



**A sustainable company  
from its foundation**

## **ESG Investor Presentation**

May 2023



## illimity at a glance



2023-25 Sustainability Plan



Commitment to the environment



People and Social footprint



Governance



Sustainable finance

# A new paradigm bank

## Focused strategy

We were born to serve the most attractive segments of the Italian corporates market:

- Loans and services to SMEs with high potential
- Distressed corporate credit to create new opportunities

## Unique business model



No legacy, no branches



Innovative IT architecture

*Fully digital, fully modular, fully in-cloud*



Constant investment in our human capital

## Incubator of tech initiatives

**b-ilty**



Lendtech

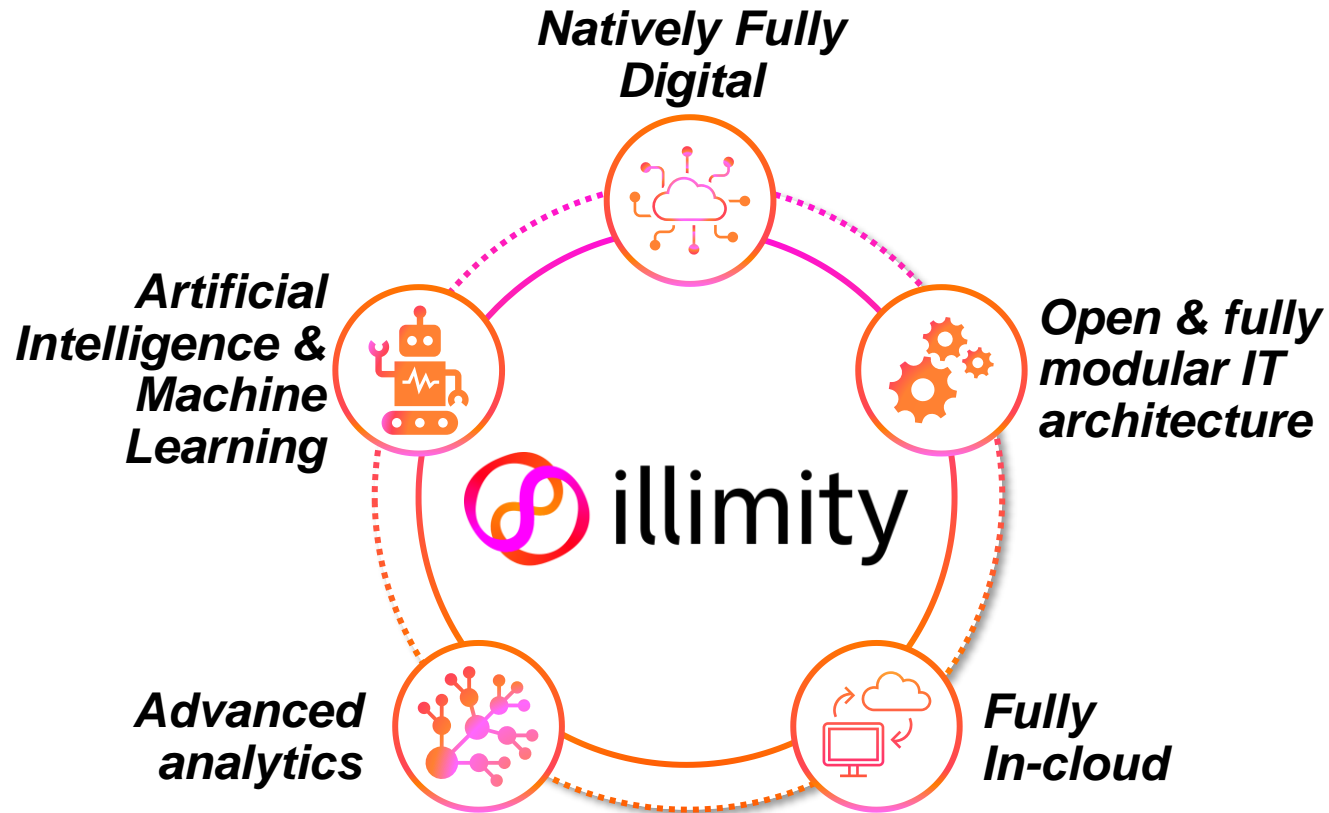
**quimmo**

Proptech

**HYPE**

Fintech

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



Pioneers in our sector with the adoption of Artificial Intelligence (AI) Policy

Cyber Security process and AI algorithms in place to guarantee confidentiality and integrity to customers: In  2021 and 2022, no IT incidents occurred

Peak of investments over, making IT platform now highly scalable and enabling greater efficiency and best use of data models (AI)

illimity one of only 20 Italian companies included in

 **EURONEXT**  
Tech Leaders

# We focus on two core businesses

## SME business

Well-known partner for Italian SMEs with high growth potential, providing them with a complete range of solutions



**GROWTH  
CREDIT**

- *Turnaround, Factoring and acquisition finance*



**INVESTMENT  
BANKING**

- *Capital markets & Corporate solutions*

**b-ilty**



- *First fully-fledged digital bank for small corporates*

## Distressed Credit business

Specialised player in Corporate Distressed Credit covering the entire value chain - from investment to financing, servicing and remarketing



