

6.

Commitment to environmental sustainability and the Change Pmi project

Non-Financial Statement
2023



We want to play a leading role in the sustainable transition. We make our commitment concrete by supporting the energy transformation of companies and aiming to zero our emissions.

6.1 Loans and the fight against climate change

[GRI 2-23]
[GRI 3-3]

Policies and other reference documentation

- Group Policy for managing the Most Significant Transactions (MSTs)
- Operating note Leasing preliminary investigation process (Banca Ifis)
- Group Code of Ethics
- Group Lending Policy
- ESG Policy

Green products and the energy transition of SMEs

[FS2]

The Banca Ifis Group pursues its sustainability strategy in lending activities through measures aimed at mitigating potential negative impacts on the environment and society (including aspects linked to human rights⁴³) and the development of products in support of sustainable lifestyles and consumption models by customers.

The Group is sensitive to the **indirect** social and environmental **impacts** that may be generated by the business. Therefore, it addresses the topic by regulating the sectors in which it operates with reference to the type of products and services it offers through its Business Areas, considering also the potential reputational repercussions of any negative events on the Group.

As for leases, which involve providing assets to several industrial sectors, **different criteria** are envisaged, according to **counterparty and type of asset, governing operations as part of the creditworthiness assessment process**, such as:

- **counterparty criteria**: sectors in which the Group has decided not to operate or to carefully examine each individual case, according to processes involving the competent structures within Banca Ifis (e.g. transportation of hazardous materials and asbestos, nuclear waste disposal, gambling);
- **asset type criteria**: specific assets that the Group has decided to exclude from its operations because they negatively impact the environment (e.g. production machinery and equipment such as treatment plants).

Banca Ifis Group **applies mechanisms for managing social and environmental impacts including what are termed the Most Significant Transactions (MSTs)**, i.e. transactions whose intrinsic characteristics may modify the structure or risk profile of the Group companies.

This is why it has chosen to define a **list of sectors applicable to all transactions** carried out by the Group's entities with potential environmental or social impacts that qualify as most significant transactions. The

⁴³ For example, in respect of risks relating to segments at high reputational risk, such as those linked to the manufacture, processing and marketing of weapons.

financing arrangements with counterparties that operate in such sectors are subject to a **more stringent assessment process** that involves an assessment of their creditworthiness by the competent bodies as well as an analysis by Risk Management, which expresses its opinion.

During 2023, no transactions falling within the scope of Most Significant Transactions were submitted to the assessment of Risk Management in consideration of the economic sector to which they belong.

Starting 2019, the Bank has launched a series of products/services in favour of lifestyles that can improve the quality of life of customers and stakeholders. The **"Ifis Green"** project takes the form of an innovative financial offer ranging from lease contracts for the purchase of electric/hybrid plug-in vehicles to the lease/hire of air purifiers and innovative solutions like the rental of new generators of water from the atmosphere to save water.

The main initiatives implemented by Banca Ifis Group include:

- **Ifis Leasing Green:** the Group stands out for its position in the lease of electric vehicles, with a 5,3%⁴⁴ share of the market in Italy (21,1% in 2022). In continuity with 2022, the promotion of sustainable mobility was also pursued in 2023. The so-called "Ecobonus" government incentives for the year 2023 have been scaled down and granted to a smaller group than in previous years, i.e. as far as SMEs are concerned, only for the purchase of non-polluting vehicles by companies carrying out car sharing or car rental activities for commercial purposes. During 2023, the sales network was constantly informed about the new state incentives "Ecobonus" linked to the purchase, also through financial leasing, of electric vehicles;
- **the research for the development of new leasing products** related to sustainable mobility (i.e. e-bikes) and in April released the new product **"Noleggio e-bike"** to promote sustainable mobility and active tourism in Italy. The commercial offer is especially aimed at small and medium-sized enterprises in the tourism and hospitality industry interested in equipping themselves with an e-bike fleet;
- the release of a further leasing product related to sustainable development, the **leasing of photovoltaic systems and charging stations**, dedicated to SMEs to support the transition to renewable energy sources and to support environmental sustainability.
- The conduct of regular analyses, in concert with the business structures, to **identify additional customer financing opportunities** to support the "green" transition.

