. Data monitoring is currently in progress for the other indirect greenhouse gas emissions arising from business travel and these will be reported from next year.

GRI 306-2

Total waste produced (kg)	
Total hazardous waste produced	0
Total non-hazardous waste produced	15,019
of which for recovery (re-use or recycling)	6,001
paper	4,689
plastic	1,158
glass	154
of which for composting	
organic	326
of which for disposal (landfill or incinerator)	4,196 ¹⁴
of which other disposal methods (unseparated)	4,496

¹⁴ This relates to the extraordinary disposal of approximately 4 tonnes of safes which were located at the branches and offices of the former Banca Interprovinciale but were no longer in use.



08.

Recognitions and awards

The recognitions achieved by illimiters thanks to the confidence of investors, partners and customers during the Bank's first year of activity.

Global Capital ECM Awards
Best SPAC of the Year in Europe

Awarded to SPAXS as the best SPAC launched in 2018.

Milano Finanza Global Awards
Best Banking Startup of the Year

Awarded to illimity as the best banking startup.

inhousecommunity.it
Best Practice Startup Team of the Year

Awarded for multi-disciplinarity and the work performed by illimity's legal affairs team in the first year of activity.

Le Fonti Awards
Excellence of the Year in the Banking Innovation Sectors

Awarded to illimity for the support given to SMEs and its predisposition to Open Banking.

Customer Insight & Growth Banking Innovation Awards dell'EFMA
Best Bank in the Neobanks and Specialised Players Category

Awarded to illimity as the best new banking entity.

Financecommunity Awards
Best NPL Team of the Year

Awarded to neprix for its structure and market positioning.

Great Place to Work

Awarded to a illimity for the attention given to people, to the illimiters.

Best Workplaces Italy 2020

Awarded to illimity as one of the best businesses in Italy for its ability to create an inclusive working environment attentive to people's well-being.



Methodological appendix

Sustainable Development Goals

The development of our sustainability strategy cannot ignore the 17 Sustainable Development Goals (SDGs) established by the United Nations. For this reason, we have drawn up an initial mapping of the SDGs to which we are committed to contributing with our work over the next few years by including specific KPIs in the sustainability plan which are linked to the targets that substantiate the 17 goals.

	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
People	●	●	●	●	●		
Innovation				●	●		
Support for SMEs				●	●	●	
Solidity of results				●			
Socially responsible activities and products						●	
Customer relations and the ability to provide a tailored response					●		
Responsibility towards society			●	●		●	●

GRI Content Index

The Global Reporting Initiative (GRI) Standards, issued by the Global Sustainability Standards Board have a modular structure consisting of **three universal standards** and **three series of topic-specific standards**. GRI standards 101, 102 and 103 belong to the first category, respectively setting out the fundamental principles of reporting, the contextual disclosures relating to the organisation and the management approach for each material topic identified. The second category enables the organisation to report specific aspects regarding the three fundamental dimensions of sustainability: economic (GRI 200), environmental (GRI 300) and social (GRI 400). Furthermore there are sector supplements that provide disclosures in addition to those provided in the GRI standards through the use of specific sector performance indicators, and included among these is the supplement for the financial services sector (GRI G4 Financial Services Sector Disclosures).

This present document refers to the 2016 version of the GRI Standards and the sector supplement GRI FS 2014. Where reporting aspects are not covered by specific GRI Standards, other, additional, indicators selected by illimity have been used. The table on the following page sets out details of the indicators used.

Topic	Standard	Disclosure	Page
The illimity Group	GRI 102: General disclosures	102-1: Name of the organisation	1
		102-5: Ownership and legal form	72
Identity and values	GRI 102: General disclosures	102-16: Values, principles, standards and norms of behaviour	30
People	GRI 401: Employment	401-3 b, c, e: Parental leave	56
	GRI 404: Training and education	404-1: Average hours of training per year per employee	52
		404-3: Percentage of employees receiving regular performance and career development reviews	55
		405-1: Diversity of governance bodies and employees	22/52 /53
	GRI 405: Diversity and equal opportunity	405-2: Ratio of basic salary and remuneration of women to men	53
	Autonomous indicators	Top management to worker compensation ratio, smart working, welfare as a % of average gross annual	54/55
Innovation	GRI 102: General disclosures	102-2: Activities, brands, products and services	34
Solidity of results	Autonomous indicators	CET1, Liquidity Coverage Ratio, Gross Organic NPE Ratio	42
Support for SMEs	GRI G4: Financial Services Sector	FS6: Percentage of the portfolio for business lines by specific region, size and by sector (classification used by size and sector)	43
	Autonomous indicators	Financing solutions as a percentage of the total monetary value of the loans portfolio, conversion rate	44
Socially responsible activities and products	Autonomous indicators	Collaborative Agreement index, Time to solve	46
Customer relations and the ability to provide a tailored response	Autonomous indicators	Average customer savings, % of active customers, % of customers who manage their accounts via app, % of customers who use illimity connect, % of accounts with active spending plans, customer service level, Net Promoter Score IndexScore Index	47
Safeguarding the environment	GRI 301: Materials	301-1: Materials used by weight or volume	63
	GRI 302: Energy	302-1: Energy consumption within the organisation	64
	GRI 305: Emissions	305-1: Direct (Scope 1) GHG emissions	64
		305-2: Energy indirect (Scope 2) GHG emissions	64
	GRI 306: Effuents and waste	306-2 a, b: Waste by type and disposal method	65
GRI Content Index	GRI 102: General disclosures	102-55: GRI content index	70

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