**DISTRESSED  
CREDIT**

- *Investment specialist desk & Senior financing*

AREC  neprix

- *3rd largest player in corporate UTP management industry in Italy*

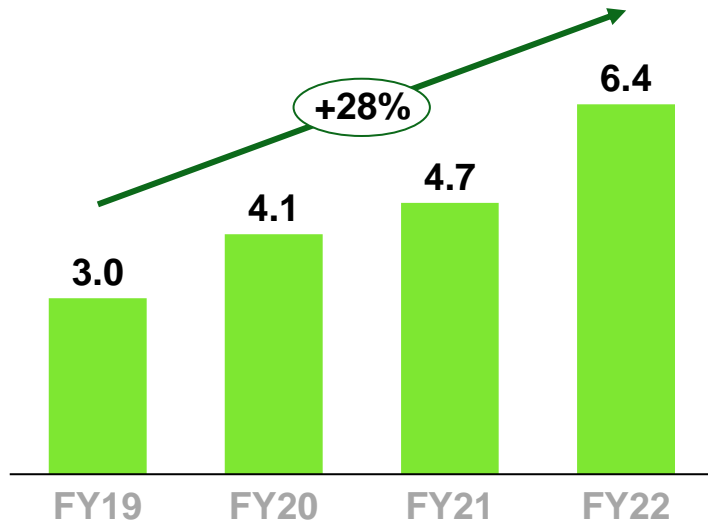
 **quimmo**

- *Leading brokerage proptech in Italy*

# Remarkable combination of growth and profit trends with investments for the future

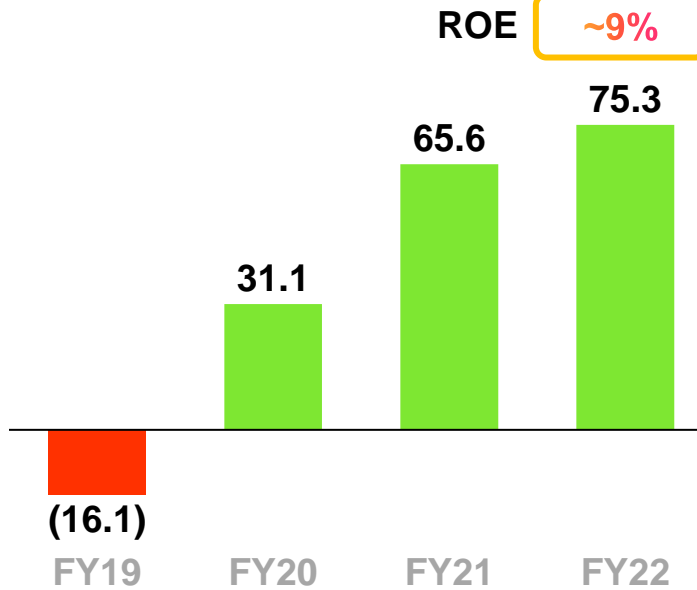
## TOTAL ASSET GROWTH

Data in €bn



## NET PROFIT PROGRESSION

Data in €mln



## RELEVANT INVESTMENTS FOR THE FUTURE

- *New tech initiatives:*

**b-ilty**  
illimity

**quimmo**

**HYPE**

- *Completion of our unique IT system*
- *Completion of our central and control functions*

# Strong commitment to sustainability led to important ESG achievements

## Environment



*Carbon Neutrality  
Scope 1&2*



*Expansion of reporting  
Scope 3 financed emissions*



*ESG embedded in RAF  
& in credit risk assessment*



*One of the lowest emission  
intensity in the sector*

## Social



*Great Place to Work® award  
for 4 years*



*Gender equality certification  
UNI PdR 125:2022*



*Negligible Gender Pay Gap  
(~4,6%)*



*76% of the economic value  
generated distributed to  
stakeholders*

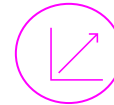
## Governance



*Adhesion to UN Global  
Compact*



*Signing of the Principles for  
Responsible Investment by  
illimity SGR*























*Upgrade of all ESG Ratings*



*ESG Goals in Incentives  
Plans (LTI & MBO)*

# ESG rating improvements confirmed illimity's continual sustainability efforts

	2022	2021	
<b>MSCI</b>  <b>MSCI</b> Scale from CCC (laggard) to AAA (leader)	 <b>A</b>	<b>B</b>	MSCI improved rating by three positions, moving from level "B" to the new "A" level, considering illimity a leader, compared to most of its global peers, on the corporate governance front.
<b>ISS ESG</b>  <b>ISS ESG</b> Scale from 10 (Worst) to 1 (Best)	 <b>E:3 S:1 G:1</b>	<b>E:4 S:3 G:5</b>	Highest recognition in terms of ESG score for the governance and social sections (1/10). The environmental level of disclosure obtained a score equal to 3/10.
<b>SUSTAINALYTICS</b>  <b>SUSTAINALYTICS</b> Scale from 40+ (Worst – High Risk) to 0 (Best – Negl Risk)	 <b>15.6</b>	<b>35.4</b>	Sustainalytics increased illimity rating for a sound management of ESG risks, the policies and programmes introduced and the high degree of responsibility towards investors & other stakeholders.
<b>S&amp;P Global Ratings</b>  <b>S&amp;P Global</b> Scale from 0 (Worst) to 100 (Best)	 <b>49</b>	<b>12</b>	In 2022, illimity contributed for the first time to the CSA Questionnaire, obtaining a score equal to 49/100.
<b>CDP</b>  <b>CDP</b> Scale from F (Worst) to A (Best)	 <b>B</b>	<b>C</b>	illimity received the CDP Management band "B" for taking coordinated action on climate issues, placing itself above the average of the Financial services sector in Europe ("B-").
<b>Standard Ethics</b>  <b>Standard Ethics</b> Scale from F (Worst) to EEE (Best)	 <b>EE-</b>	<b>E</b>	According to SE, illimity has gradually aligned with the indications and objectives of the UN, the OECD and the EU, also thanks to a cross-functional and integrated sustainability management model.
<b>Integrated Governance Index (IGI)</b>  <b>Integrated Governance Index (IGI)</b> Scale from 0 (Worst) to 100 (Best)	 <b>60.55</b>	<b>49.5</b>	In 2022, illimity obtained the "Leader ESG Identity" recognition mainly due to its code of conduct and sustainability procedures and the ESG integration in all areas of the business.
<b>Refinitiv</b>  <b>Refinitiv</b> Scale from D- (Worst) to A+ (Best)	 <b>B</b>	<b>D +</b>	illimity stood out for the maximum score on the Social dimension, thanks to the attention paid to the diversity, equity and inclusion dimensions and its new policies and initiatives in this field.
<b>D-Rating</b>  <b>D-Rating</b> Scale from B+ (Worst) to A (Best)	 <b>NEW BBB+</b>	<b>N.A</b>	illimity obtained a rating equal to BBB+, which is the second rating level of traditional banks in Europe. First digital bank in Italy. illimity is a great performer mainly on digital propositions, especially on app
<b>OPEN-ES</b>  <b>OPEN-ES</b> Scale from 0 (Worst) to 100 (Best)	 <b>NEW 85</b>	<b>N.A</b>	The platform evaluated the sustainable performance of companies. illimity obtained a score equal to 85/100.