[FS8]

Legal Entity/ Business Line	Leased environmental product/service	Operations for 2023		Operations for 2022		Operations for 2021	
		Monetary value (mln Euro)	Monetary value (mln Euro)	Monetary value (mln Euro)	% of total monetary value	Monetary value (mln Euro)	% of total monetary value
Banca Ifis/Leasing	Leasing Green - leasing electric vehicles	19,9	5,5%	35,8	5,4%	27,2	3,2%

To **support the energy transition of SMEs**, in addition to "Ifis Leasing Green", the Group offers various services such as, for example, the internal **"Ifis4Business"** programme for the digitalisation of operating processes to enable the environmentally friendly management of procedures. In addition, through its Research Department, the Bank **promotes a culture of business sustainability amongst SMEs**, with dedicated periodic research and analyses.

As part of the 2022-2024 Business Plan, the **"Change PMI"** project provides for the offer of dedicated products and services, such as subsidised loans and scoring services on the ESG performance of customers, developed within a specific project and detailed in the next paragraph.

⁴⁴ The market share of leased electric vehicles in Italy is 10,7%, of this Ifis holds 5,3%. Source: MTCT Unrae.

NZBA membership and objectives

Banca Ifis was the **first Italian challenger bank to join the Net-Zero Banking Alliance (NZBA)**, the initiative promoted by the United Nations aiming to speed up the sustainable transition of the international banking segment. The Net-Zero Banking Alliance brings together institutes, which are committed to bringing their loans and investment portfolios into line with the achievement of the zero net emissions goal by 2050, as per the targets set by the Paris Climate Agreement.

After making this commitment, the Bank initiated a structured project **to monitor the portfolio's financed emissions and set emission targets** on the most relevant sectors in terms of materiality and emissions levels, with particular reference to the automotive world: Auto Leasing, Truck Leasing, Automotive Manufacturers and Distributors. These sectors in fact cover more than 80% of the exposures and financed emissions considered by the NZBA. Specific targets have been defined for these sectors, considering decarbonisation scenarios aligned with the methodologies defined by the NZBA and based on science.

The table below shows the **targets** that Banca Ifis aims to achieve by 2030:

High-emission sectors ⁴⁵	Emission Scope	Metrics	Baseline ⁴⁶ (year)	2030 Target
Auto Leasing	Scope 1 - Scope 2	gCO ₂ e/km	130 (2019)	85
Truck Leasing	Scope 1 - Scope 2	gCO ₂ e/tkm	52 ⁴⁷ (2020)	37
Automotive Manufacturers and Distributors	Scope 3	gCO ₂ e/km	153 (2019)	85

More information on the Group's contribution to combating climate change and updates on the achievement of the targets defined above can be found in the Bank's TCFD Report, available on the corporate website and aligned with the recommendations of the Task Force on Climate-related Financial Disclosures.

Management of risks linked to climate change

With regard to **climate and environmental risks**, Banca Ifis has started a process of convergence towards the supervisory expectations on climate and environmental risks, published in April 2022 by the Bank of Italy. Specifically with regard to risk identification, the Bank has **mapped climate and environmental (C&E) risks** with a view to **integrating them into its risk management system**. Consistent with the supervisor's suggested approaches, the materiality of C&E risks was studied in terms of the impact these risks have on traditional risks.

With regard to risk factors, physical risks and transition risks are recognised. In particular, with regard to **physical risks**, chronic or acute adverse weather events were analysed, and among these, those relevant to the context in which Banca Ifis operates were identified. These effects were analysed on the basis of various elements such as, for example, the georeferencing of the portfolio, the company's operations and, more generally, the main assets considered important for business continuity. With regard to **transition risks**, the identified drivers are grouped into three categories: technological innovation, changing regulation and consumer preferences.

The results of the C&E risk materiality analysis exercise, as well as the methodology, the description of transmission channels and the mitigation and adaptation actions taken for each identified potential risk have been published in the **Group's TCFD report** (available on the corporate website), to which we refer for a detailed representation of the topic.

