



**Banca Popolare
di Sondrio**

FONDATA NEL 1871

Gruppo BPER Banca

2025 Green Bond Report

Banca Popolare di Sondrio SpA
BPER Banca Group
Founded in 1871

Joint-stock company
Registered office and Head Office:
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Tel. 0342 528.111 - Fax 0342 528.204

Internet addresses:
www.popso.it
istituzionale.popso.it

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Certified email address: postacertificata@pec.popso.it

Registered in the Sondrio Register of Companies under no. 00053810149
- Registered in the Register of Banks under no. 842
Company belonging to the BPER Banca S.p.A. banking group
- Registered in the Register of Banking Groups under no. 5387.6
Company subject to management
and coordination by BPER Banca S.p.A.
Member of the Interbank Deposit Protection Fund
Tax code and VAT number: 00053810149
Share capital: € 1,360,157,331 – Reserves € 1,740,955,502
(Data approved by the Shareholders' Meeting on 30 April 2025)

Cover photo: Predarossa, Val Masino

Photos by:
Matilde Genini - Ufficio intermediazione mobiliare
Maria Togni - Ufficio sostenibilità

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Chapter 1

Our Green Bonds

Starting in July 2021, we issued three Senior Preferred Green Bonds, each worth €500 million, on the international market dedicated to institutional investors. The proceeds are used to finance or refinance environmentally sustainable projects and assets, as described in the Bank's Green, Social and Sustainability Bond Framework.

The decision to continue regularly issuing this type of financial instrument stems not only from economic and financial opportunities, but also from the awareness that the Bank's client portfolio includes numerous virtuous entities committed to the local area and the well-being of the community. The proceeds from these transactions are allocated to such entities. This annual report (the "Report" or "Green Bond Report"), first published in July 2022 and now in its fourth edition, aims to provide transparency regarding asset selection, use of proceeds, and the impact generated by the financed activities.

There are over 6,000 loans underlying the Green Bonds and aligned with the Bank's Green, Social and Sustainability Bond Framework. These involve corporate entities, SMEs, and private individuals whose investments have contributed to avoiding the emission of 153,493 tonnes of CO₂ into the atmosphere.

HIGHLIGHTS: KEY FIGURES FROM THE GREEN BOND PORTFOLIO

153,000
tonnes of CO₂ saved

>6,000
loans included

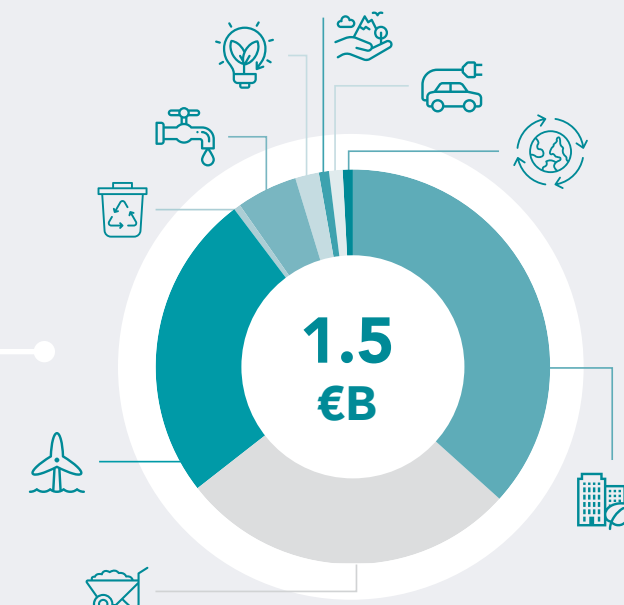
>50 million
cubic metres of
biomethane produced

POTENTIAL GREEN ASSETS PORTFOLIO

Portfolio eligible and potentially (re)financeable through Green Bond proceeds and in accordance with BPS's Green, Social and Sustainability Bond Framework



Portfolio underlying the Green Bond



Objectives of the Green Bond Report



Provide stakeholders with information on the use of proceeds from the bond, in financial and environmental impact terms



Comply with the reporting requirements set out in the Green, Social and Sustainability Bond Framework, as indicated in the ICMA Guidelines



Highlight the specific features of the BPS Green Portfolio

THE SPECIAL FEATURES OF THE LOAN PORTFOLIO UNDERLYING THE BPS GREEN BOND

Granularity

More than 6,000 loans are included. The counterparties are corporations, SMEs and private individuals.

Inclusion of BPS (SUISSE)

BPS was one of the first credit institutions to include loans granted by a foreign subsidiary.