illimity at a glance



**2023-25 Sustainability Plan**



Commitment to the environment



People and Social footprint



Governance



Sustainable finance

# 2023-2025 Sustainability Plan: rational and main pillars



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

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

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

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

## Environment

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

## Social

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

## Governance

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

# 2023-2025 Sustainability Plan: targets

## 2021-25 Strategic Plan

### Environment

- Integration of **ESG factors in the credit assessment** and **Risk Appetite Framework** (RAF)
- **Maintain the Group's carbon neutrality** (Scope 1 and Scope 2 emissions) **measure** and **address** the so-called "**financed emissions**" (Scope 3)
- **Reactivation of renewable energy plans** through the **Energy Desk**

### Social

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

### Governance

- Enhance illimity **ESG Ratings**
- Integrate **ESG Goals in incentive plans**

## New 2023-25 additional targets

- Reach **100% of electricity** used from **renewable sources** at the Group's main locations
- Maintain **100% use of FSC paper** throughout the Group
- Develop an **environmental policy** at Group level
- Consider the **environmental and climate impacts** in **due diligence** and **management of Real Estate assets**
- Develop the **offering and framework for sustainable finance products**
- Develop **ESG support/advisory services for SMEs**
- Reach **15% on cumulative business origination volumes** for sustainable finance
- Launch of **SGR fund with ESG characteristics**
- Reporting aligned with **TCFD disclosure**

- Maintain the **UNI\_PdR 125-2022 gender equality certification**
- Develop a company **policy to combat harassment**, inappropriate sexual conduct and bullying
- Maintain the **average number of hours of training** at **42 hours** per employee, while guaranteeing **3 hours of ESG training**
- Develop initiatives to raise awareness on **sustainable mobility** (commuting) for employees
- Reach **more than 50%** of total expenditure on goods and services by 2025 **assessed with ESG criteria**

- Identifying the specific **ESG Ambassadors** in the key structures (10% of illimiters)
- Endorsement of the Bank to the **Principles for Responsible Banking**
- Obtain the **Anti-Bribery** (ISO 37001) and the **Compliance** (ISO 37301) **certifications**
- Develop an **ESG Investment Policy** (property financing) and reach 100% of Treasury and Investment Banking investments that consider ESG factors in the selection phase (ESG due diligence)





illimity at a glance



2023-25 Sustainability Plan



**Commitment to the environment**



People and Social footprint

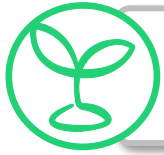


Governance



Sustainable finance

# One of the lowest environmental impacts within the sector



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

## Carbon Neutrality

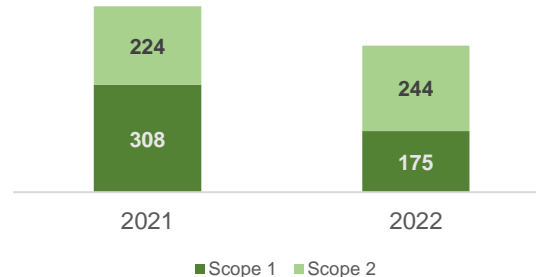


illimity is carbon neutral since 2020 thanks to carbon offsets (purchased voluntary carbon credits) compensating Scope 1 and Scope 2

## Scope 1+2 reduction

Data in tCO2e

Due to the reduction of car fleet fuel consumption



## Scope 3 disclosure

Enlargement of reporting Scope 3 emissions (vs 2021)

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

## Renewable Energy

**44%** (32% in 2021)

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

## Emission Intensity

**0.5** (0.7 in 2021)

Scope 1 & 2 emissions (location-based approach) for FTE (full-time contract). the lowest in the sector (Sector avg. 1.9<sup>1</sup>).

## TCFD disclosure

2022 Reporting on climate-related issues are aligned with the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD).

# Environmental factors included in the credit risk assessment and RAF

## ESG Factors in our Credit Policy

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

### Key ESG elements of Credit Policy:

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

## RAF & RAS



### DISTRESSED CREDIT

We conduct analysis on the **physical risk** of the collaterals (depending on the geographical location of the properties) and on repossessed real estate assets. The external provider Geosafe helps us to define vulnerability indicators.



