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# The Group's social agenda: the Social Banking project

Non-Financial Statement  
2023



Through our business model we support the local area and engage in the financial reintegration of families and enterprises.

## 4.1 Our commitment to sustainable collection: the Social Banking project

[GRI 2-23]

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### Policies and other reference documentation

- Group Code of Ethics
- Group Management Committee Regulations (Ifis Npl Investing, Ifis Npl Servicing)
- Organisational, Management and Control Model as per Italian Legislative Decree No. 231/2001 (Ifis Npl Investing)
- Organisational, Management and Control Model as per Italian Legislative Decree No. 231/2001 (Ifis Npl Servicing)
- ESG Policy

### The role of Banca Ifis

Banca Ifis's social agenda and its focus on the needs of individuals and businesses is also reflected in the adoption by the Npl business of a **sustainable recovery model** whose ultimate goal is the financial **re-inclusion of family and corporate customers**.

Ifis Npl is a major player in the Italian non-performing loans market and a leader in the unsecured small ticket segment. Ifis Npl operates through two companies:

- **Ifis Npl Investing:** originates and submits for evaluation and due diligence investment opportunities in non-performing loans also in the form of fund shares and securitisation notes. As investor and owner of the debt portfolio, it defines recovery strategies and monitors recovery performance on a case-by-case basis. Ifis Npl Investing is a full subsidiary of Banca Ifis;
- **Ifis Npl Servicing:** a company that manages portfolios of non-performing loans owned by Ifis Npl Investing and portfolios of Npl on behalf of third parties, implements the most appropriate recovery strategies in coordination with its principals and with the aim of defining sustainable solutions with the principals' debtor clients. Ifis Npl Servicing is a full subsidiary of Ifis Npl Investing.

These two companies were joined in the recent past by Revalea SpA, a company of the Mediobanca group later sold to Ifis in 2023.

**Ifis Npl** adopts an **ethical recovery model**, offering debtor customers the possibility to agree and manage sustainable repayment plans. The aim of the activities is to financially re-include individuals and families as much as possible, with a special focus on the most vulnerable groups.

### The Social Banking project

In 2023, with the aim of ensuring alignment between Npl activities and the Group's sustainability strategy, the **Social Banking project** was launched. The project, aimed at understanding the impact of the Npl business on

the “S” pillar of Banca Ifis’ ESG strategy, led to a benchmarking analysis that considered about 50 Italian and European players active in the sector. The analysis revealed indications of the consistency of Banca Ifis’ approach to the market and indications of the correctness of its patient approach to recovery; moreover, some specific projects have been launched, which will reach completion in 2024.

Among the practices already in place and which will be further strengthened, note: the preference for amicable solutions, the definition and monitoring of KPIs related to the sustainability of collection activities, and the development of digital solutions to foster dialogue with debtors.

## The integrity of the Group's distribution network

The **Ifis Npl amicable collection network** consists of:

- **Internal Call Centre:** made up of Ifis Npl Servicing employees who provide management and support through dedicated channels (e.g. toll-free number, Pagachiaro portal, e-mail, etc.);
- **Agent network** (Agents pursuant to Art. 115 of the Consolidated Act on Public Safety Laws and Agents in financial activities) operating extensively throughout Italy;
- **Collection partner companies** of Ifis Npl specialising in out-of-court activities.

The Banca Ifis Group's amicable collection model is based on a collection network that adheres to behavioural standards based on principles of fairness, loyalty and consistency, in line with the **Group's Code of Ethics** and the **UNIREC Code**. The creation of a Network of professionals at the debtor customer's service enables real support nationally, in full respect of the Group's values.

Several precautions are taken to ensure the **integrity of the behaviour of debt collection Agents and companies**, including:

- **ensuring observance of the Code of Ethics and Organisational Model envisaged by Decree No. 231/01** when stipulating the contract;
- **control over the number of mandates:** pursuant to Art. 128 quater, paragraph 4 of the Consolidated Law on Banking, the financial Agent may perform activities based on the mandate of a single intermediary or several intermediaries belonging to the same Group. In certain cases, the Agent may take on two additional mandates provided that they are for different products from those already in place;
- the **presence of a continuous monitoring system** through contact with debtor customers and the verification of specific qualitative and quantitative indicators;
- **continuous training and coaching;**
- **observation of the “Code of Conduct”** drafted by the UNIREC forum.

In order to strengthen the Network's work from an ethical and sustainable perspective, **special manuals** have been prepared that recall the ethical-behavioural principles, with a focus on the sustainability of the collection action on which special training is provided. **All the professionals in the Network** are specially **selected on the basis of suitability and reliability criteria, trained and constantly supported and monitored over time, including through specific indicators**.

**Ifis Npl Servicing** adopts various monitoring methods in order to verify the behaviour and performance of the network in terms of Npls:

- “welcome calls” aimed at verifying the correct operation of the Network;
- requiring Agents to prepare a “Meeting report” at the end of each visit with a debtor customer describing what transpired during the meeting and any agreements reached. This report must be signed by the debtor customer, so as to keep a transparent and objective record of any agreements reached;
- constantly listening to the grievances and needs of Network agents with specifically-organised meetings;

- information to the function responsible for the management of operational and reputational risks of any ascertained anomalies and behaviour inconsistent with the guidelines provided by the Parent Company.

The Banca Ifis Group's control functions carry out **periodic checks** on the external Ifis Npl Network (Collection Companies, Agents pursuant to Art. 115 of the Consolidated Act on Public Safety Laws and Agents in Financial Activities) regarding compliance with the laws and regulations as well as the procedures shared when the mandate was signed, in order to prevent any operational, legal and reputational risks associated with the credit brokerage activities carried out by parties outside the group.

## The monitoring model for sustainable collection

Ifis Npl Servicing constantly monitors the External Network through:

- **Qualitative KPIs** and
- **Quantitative KPIs**

Qualitative KPIs include, *inter alia*:

- **Welcome call**
- **Complaints**
- **Disputes**

Quantitative KPIs include, *inter alia*:

- **Processing times**
- **Successful completion of realignment plans**
- **Write-offs**

These KPIs are monitored **monthly** and, if applicable, a dialogue is activated with Agents and debt collection Companies to launch any corrective actions. KPIs are regularly shared.

In addition to the regular inspections run at the collection Companies and Agents, **specific inspections may be held or questionnaires** submitted with a view to verifying various aspects, including the adequacy of the collection processes adopted in respect of the market best practices.

On the basis of the above-mentioned monitoring activities, an **overall assessment of the collectors** is drawn up and, depending on the results, appropriate actions are identified.

When faced with risk events, the internal structures duly inform the control organisation units and, in particular, the **Risk Management** function, as responsible for handling operational risks.