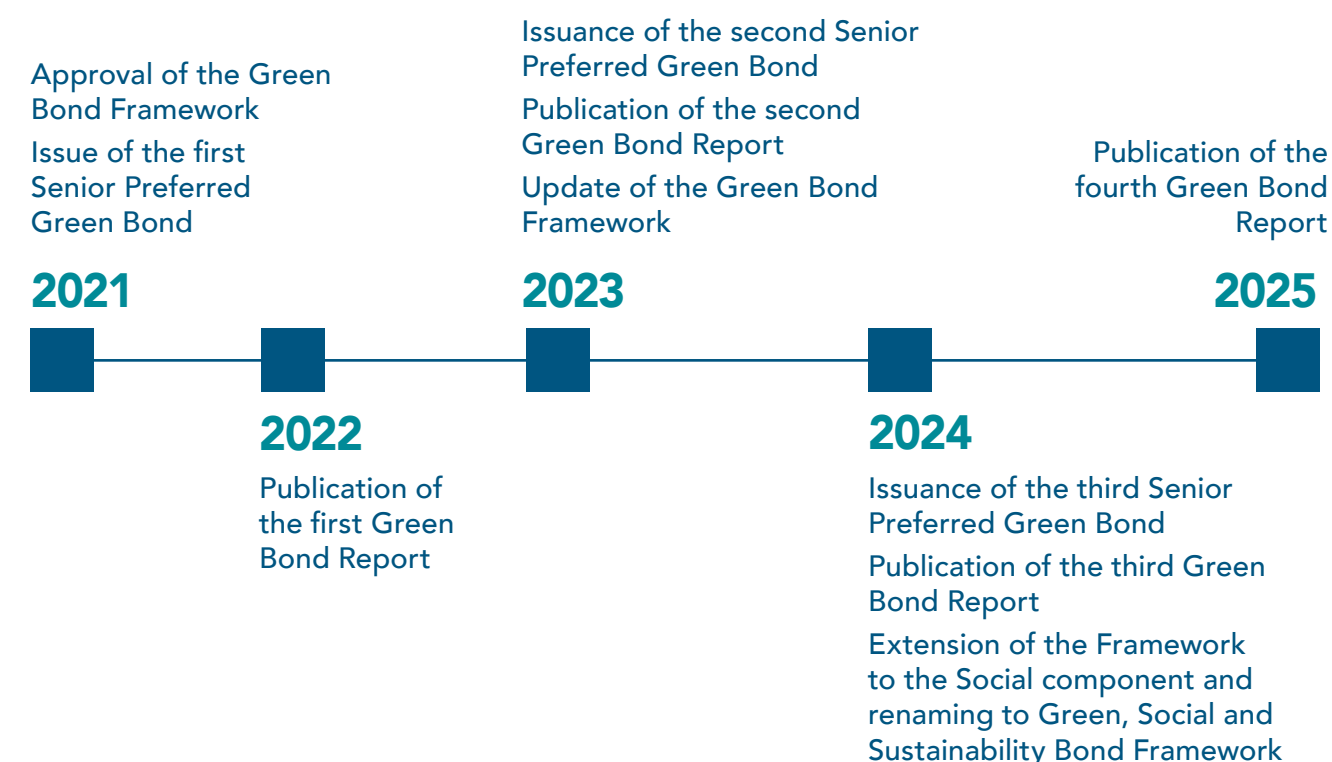
Variety

The loans considered cover all eligible green categories indicated in the Green, Social and Sustainability Bond Framework.

National impact of the loans granted

Despite the absence of physical branches in some regions of Italy, BPS finances projects throughout the country.

The BPS Green Bonds path



Chapter 2

Territorial Presence and Customer Base

We want to **“do banking well”**: this is our ambition. To do so, we follow a strategy based on presence and relationships with the local area and communities.

For our Bank, **“doing well”** means really being there: with a constant, concrete commitment and close to people, to face the great challenges of the modern world together. From the fight against inequality to quality of life, from support for work-life balance to public health, without ever losing sight of the value of culture and the social dynamics that unite us.



29%
access points in sparsely populated areas (municipalities with fewer than 5,000 inhabitants)



97%
of suppliers are located in Italy



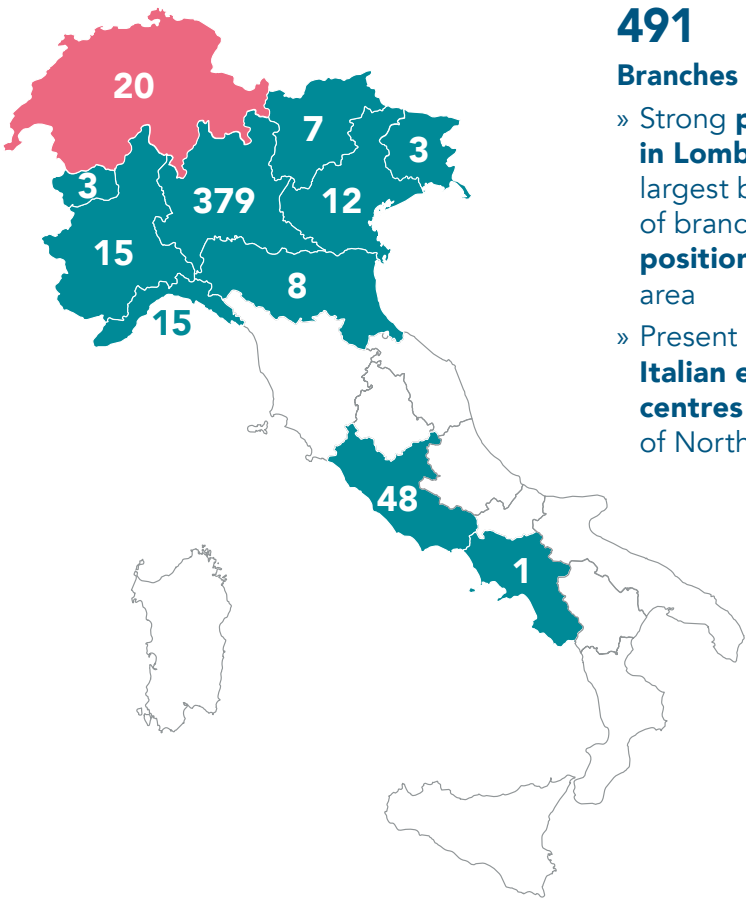
1,618
entities served

Li Moregn, Sondalo



GEOGRAPHICAL PRESENCE OF BPS AND ITS SUBSIDIARIES

Our goal is to make the Bank accessible to everyone and actively support **local development** for **truly inclusive** and sustainable **growth** of communities.



491
Branches in Italy
» Strong **presence in Lombardy** (4th largest bank in terms of branches) and **solid position** in the **Rome** area
» Present in **the main Italian economic centres** in the regions of Northern Italy



20
Branches in Switzerland
» Bank active in areas with **strong links** to Northern Italy



1
Branch in the Principality of Monaco



51
Desks abroad
» at external partners in **44 countries**



Data as of 31/12/2024

A SAFE CHOICE

Relying on Banca Popolare di Sondrio means **choosing a solid institution that is attentive to digital protection and sustainable innovation.**

We are ready to protect data and transactions every day and to promote a greener economy through sustainable credit products and forward-looking Green Bond issues.



950,000
customers, of which 250,000 businesses served



48%
of customers have been with BPS for more than 10 years



€ 5.6 billion
of new loans to households and businesses

Chapter 3

BPS's commitment to sustainability

ESG (Environmental, Social and Governance) factors are firmly established in our strategy: the integration of sustainability issues into our business and operations is reflected in the ongoing ambitions we set ourselves, as outlined in the 2025-2027 Sustainability Plan.