### GROWTH CREDIT

We analyse elements such as: ESG assessments, **GHG emissions**, and sectors with significant **climate altering emissions**.

## Scenario Analysis



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

# EU Taxonomy Eligibility Reporting



## Two Taxonomy objectives in scope: Climate Change Mitigation & Adaptation

The proportion of **17.1% exposures to Taxonomy-eligible economic activities** on total covered assets (reported on a voluntary basis in order to represent also the exposures to SMEs as illimity core business) can be considered **aligned with the average** registered into the sector<sup>1</sup>

*KPIs are not comparable with FY2021 due to scope limitation of the proxy application by methodology evolution<sup>2</sup>*

Notes: (1) Sector average equal to 22%. Source: ABI, SCS –BusinEsSG DNF 2022, analysis on a sample of 19 banks.

(2) We underline the ineffectiveness of the comparability of the KPIs reported here with those 2021, both of the Mandatory and Voluntary Disclosures, as the valuation methodologies applied are different and evolved in relation both to what the EU Commission itself in its clarification notes had provided only for the first year of reporting (for the voluntary part), and to the choice of applying only the reference perimeters provided for by the current EBA regulations and technical instructions (also in view of the preparatory assessment of banking book alignment in subsequent years). Therefore, last year's perimeter limitations were not applied, in the logic of the voluntary review, resulting in the expansion of the denominator (Total Assets Covered) against a numerator that was almost stable year on year.

2022



## Mandatory disclosure

**EU taxonomy-eligible exposures** (only exposures to undertakings subject to NFRD)

**3.4%**  
eligible assets on  
Total Covered  
Assets<sup>(3)</sup>

## Voluntary disclosure

**EU taxonomy-eligible exposures** (exposures to undertakings subject to NFRD and undertakings that are not obliged to publish NFRD)

**17.1%**  
eligible assets on  
Total Covered  
Assets<sup>(3)</sup>

*For more details on the methodology see section 12 of  
2022 Sustainability Report*

(3) Total Covered Assets represents on-balance sheet exposures that cover the accounting categories of financial assets (including loans and advances, debt securities, equity holdings and repossessed collaterals) as defined by COMMISSION DELEGATED REGULATION (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852. Exposures to central governments, central banks and supranational issuers are excluded from the calculation of the numerator and denominator of key performance indicators.

# First time disclosure of financed emissions: Scope 3 - Category 15 (Investments)

**Carbon footprint:**  
**187 tCO<sub>2</sub> per Euro million**  
of investment/financing

**52%** of financed emissions  
related to **exposures in**  
**Manufacturing** sector,  
in line with Italian SMEs  
distribution

Financed emissions were  
calculated according to **PCAF**  
standard methodology

Sector	Measured Exposures [%]	Financed Emissions [%]	Carbon Footprint [tCO <sub>2</sub> /Mln Euro]
C - Manufacturing	27%	52%	359
H - Transportation and storage	19%	9%	94
F - Construction	8%	9%	209
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	8%	6%	148
K - Financial and insurance activities	12%	4%	65
D - Electricity, gas, steam and air conditioning supply	3%	4%	223
M - Professional, scientific and technical activities	7%	3%	91
I - Accommodation and food service activities	2%	3%	229
L - Real estate activities	7%	3%	75
A - Agriculture, forestry and fishing	2%	3%	242
N - Administrative and support service activities	2%	2%	168
B - Mining and quarrying	0,3%	1%	619
E - Water supply; sewerage, waste management and remediation activities	0,1%	1%	797
Q - Human health and social work activities	0,7%	0,5%	127
J - Information and communication	2%	0,5%	47
R - Arts, entertainment and recreation	0,2%	0,2%	202
S - Other service activities	0,3%	0,1%	38
O - Public administration and defence; compulsory social security	0,01%	0,01%	151
P - Education	0,09%	0,01%	17
	100%	100%	187

Notes: Carbon footprint is Financed Emissions standardised by the total investment portfolio value, where Financed Emissions are the total greenhouse gas (GHG) emissions of a debtor/issuer weighted by the investment as a share of the company's total value. Measured exposures cover around 90% of customer loans and 25% of financial assets (HTC / HTCS / FVPTL) and equity/JV

Disclaimer: it is important to underline the inability to get a wide benchmarking into the banking industry, in fact just few financial institutions disclosed their financed emissions and there is a common difficult to get complete information from or about companies in portfolio, then the majority of institutions may not have high-quality data available or may not collect enough usable emissions information for reporting