Amongst further activities, in 2023, Banca Ifis strengthened the current **credit framework from an ESG perspective**. To this end, the Bank has defined the **key boundary** (e.g. sector, counterparty and transaction) and **process** (e.g. credit policies, lending process) **elements** that will define the new framework.

⁴⁵ Sectors outlined by the Net-Zero Banking Alliance with IEA Net-Zero 2050 reference scenario.

⁴⁶ Portfolio composition as at 31.03.2022, latest available emission data.

⁴⁷ Emission data to 2020 for the application of EU Regulation 2019/1242 on emission targets for heavy duty vehicles.

In relation to Credit Risks, we highlight the inclusion of a new indicator concerning the “**Incidence of High Transition Risk (ESG) Sectors**”, which monitors the incidence of gross exposure to counterparties belonging to sectors considered to be at high transition risk. In recent quarters, the indicator has settled at a level of approximately 21%.

At the **sector level**, the sectors most exposed to ESG risks were identified in line also with the evidence from the C&E risk assessment process already mentioned. Instead, **at the counterparty level**, the Bank first identified a list of data providers for the provision of data on each ESG element preparatory to the definition of an overall ESG score at a counterparty level, and then defined the minimum requirements for the selection of the provider (e.g. level of coverage, granularity, number of KPIs, completeness of information, methodology used for proxies, frequency of updates). Following the relevant comparative analyses, the Bank then selected a data provider to address the various ESG score information requirements. Finally, **at transaction level**, the decision was made to assess where necessary how to identify “green” transactions.

Having defined the above scope of application, the process of defining the **enhanced credit framework** was initiated through:

- a **definition of the role of the credit policies** in steering and monitoring of ESG risks during the underwriting phase;
- an initial definition of **how the ESG score is to be used** and the relative **origination steering methods** based on the sector and counterparty assessments at the level of the Parent Company and, where relevant, legal entity;
- an initial **identification of the scopes and thresholds for the activation of the reinforced credit underwriting process** (e.g. size and type of product/legal entity).

The activities presented above are expected to be completed by the first half of 2024.

Partnership with the European Investment Bank (EIB) and Cassa Depositi e Prestiti (CDP)

In 2021, Banca Ifis Group strengthened its partnership with the European Investment Bank (EIB) to enable **Italian SMEs to access green financing** aimed at reducing their environmental impact. Thanks to EIB financing, through two separate agreements of 50 million Euro each, in 2022 Banca Ifis Group made 100 million Euro available to SMEs to invest in new sustainable transition projects:

- the first line of credit dedicated to the **promotion** of initiatives and projects aimed at combating climate change, implemented by SMEs, which mainly concern the leasing of hybrid and “full electric” vehicles;
- the second line of credit reserved for **60% to leasing financing for investments** in innovation or projects promoted by innovative companies under the Industry 4.0 Plan and, for the remaining **40%**, to **the financing of SMEs** in “commercial lending” to support new investments or working capital.

The first 50 million Euro line was converted into 15 million Euro for climate change projects and 35 million Euro for investments under the 4.0 Business Plan.

The two lines totalling 100 million were fully disbursed during 2023.

The agreement is the third finalised by the Group with the EIB over the past three years: the new ceiling, adding up the three loans, brought the total disbursement to 200 million Euro.

For 2024, it is planned to request a new line totalling 150 million Euro from the EIB, to be allocated for leasing finance for investments in innovation or projects promoted by innovative companies under the Industry 4.0 Plan.

Furthermore, in the course of 2022, the former Aigis Banca S.p.A. contract with Cassa Depositi e Prestiti (CDP) to obtain loans to support SMEs for working capital requirements or investments was taken over, obtaining new loans for 50 million Euro in 2022 and 100 million Euro in 2023.

6.2 Direct environmental impacts

[GRI 2-23]
[GRI 3-3]

Policies and other reference documentation

- Group Code of Ethics
- Integrated Safety and Environment Manual
- Group Environmental Policy
- Group Business Continuity Policy
- ESG Policy

Direct environmental impacts

Banca Ifis Group endeavours to disseminate and consolidate a **culture of environmental protection**, promoting **responsible practices**, providing adequate information and training, and requiring employees to report any deficiencies or failures to comply with applicable regulations in a timely manner.