OVERVIEW OF THE 2025-2027 SUSTAINABILITY PLAN TARGETS

*Cumulative values over the Plan period

BUSINESS		PEOPLE AND COMMUNITIES	SUPPLY CHAIN AND OPERATIONS	
Credit	*€ 2.4 billion in new financing with a positive environmental and social impact	Training	Mandatory annual training on topics such as Sustainability for employees and governing bodies	Reduction emissions GHG operational14% reduction Scope 1 and 2 emissions to 2030 (7% to 2027)
Green, Social and Sustainability Bond	*€ 1.0 billion in new bond issues			Energy electricity renewable100% electricity purchased from renewable sources from 2026
Insurance products	Development of policies against catastrophic risks and health plans for businesses	Financial education	*Financial and sustainability education for 1,500 students; also planned free training for stakeholders	Assessment of suppliers80% of purchases in terms of expenditure overall evaluated using sustainability criteria

OTHER SUSTAINABILITY INITIATIVES



NZBA Target

Pursuit of Net-Zero targets in line with the commitments made with joining the Alliance and publication of the first targets (December 2024)



Remuneration

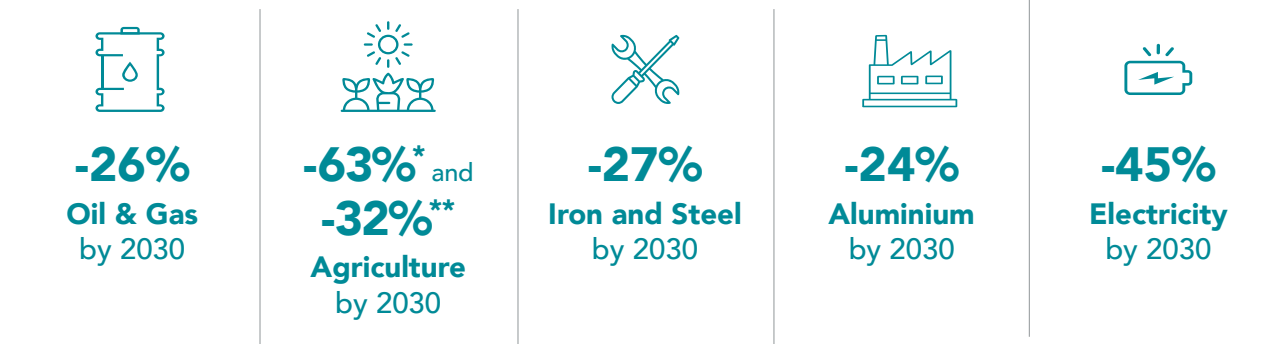
Strengthening of sustainability criteria in incentive schemes for senior staff



Diversity, equality and inclusion

Initiatives promoting gender equality and supporting parenthood and inclusiveness

Since 2023, BPS has been a member of UNEP FI, the Principles for Responsible Banking (PRB) and the Net Zero Banking Alliance (NZBA), demonstrating its commitment to international cooperation and recognising the key role of the financial sector in the path towards sustainability. In line with the path established through its membership of the NZBA, BPS set decarbonisation targets for financed emissions (GHG Scope 3 - Category 15) in December 2024, with particular reference to credit exposures.



INTERNATIONAL INITIATIVES

The Bank participates in various international and national sustainability initiatives, such as:



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



Associazione Bancaria Italiana



Forum per la Finanza Sostenibile







WE SUPPORT

ESG RATING

Our ongoing commitment to sustainability is reflected in positive assessments in key ESG ratings, including:



Score: **B**
Management



Score: **EE+**
Very strong (sustainable)

* Scope 1 and 2 emissions
** Scope emissions

Chapter 4

ESG credit - Policy and products

In line with the objectives set out in the Paris Agreement and the European Commission’s Action Plan on Finance, and BPS’s membership of the Net-Zero Banking Alliance, the Bank has defined an ESG Credit Framework for managing the impacts of ESG factors, with the aim of promoting ecological transition by directing capital towards sustainable investments.

This framework, in line with the Regulator’s guidelines, aims to include in the credit process assessments of the exposure of its credit counterparties to the impacts of ESG factors, incorporating principles of proportionality and graduality in its adoption.

In order to enable an ESG assessment of counterparties, a three-level system has been adopted which takes into account, on the one hand, the ethical and integrity principles that form the basis of its way of operating and acting and, on the other, the specific characteristics of the context in which its counterparties operate.











Furthermore, BPS is orienting its credit strategy towards the achievement of ESG objectives through:

- the development and consolidation of the proprietary ESG scoring model;
- the integration of ESG assessment elements into the credit policy framework;
- the development of sustainable financial products;
- the constant promotion of internal ESG culture;
- the identification and monitoring of ESG-sensitive sectors (including Carbon, Oil & Gas, Electricity, Agriculture and Real Estate) to ensure a targeted approach that is consistent with company policies.




In October 2024, the Bank updated its ESG credit policy based on the evolution of its sustainability strategy and in light of BPS’s membership of the NZBA.

The ESG Credit Policy, available on the Bank’s institutional website, identifies a list of ESG-sensitive sectors, including:

CLIMATE-SENSITIVE

Coal		Oil & Gas		Electricity	
Mining (no fossil)		Agriculture		Real estate	
Iron and steel		Aluminium		Cement	
Transport					

SOCIALLY SENSITIVE

Manufacture and trade of weapons		Gambling		Tobacco	
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When financing counterparties and/or transactions in these sectors, the Bank evaluates the definition of specific strategies aimed at identifying targets for reducing financed emissions in the sector and reserves the right to conduct indepth ESG assessments, including through due diligence during the preliminary assessments for granting credit. The commitment to supporting its customers in the transition to a more sustainable business is reflected in the preference for:

- targeted lines of credit whose intended use refers, for example, to projects related to transition, energy efficiency and/or mitigation of the negative effects of catastrophic climate events;
- projects related to activities aligned with the EU Taxonomy;
- green products that are part of the Bank’s commercial offering.