illimity at a glance



2023-25 Sustainability Plan



Commitment to the environment



**People and Social footprint**



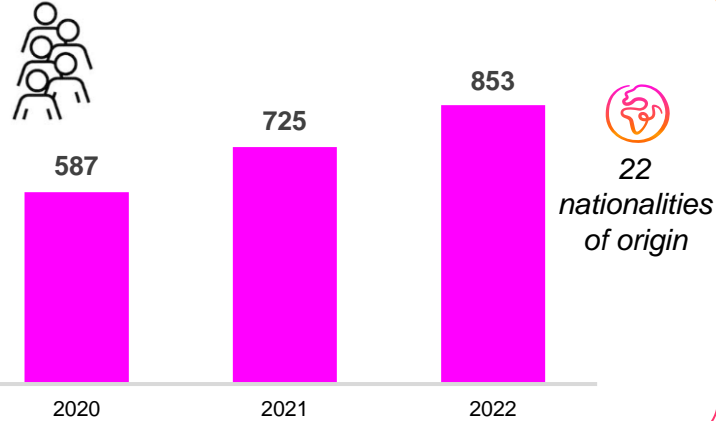
Governance



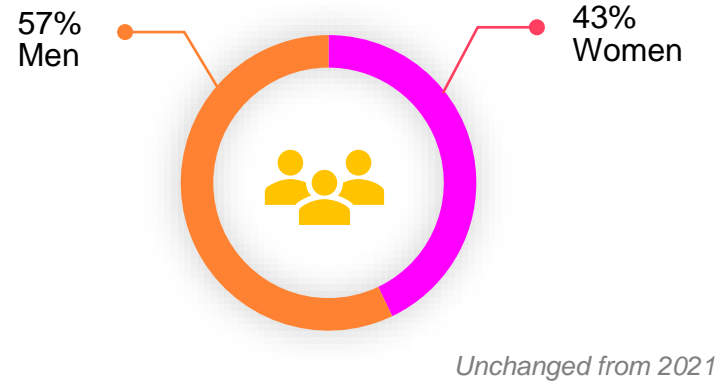
Sustainable finance

# The illimiters: talent and diversity fosters innovation

## Number of illimiters



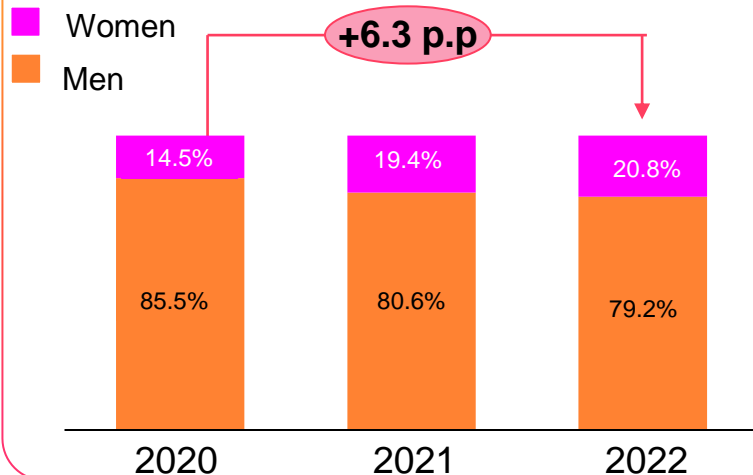
## Gender



## illimity Engagement



## Growth of women executives



## Gender Equality Certification



First bank to  
obtain the Gender  
Equality  
Certification, part  
of the National  
Recovery and  
Resilience Plan

## Negligible Gender Pay Gap

4.6%

among the best in the sector

- Analysis of internal and external remuneration benchmarks
- Defining financial packages on employment
- Annual salary review process focus on gender issues (Unchanged from 2021)

# Prosperity

## Main financial data on a consolidated basis

Total assets

**6,355**  
mln euro

Operating income

**324.6**  
mln euro

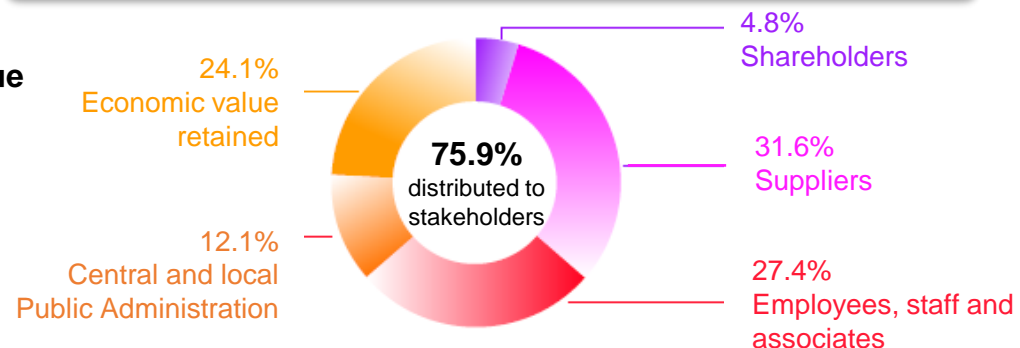
Net profit

**75.3**  
mln euro

## Economic value generated and distributed

Economic value generated

**314**  
mln euro

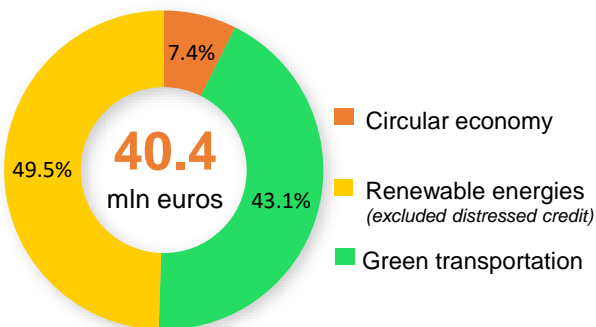


## Business model natively addressing recovery and resilience of SMEs



### ENVIRONMENT

Loans with environmental benefits



### SOCIAL

Loans with social benefits

**351**  
mln euros

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

Collaborative Agreement Index

AREC  neprix

**77.9%**

Distressed credit, out-of-court agreements as percentage of total

# Responsibility to distressed credit customers

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

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

	2022	2021
<b>Collaborative Agreement Index</b> Ratio between the number of positions closed through out-of-court proceedings and the total of positions successfully closed by illimity Group	77.9%	85.5%
<b>Time to Solve</b> Average time recorded to solve out-of-court proceedings	5 months	13 months