All employees must fully and substantially comply with legal provisions concerning the environment, as set out in the Code of Ethics and the **Group Environmental Policy**. To this end, each employee shall carefully assess the environmental consequences of how they conduct themselves in the discharge of their duties in terms of resources consumed as well as emissions and waste generated.

As part of the implementation of the Organisational Model pursuant to Italian Legislative Decree No. 231/01 and in order to prevent criminal offences, Banca Ifis, and all the Group subsidiaries, have adopted the **"Integrated Safety and Environment Manual"** (originally issued in 2009), as approved by the respective Boards of Directors. The Manual is regularly updated by incorporating:

- changes to applicable laws;
- changes in the Group's structure and the positions responsible for the environment and safety.

The Manual brings together **all the procedures for managing environmental impacts** (as per Italian Legislative Decree No. 152 of 3 April 2006) and **health and safety aspects**. The responsibility for explaining, spreading awareness of and promoting the essential principles and criteria on environmental protection for the prevention of environmental crimes, like the Environmental Policy, lies with the Employer. Verification of the correct incorporation of its principles, by means of the application of the Manual procedures, is the responsibility of the Safety, Environment and Real Estate Projects Service within the General Services Department. The Group manages the impacts generated by its operations in accordance with the Integrated Manual and applicable laws.

The most material direct environmental impacts are the electricity consumed for air-conditioning and to power office equipment, the natural gas consumed for heating, and the emissions generated by the Group's vehicle fleet. **For 2023, consumption values are basically in line with those recorded in 2022⁴⁸.**

Banca Ifis Group has declared its commitment, as confirmation of the close attention paid to the environment, through a series of **projects designed to ensure a reduction of the direct environmental impacts connected with its business**, as shown by the recent **office restructuring operations** carried out according to the highest standards of eco-compatibility (efficient, functional spaces, mobile furnishings, flexible workstations).

⁴⁸ For more information, please refer to the tables in the section entitled "Additional information on direct environmental impacts"

The new headquarters on Via Borghetto

In 2022, the new headquarters was inaugurated on Via Borghetto. Thanks to a major green restyling of the 1950s building, it was updated to create functional offices for flexible work, but also common areas for the Ifis People to come together and socialise.

The entire building **renovation** project resulted in a facility that houses 340 workstations technologically managed by the MylfisWork App for booking workstations, recreational and training spaces as well as four large green “lungs”. A perfect **combination of sustainability, innovation and historical references**, structured through typical Venetian architectural figures, like the repeated and overlapping arches of the Procuratie Vecchie in St. Mark’s Square.

The building is characterised by great innovation and a focus on sustainability. It is **LEED Gold certified** and is powered **by 100% renewable energy**, **purifies the air** with a special paint and **reduces the use of drinking water by 37%**. What makes it unique is the **260-square-metre green wall**, one of the largest in Milan, overlooking Viale Luigi Majno. A green lung consisting of 30 different local plant species, which uses a hydroponic drip system for maximum water saving and manages to absorb 589 kilograms of CO₂ while producing 442 kilograms of oxygen.

And finally, always with an eye on sustainable mobility issues, part of the indoor parking area has been devoted to bicycles and e-bikes, as well as to electric vehicles for which **six 22 kW charging stations** have been installed.

The **#lfisgreen** environmental sustainability projects represent the Group’s **eco-sustainable growth path**, summarised in a series of initiatives, ranging from electric mobility to the dissemination of a plastic-free business culture.