Monte Rocca, Valdidentro

POLICY ON FINANCING IN THE ARMS PRODUCTION AND TRADE SECTOR

BPS affirms its commitment to regulating the management of the arms sector in full compliance with national and international regulations, promoting the “peace economy” as a necessary condition for truly sustainable development and identifying the role of the financial sector in a consistent and transparent manner, encouraging dialogue with its stakeholders.

In particular, the Policy defines the guidelines and principles identified in the pursuit of its decision-making and operational processes.

More detailed information is available at the following link: <https://istituzionale.popso.it/it/sostenibilita/social>












Focus



SUSTAINABLE PRODUCTS next

BPS has defined strategic lines of action aimed at providing support to customers who are themselves committed to the transition towards an innovative development model that integrates sustainability into the business context. These initiatives include the launch of ‘next – sustainable products’, related to environmental, social and good governance issues.

These ESG products constitute a financial package designed to assist individuals, professionals and businesses who want to invest, among other things, in reducing their carbon footprint through, for example, the installation of renewable energy systems, the purchase of environmentally friendly means of transport or the improvement of the energy efficiency of their homes or workplaces.

PRIVATE	Personal Loan	Green Energy 	
		Sustainable Mobility 	
	Mortgage	Green Home Mortgage	Green Home SAL 
BUSINESS	Mortgage or Unsecured Loan	Renewable Energy (hydroelectric, photovoltaic, wind, bioenergy) 	
		Energy Efficiency 	
		Sustainable Mobility 	
		Circular Economy 	
		Green Property	Green Property SAL 
		ETS (Third Sector Entities) 	



Predarossa, Val Masino

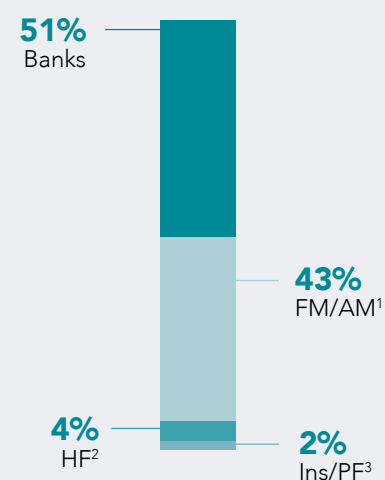
Chapter 5

Green Bond Outstanding

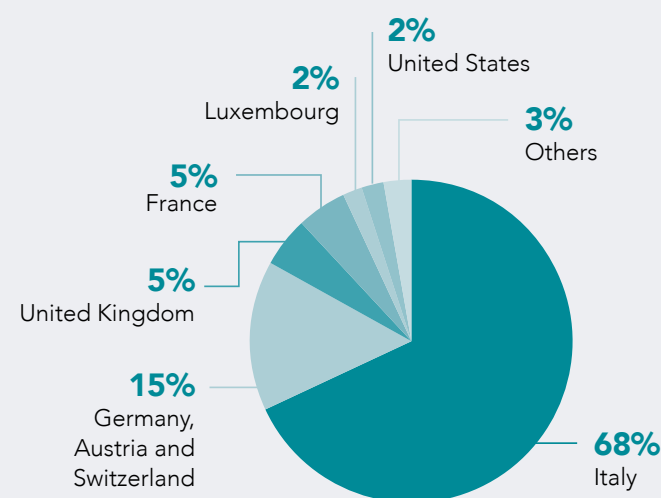
2021

Nominal value: € 500 million
Tenor: 6NC5
Call date: 13 July 2026
Maturity: 13 July 2027

Distribution by investor type



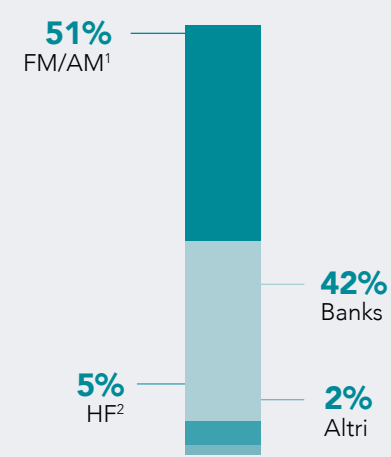
Distribution by region



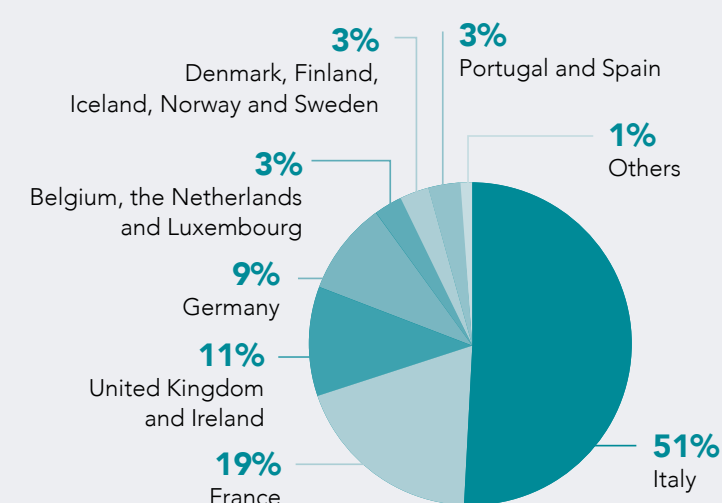
2024

Nominal value: € 500 million
Tenor: 6NC5
Call date: 4 June 2029
Maturity: 4 June 2030