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

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

## Social

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

## Research & Development

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

## Collectivity

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

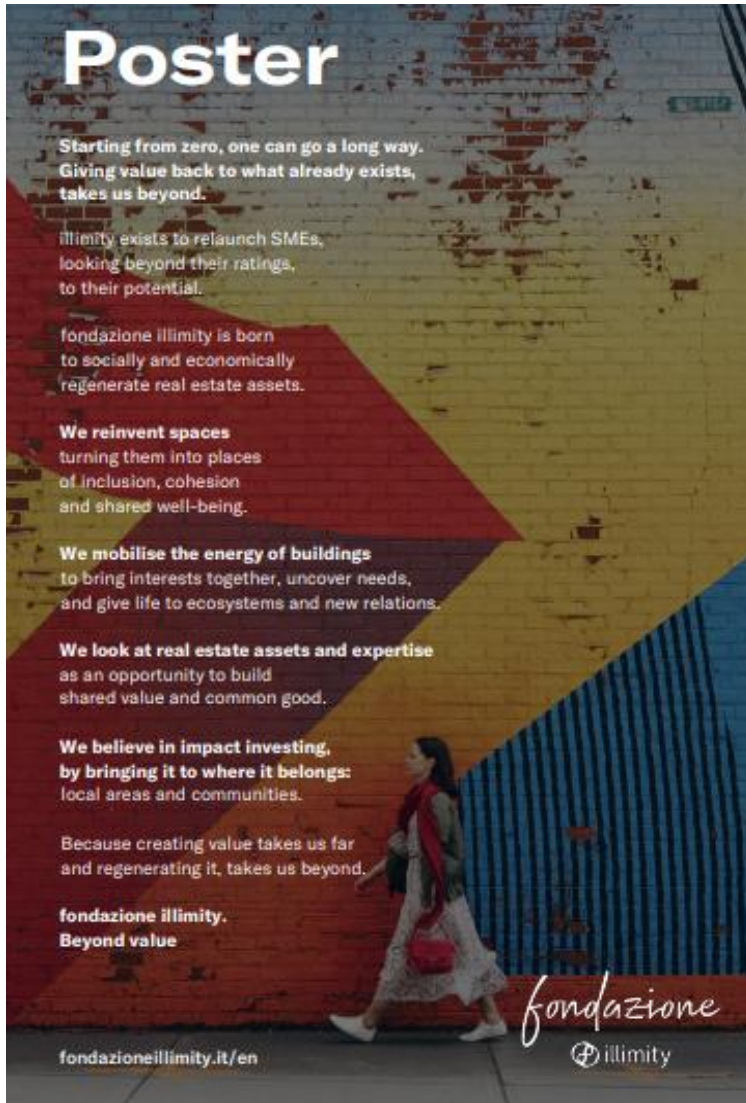
### Albergo Etico Cesenatico

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



### (RE) GENERATION CAMP

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





illimity at a glance



2023-25 Sustainability Plan



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People and Social footprint



**Governance**



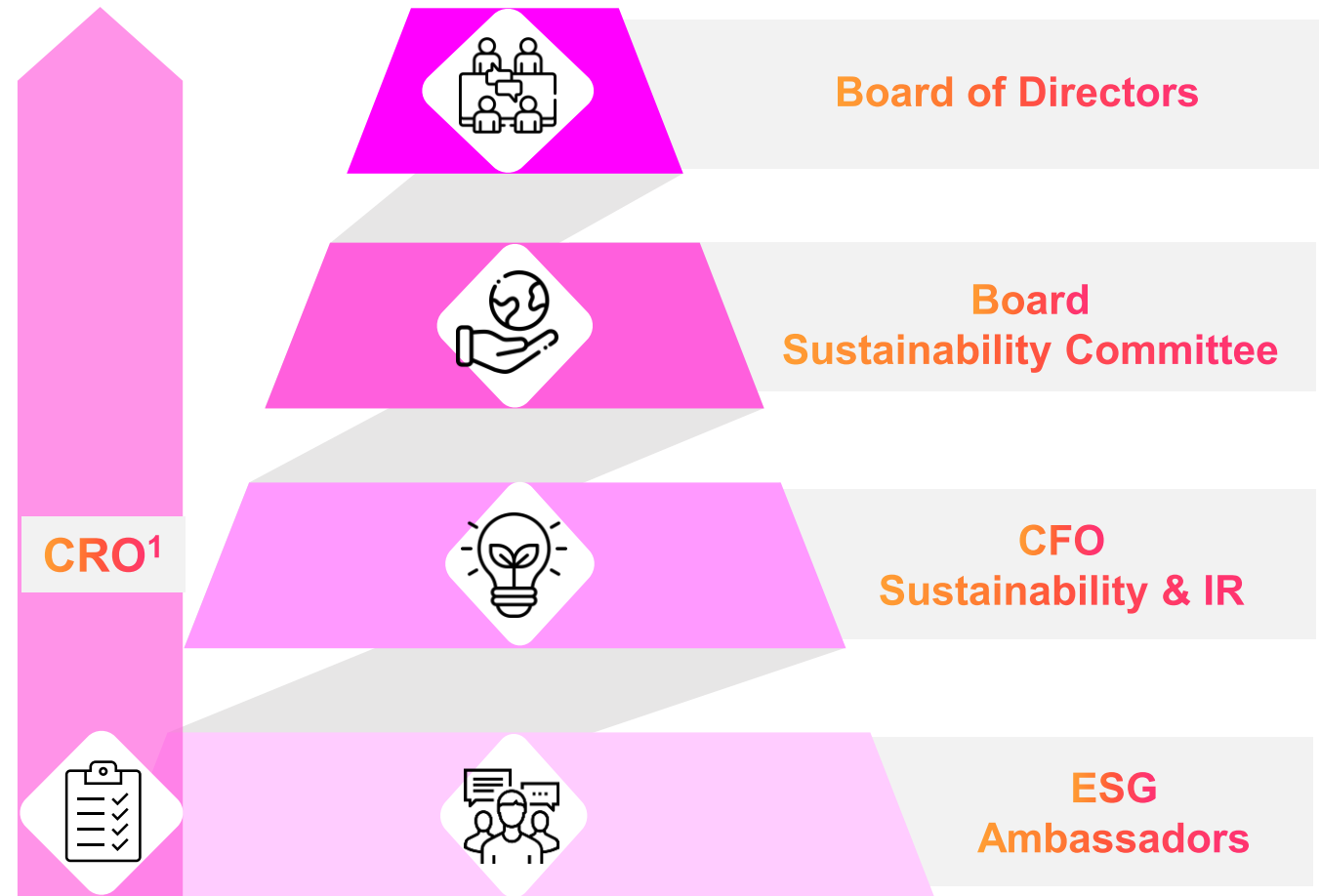
Sustainable finance