- In order to reduce its carbon dioxide emissions, **clean electricity** has been chosen. Starting 1 January 2021, the Group has undertaken to use only green energy obtained 100% from renewable sources (wind, photovoltaic, geothermal, hydroelectric, biogas and biomass) in all its offices. On the basis of consumption, equal to 2,9 million kWh for 2023 (2,9 in 2022), a reduction of 813 tonnes of CO₂ emissions is estimated.
- The Group has set itself the aim of replacing 50% of the **corporate car fleet** with hybrid/electric vehicles by 2025.
- The Group has initiated a project to install additional **electric charging devices** in addition to those already in place at the Group’s main offices. In particular, a total of 19 charging points are planned to be installed by 2024, which will be added to the existing 40 for a total of 59 charging points.
- A **new photovoltaic system** with a capacity of approximately 180 kWp is being built and installed on the roof of the Mondovì office building with the aim of reducing the direct impact of the building itself.
- The Group **has started the operational procedures to certify the building in Rome**, Via Ferdinando di Savoia, with Leed and Weel certification.

Banca Ifis for sustainable mobility

In 2022, in compliance with Interministerial Decree No. 179/2021 MiTE-MiMS, Banca Ifis launched an internal survey dedicated to the Commuting Plan, through which Banca Ifis started its journey to assess the **sustainability of employees' daily commute** in order to be able to identify useful measures to encourage alternative forms of mobility to the use of the car. The results obtained will be used for the drafting of the Group's Commuting Plan and will bring benefits to both Ifis People, in terms of travel time, cost and comfort, and the Group, in economic and productivity terms.

Just like in 2022, the Group also joined **European Mobility Week**, the European Commission's awareness-raising campaign on sustainable urban mobility that "encourages behavioural change in favour of active mobility, public transport and other clean, intelligent transport solutions". Throughout the week, it promoted sustainable mobility actions and asked all Ifis People to give a tangible sign of their participation by inviting them to travel to the office in a sustainable way, by bicycle, public transport, electric scooter, carpooling or walking. In conjunction with this initiative, an important new development has been launched on the corporate Intranet: the "**Smart Working Contribution**" section: a counter linked to the mobility habits of Ifis People and allowing the daily quantification of the contribution to environmental protection made by the days spent in smart working.

Emissions offsetting projects

In 2023, Banca Ifis Group decided to **offset the emissions produced during the Npl Meeting** (a conference organised by the Group and dedicated to the non-performing loans industry, held in September in Cernobbio), thanks to the support of a specialised partner.

Specifically, the offsetting took place through **the purchase of Gold Standard certified credits** to support a specific project addressing deforestation in Ceará, Brazil. This project generates several significant positive impacts on the territory and the local population, such as: preservation of biodiversity through the planting of native trees, improvement of the working conditions of the local population, increase of water availability, avoidance of deforestation and reduction of CO₂e.

At the same time, in order to support **biodiversity**, a **nectariferous forest** was established in which there are 50 protected nectariferous trees, cared for by a specific grower, which, besides being vital for biodiversity, contribute to the absorption of CO₂ in the air. The forest chosen is located in the vicinity of Cernobbio, the place where the event was held, in order to restore value to the local area. Within the Banca Ifis Oasis there are four different types of trees, specially chosen as the types that most attract and nourish pollinating insects within the forest. Nectariferous plants within the forest produce about 19 kg of nectar over an average of 20 years.

Thanks to this emissions offsetting project and the related **creation of the Banca Ifis Oasis**, the Group contributes directly and indirectly to 8 out of 17 SDGs of the UN 2030 Agenda (SDG 4 - Quality education, SDG 6 - Clean water and sanitation, SDG 8 - Decent work and economic growth, SDG 11 - Sustainable cities and communities, SDG 12 - Responsible consumption and production, SDG 13 - Combating climate change, SDG 15 - Life on earth, SDG 17 - Partnership for the goals).