Distribution by investor type



Distribution by region



¹FM/AM: Fund Managers/ Asset Managers

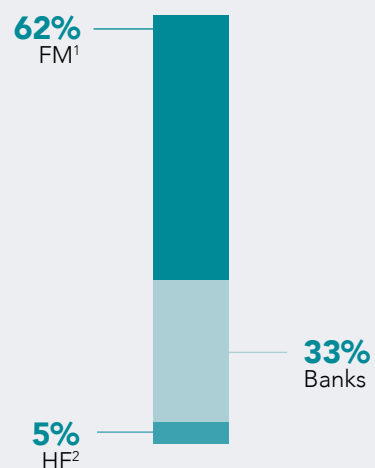
²HF: Hedge Funds

³Ins/PF: Insurance/Pension Funds

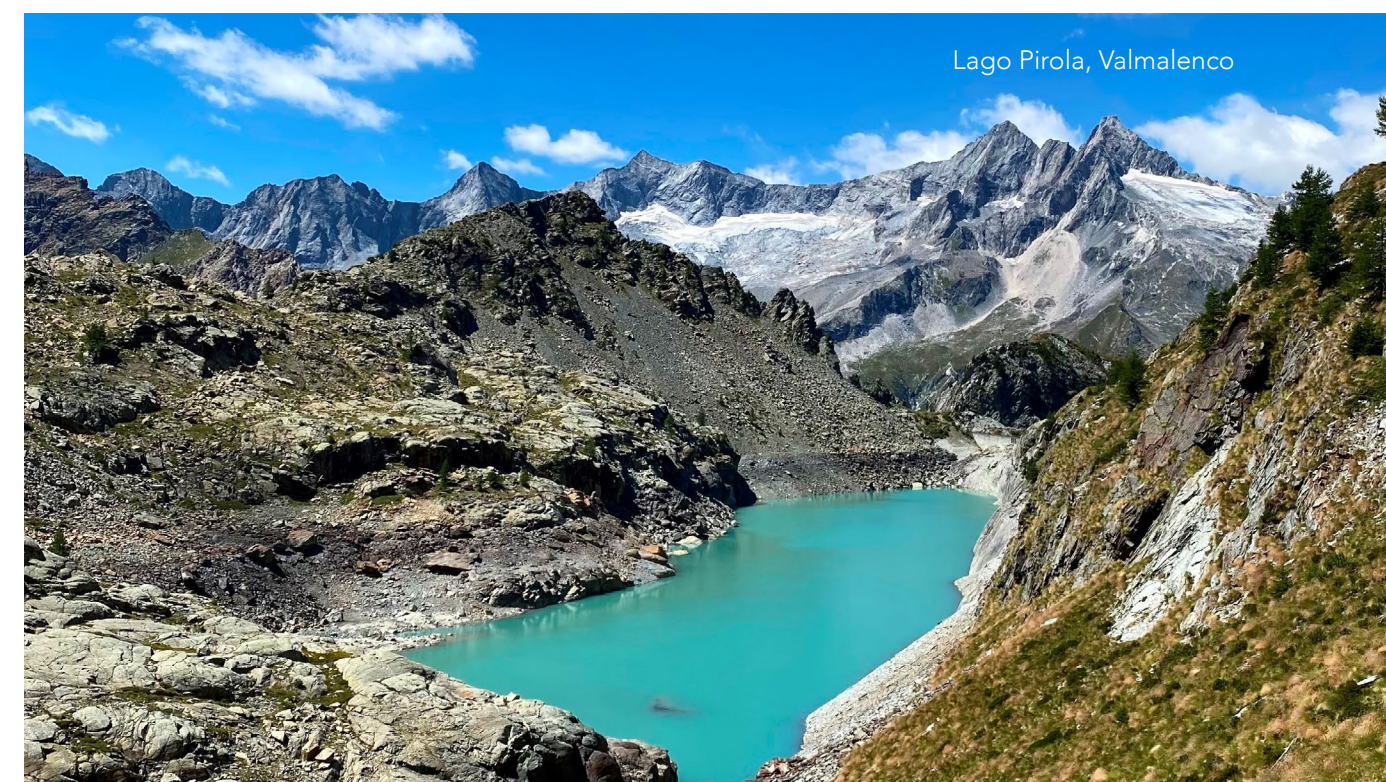
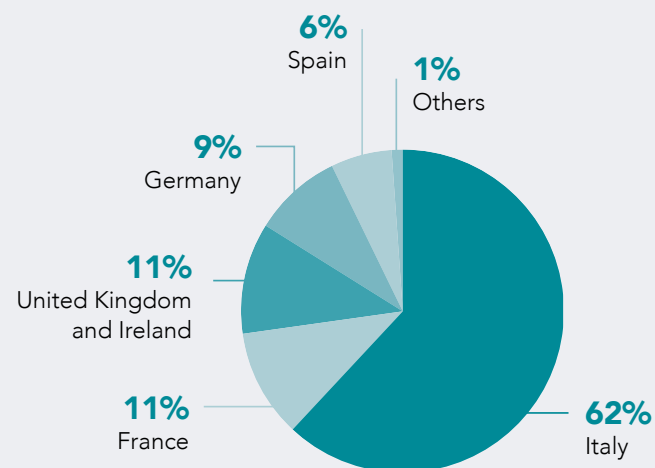
2023

Nominal value: € 500 million
Tenor: 5NC4
Call date: 26 September 2027
Maturity: 26 September 2028

Distribution by investor type



Distribution by region



Chapter 6

Green, Social and Sustainability Bond Framework

Within BPS's Green, Social and Sustainability Bond Framework, developed in 2021 in line with the requirements of the ICMA Guidelines and updated in December 2024 to include the Social component, four pillars are defined:

1

How the proceeds will be used and allocated, which must be **tied to projects or companies with green or social purposes**, in line with the nature of the bond from which the funds originate

2

The process of selecting and evaluating companies or projects, which **must meet environmental or social eligibility requirements**

3

Management of proceeds

4

Reporting which, **through the use of defined metrics**, provides information on the allocation and environmental or social impact of the projects for which the proceeds are used