# Sustainability embedded in our governance system

## 2022 Key governance takeaways

- Adoption of the “**one-tier system**”
- **85%** board independence
- **46%** female board members [6 women out of 13 members]
- **Independent Chairperson**
- **61 years old** average age on the board
- **2 years** board average **tenure**
- **94%** average participation to board meetings in 2022
- **Diversity** in terms of gender, age, skills & background
- Explicit inclusion of “**sustainable success**” in the bylaws

## Governance Structure

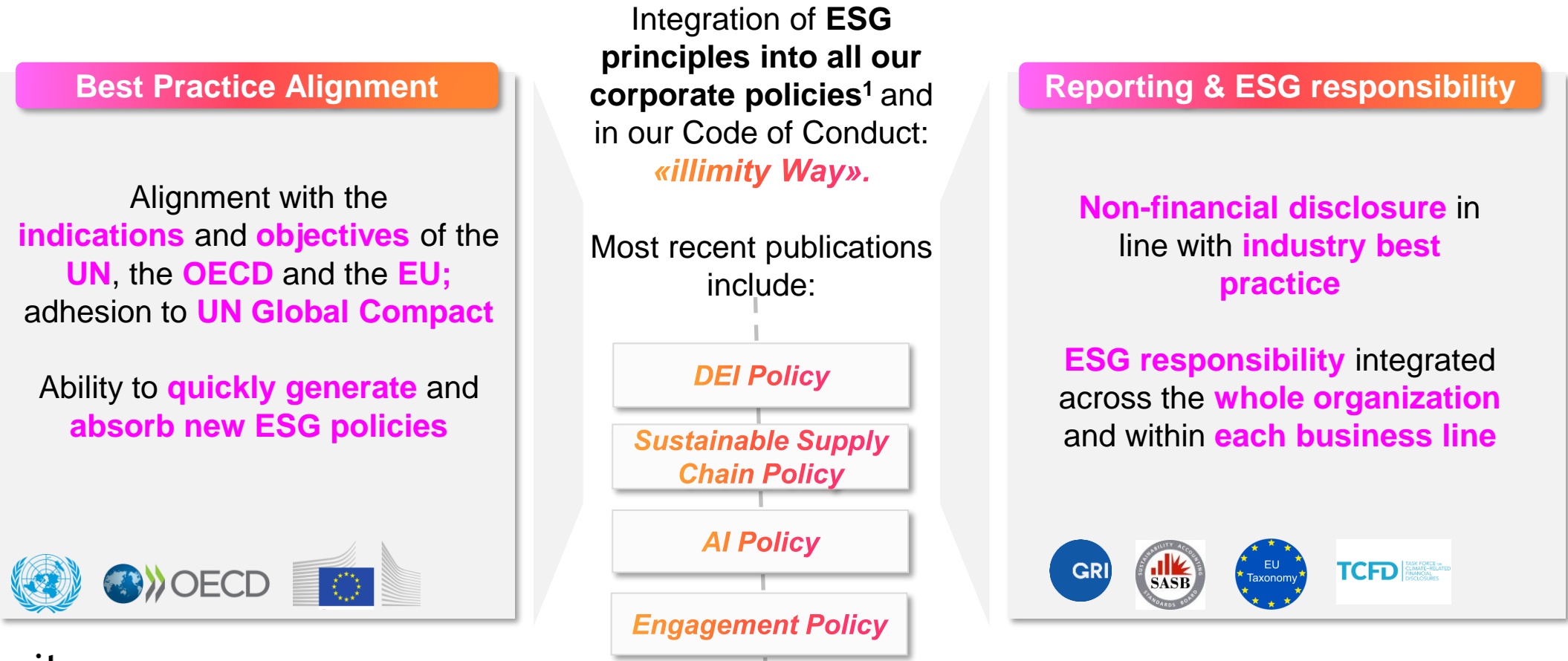




# Recognised corporate governance leader



illimity is positioned in the **highest scoring range of ESG ratings** relative to its global peers, demonstrating that company's **corporate governance practices** are well **aligned with shareholder interests**.