Further information on direct environmental impacts

[GRI 302-1]

Breakdown of energy consumption by source ⁴⁹		2023	2022	2021
Total	GJ	35.794	32.547	30.678
Natural gas consumption for central heating	GJ	1.760	2.128	5.106
Gasoline consumption for the vehicle fleet	GJ	7.332	1.927	385
Diesel consumption for the vehicle fleet	GJ	16.326	17.625	14.716
Total fuel consumption	GJ	25.418	21.680	20.207
Consumption of purchased electricity (non-renewable)	GJ	-	-	-
Consumption of purchased electricity (renewable)	GJ	10.020	10.483	10.101
Consumption of energy from solar panels (renewable)	GJ	356	383	370
Total electricity consumption	GJ	10.376	10.866	10.471

[GRI 302-3]

Energy intensity ⁵⁰		2023	2022	2021
Energy intensity of the organisation	kWh/add.	1.446,7	1.553,9	1.517,5

[GRI 305-1]

[GRI 305-2]

[GRI 305-3]

Greenhouse gas emissions ⁵¹		2023	2022	2021
Scope 1	tCO ₂ eq.	1.855	1.578	1.419
Scope 2 (location based)	tCO ₂ eq.	749	761	784
Scope 2 (market based)*	tCO ₂ eq.	0	0	0
Scope 3 (emissions deriving from employee business travel)	tCO ₂ eq.	404	202	69

*In order to calculate the emissions according to the "market based" method, reference was made to the certificates of Guarantee of Origin issued by the electricity supplier that, for 2023, consisted entirely of renewable sources.

[GRI 305-4]

GHG emissions intensity		2023	2022	2021
Intensity of scope 2 location based emissions - per employee	tCO ₂ eq./add	0,4	0,4	0,4

⁴⁹ See the section on "Notes for the collection and calculation of energy consumption data [GRI 302-1]" at the end of the document.

⁵⁰ Calculated by comparing the absolute energy consumption within the organisation and the total number of full-time employees of 1.924 in 2023, 1.874 in 2022 and 1.849 in 2021.

⁵¹ For the conversion and emission factors, see the section on "Notes for emissions calculation - Scope 1 and Scope 2 - [GRI 305-1 and 305-2]" and the section on "Notes for emissions calculation - Scope 3 - [GRI 305-3]" at the end of the document.

In 2023, Banca Ifis Group started a **monitoring process on the volume of waste generated** by type. Because it is limited, the intensity of waste produced by the organisation is expressed in kilograms instead of tonnes to make the disclosure more meaningful.

[GRI 306-3]

Waste generated ⁵²	kg	2023	2022	2021
Total weight of waste produced	kg	126.353	126.335	90.746
Hazardous IT material	kg	745	1.080	140
Non-hazardous IT material	kg	7.638	5.460	235
Paper and cardboard	kg	4.240	6.090	500
Packaging	kg	11.970	8.040	7.320
Bulky materials	kg	140	1.140	22.980
Black water sludge	kg	98.480	104.146	59.090
Other types	kg	3.140	379	481

[GRI 306-4]

Waste diverted from disposal		2023	2022	2021
Total weight of waste diverted from disposal	kg	126.353	126.335	86.692
Total weight of non-hazardous waste	kg	125.608	125.250	86.552
Non-hazardous IT material	kg	7.638	5.460	235
Paper and cardboard	kg	4.240	6.090	500
Packaging	kg	11.970	8.040	7.320
Bulky materials	kg	140	1.140	22.980
Black water sludge	kg	98.480	104.146	55.036
Other types	kg	3.140	374	481
Total weight of hazardous waste	kg	745	1.085	140
Hazardous IT material	kg	745	1.080	140
Other types	kg	0	5	0

[GRI 306-5]

Waste directed to disposal		2023	2022	2021
Total weight of waste directed to disposal	kg	0	0	4.004
Total weight of non-hazardous waste	kg	0	0	4.004
Black water sludge	kg	0	0	4.004
Total weight of hazardous waste	kg	0	0	0
Black water sludge	kg	0	0	0

[GRI 303-5]

Given the nature of the Group's business, the **estimated consumption of water resources** is limited to domestic water only, which amounted to 6.548 Ml of water in 2023 (in line with the consumption recorded in 2022)⁵³.

⁵² The count included waste equivalent to municipal waste produced by the Group in the year 2023.

⁵³ Banca Ifis Group started monitoring water consumption in FY 2022. To calculate water consumption, the locations with a significant impact and consumption of the resource were taken into account, such as the headquarters on Via Gatta in Venice and the offices in Milan Via Borghetto, Mondovì, Florence Mercadante and Ravenna.