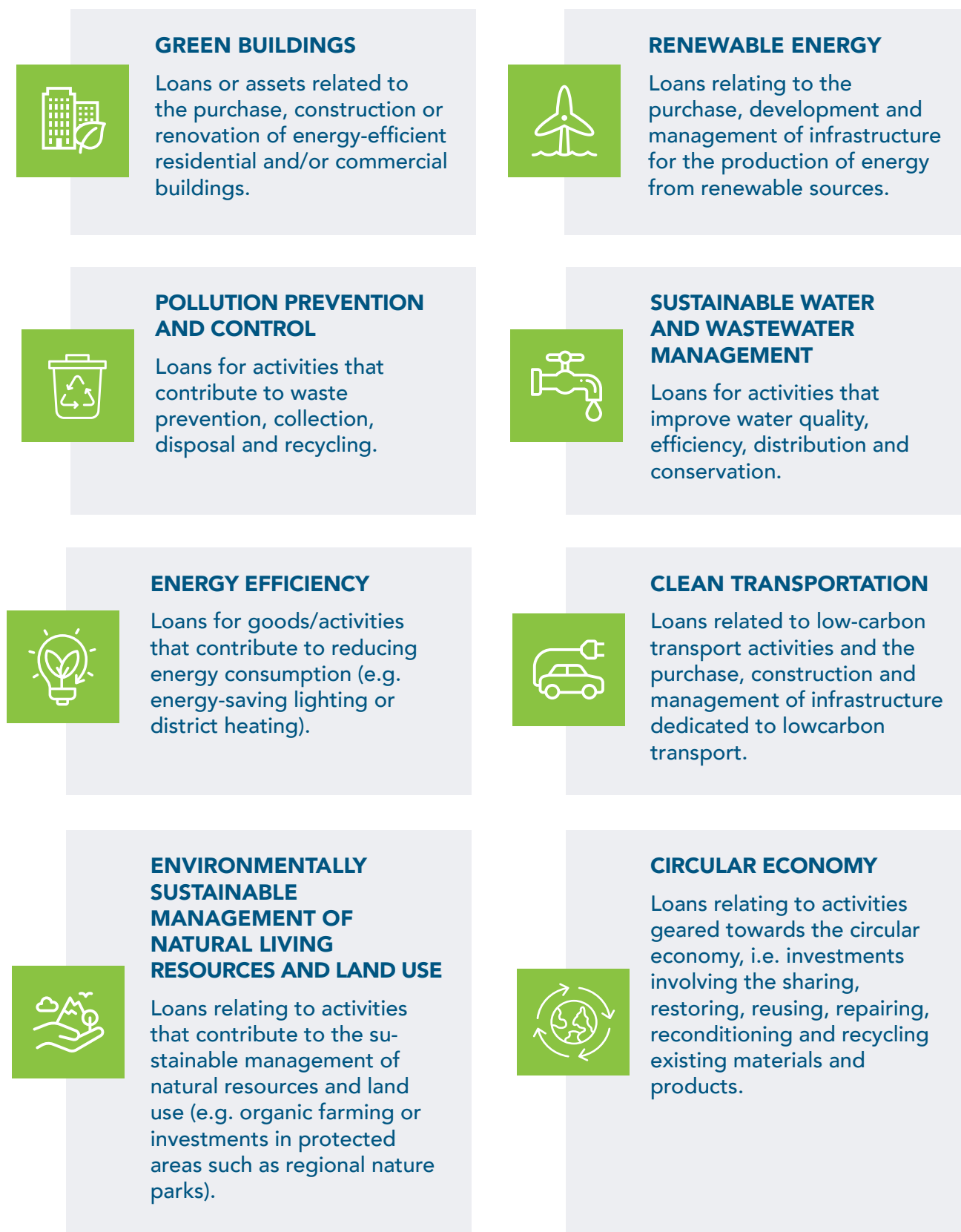
Photo: Terrazzamenti, Castione Andevenno



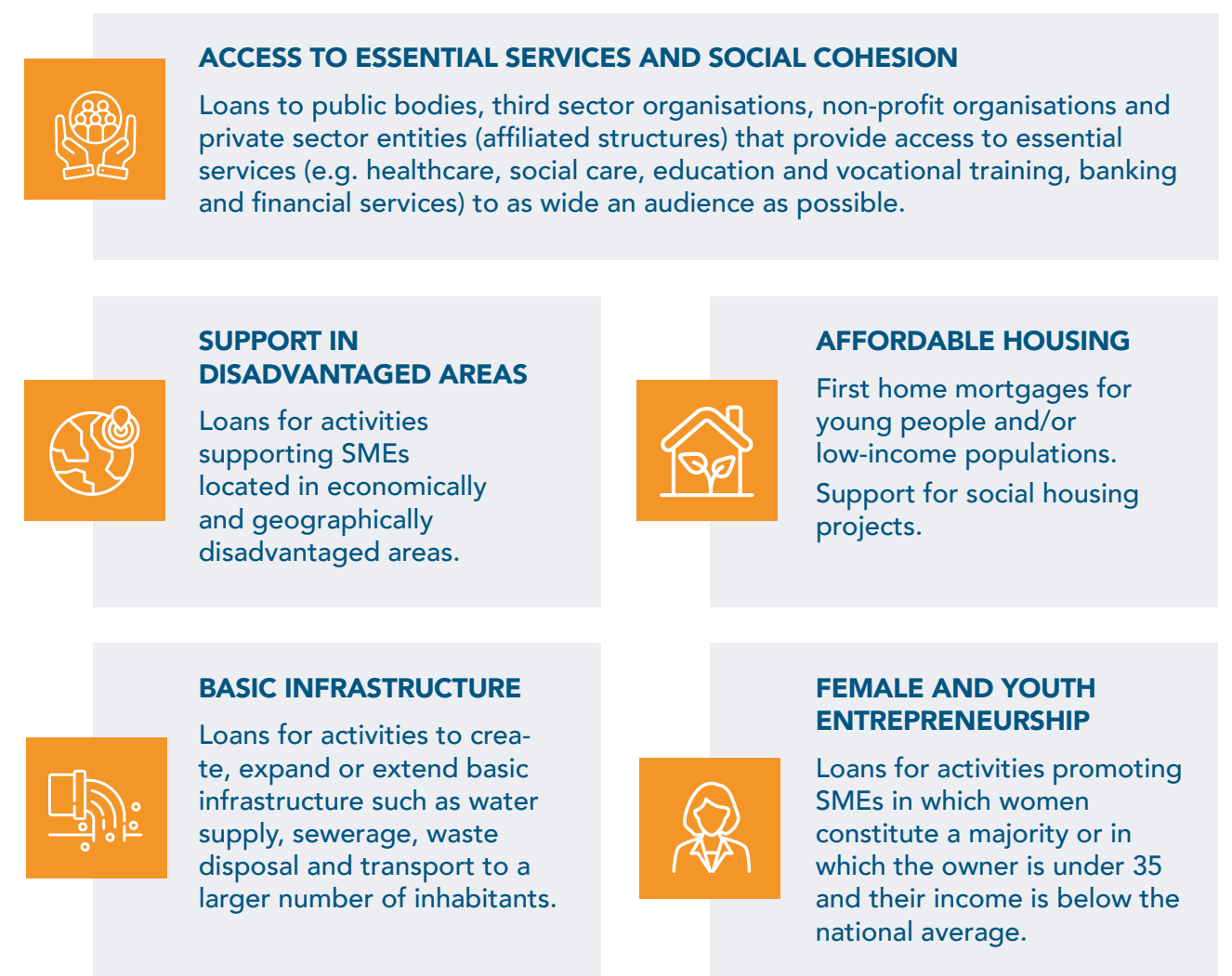
Lago di Saoseo, Poschiavo (CH)