Note (1) <https://www.illimity.com/en/governance/corporate-policies>



# ESG integrated in executives' variable remuneration

## MBO

- Integration of **ESG / climate-environmental risks** into the Risk Appetite Framework 2023 of the illimity Group, with definition of a set of KPIs and related Risk Appetite and Tolerance levels
- Maintenance of the **Gender Equality Certification** "UNI\_PdR 125-2022"
- Maintenance of **Equity Pay Gap** in the range of +/- 3%.
- **Adhesion to PRB** (Principles for Responsible Banking)
- Issuance of the **Responsible Investment Policy** for the proprietary portfolio.

**CEO 2023 Goal Card**  
=  
**15% ESG weight**

## LTIP

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

- Employees' satisfaction over 70%.
- YoY increase of women in managerial roles and gender balance in the company "talent pool".

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

- Maintain or increase the investment grade in Standard Ethics and CDP ratings.
- Yearly progression on Strategic Plan environmental targets.

**LTI plan**  
=  
**20% ESG weight**



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**Sustainable finance**

# Sustainable Finance



1 **ESG factors are** integrated into the credit policies and economic sectors excluded



2 Integration of sustainability factors in illimity SGR's **ESG Investment Policy**



3 The program **Basket Bond “Sustainable Energy”** to promote ESG transition



4 **b-green & b-innovative:** support to the ecological and digital transition



5 Commitment in the **energy and RE sector** through the regeneration of assets & revamping of photovoltaic power plants

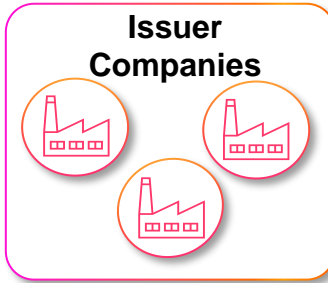


# First Sustainable Energy Basket Bond launched in Italy



## Basket Bond mechanism

A multi-year program to meet the medium / long-term financing needs of companies by supporting **sustainability-linked investments**.



 **illimity**

*Arranger, Lead manager & Co-investor*



*Facilitator, Co-investor & ESG scoring provider*



*Co-ordinator & Co-lead manager*

Admitted companies can access financial resources at advantageous conditions thanks to the **issue of Minibonds with a duration of up to 8 years**, which will be subscribed by institutional investors.

## Who is it for?

**Small & medium corporates**, including suppliers or sub-suppliers of ENI, and companies **engaged in energy transition and sustainability paths**.

## 2022 Issues

**Four issues** in favour of multi-service companies in energy and environment sectors and in **power plants for generating energy from renewable sources**.



## Benefits for the SMEs



**Facilitated access in the capital market**



**Development of a sustainable business model**



**Increased investment capacity to reach SDGs goals**



**Improved market competitiveness**



**Increased visibility**



**Optimisation of funding sources**



**Efficiency of the bond issuance process**

# First bank joining the Open-es ecosystem



## b-ilty

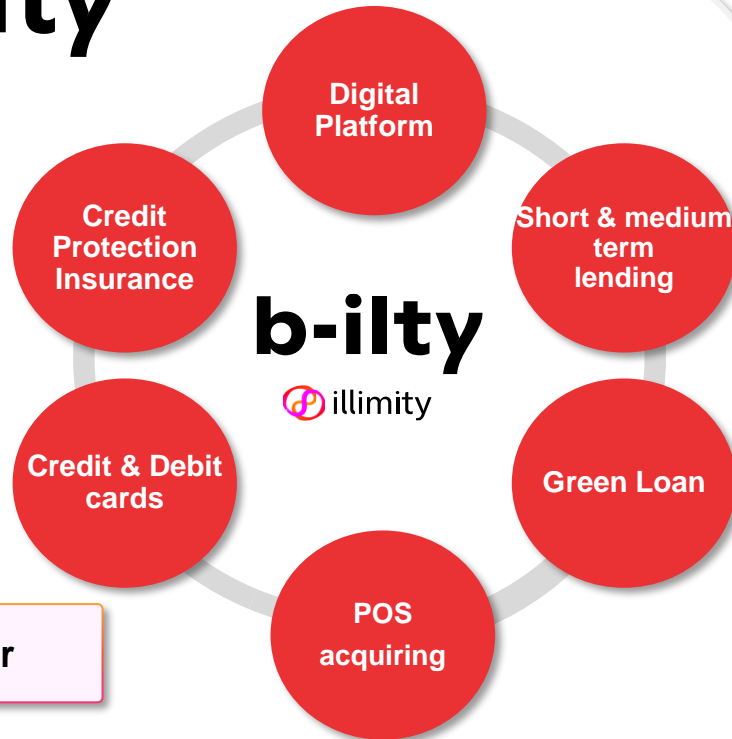
**b-ilty offer**

**Banking services and products** which reward companies committed to a sustainability path

**Partnership with Open-es offer**



*Digital platform launched by ENI in partnership with Boston Consulting Group and Google Cloud  
open to all companies engaged in improving  
their sustainability performance*



For more details: [b-ilty illimity](#)



## b-green



Designed for companies that intend to invest in structural efficiency in order to speed up and implement **the ecological transition of their business**



## b-innovative



Designed assist companies in their digital development, thereby **increasing competitiveness in their market segment**

# Collaboration with the European Investment Bank



## €200mIn for SMEs

A 100 million euro EIB loan to illimity which, in turn, undertakes to invest an additional 100 million euro in favour of SMEs through **b-ilty**

### *Climate transition*

*Support for working capital and liquidity needs of SMEs*

*Economic, social and territorial cohesion*

**20% of funds dedicated to SMEs investments that support the climate transition**

**30% of the resources will be allocated to SMEs operating in regions covered by the cohesion policy**





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