Eligible green categories



Eligible social categories



Sectors excluded from green bonds



¹ From oil, coal, lignite and tar sands (also includes energy-efficient technologies that are carbon-intensive or powered by coal or oil)
² If from suppliers who do not hold recognised certifications, such as Roundtable on Sustainable Palm Oil (RSPO)

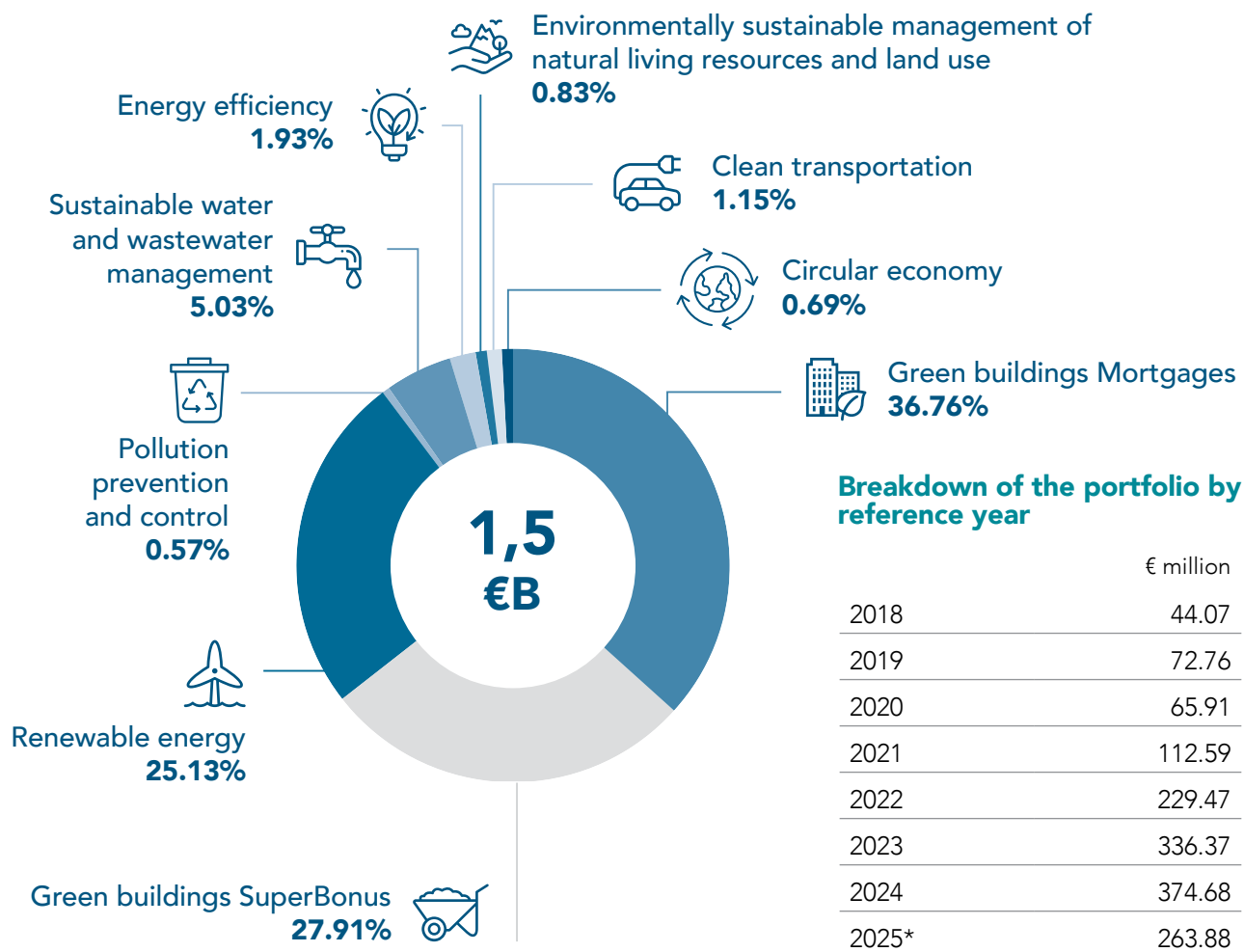
Chapter 7

Allocation and Impact Report

The steady growth of the green loan portfolio has enabled us to issue three bonds aligned with the ICMA Green Bond Principles, each worth €500 million, the first in July 2021 and the last in May last year. As at 30 June 2025, the composition of the portfolio shows a prevalence of loans in the “Green Building” sector, divided between the 110% SuperBonus component and mortgage loans linked to high-efficiency properties.

The portfolio underlying the three Green Bonds issued, in line with the increase in new green loan disbursements recorded in recent years, is composed of a portion of refinancing operations (not prior to January 1, 2018) and a portion of new financing.

- Number of loans: **6,767**
 - Look-back period: **2018**
 - Maturity: **9.19 years**
- Average amount: **€ 221,664**
 - BPS loans: **€ 1,482.3 million**
 - BPS (SUISSE) funding: **€ 17.7 million**

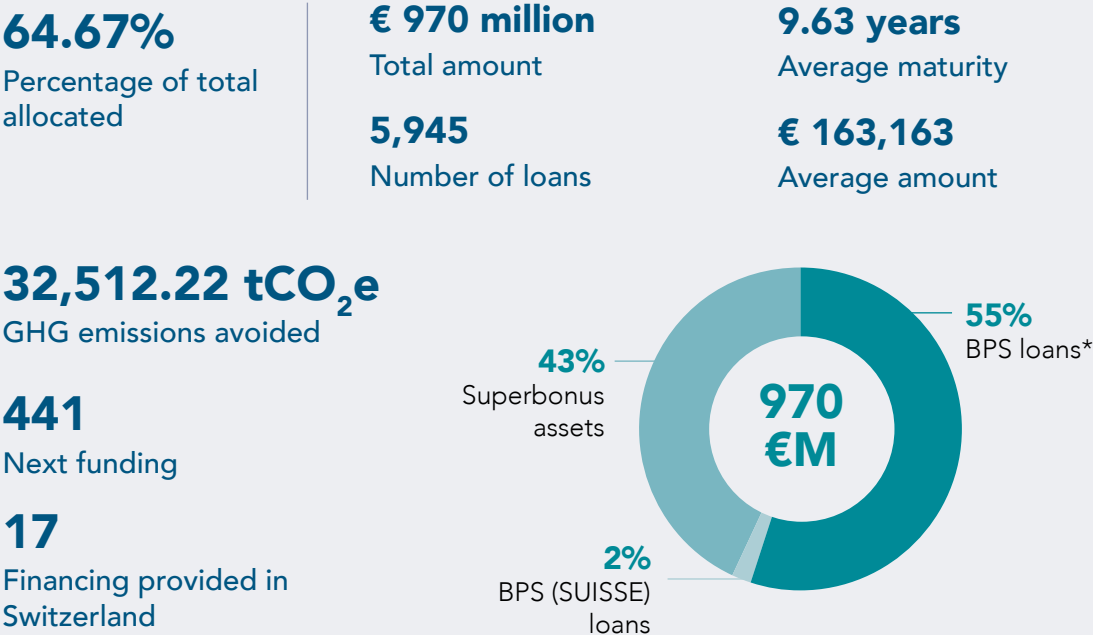


Percentage values calculated on the value of the portfolio

*As at 30/06/2025



Green buildings



32,512.22 tCO₂e
GHG emissions avoided

441
Next funding

17
Financing provided in Switzerland

43%
Superbonus assets

55%
BPS loans*

2%
BPS (SUISSE) loans

970 €M

*Purchase of properties in energy class A or B, construction of class A properties, renovation of properties with an improvement in energy class

CASE STUDY

In July 2024, the Bank granted a mortgage of 150,000 for the purchase and renovation of a rustic property in Faraona (VA). The property was almost entirely demolished and its reconstruction will result in a new single-family home with excellent energy performance thanks to the use of natural materials and advanced green building techniques.

The roof of the building will be equipped with solar collectors and photovoltaic panels capable of powering a heat pump that also functions as an air conditioner in summer. The materials used for the walls and floors will maximise heat absorption, while the living area will benefit from passive air conditioning provided by the sun exposure during the winter months and insulation in summer thanks to the external porch.





Renewable energy

25.13%

Percentage of total allocated

€ 376.92 million

Total amount

8.67 years

Average maturity

405

Number of loans

€ 930,658

Average amount

111,693 tCO₂e

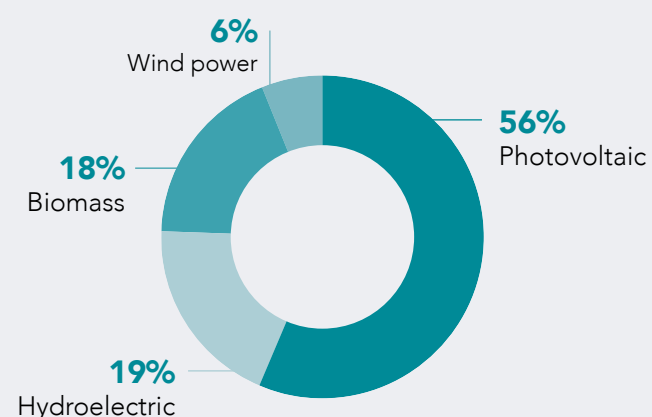
GHG emissions avoided

514 GWh

Energy produced from renewable sources

50.1 million Smc

Annual biomethane production



CASE STUDY - SOCIETÀ AGRICOLA COOPERATIVA SPERANZA

Cooperativa Speranza was founded in 1974 as an agricultural butcher's shop; over the years, it has developed a circular economy system for the local area. In 2008, the first biogas plant for electricity production was built, which has now been converted to produce gaseous biomethane.

The second plant, built in 2010 for electricity production, is currently undergoing a conversion - supported by Banca Popolare di Sondrio - for the production of gaseous biomethane: the expected quantity is 250 Smc/h (2,190,000 smc per year), equivalent to 2,200 megawatts. The plants are fuelled by livestock effluents, energy raw materials and agricultural and agro-industrial by-products. The amount of hot water derived from the electricity production process is sufficient to heat the *Candiolo Institute, an IRCCS Centre of Oncological Excellence*: a concrete example of the benefits of the circular economy system for the local area. Coop Speranza currently also produces liquid biomethane and liquid CO₂ thanks to a third plant built in 2019.



Pollution prevention and control

0.57%

Percentage of total allocated

€ 8.62 million

Total amount

4.20 years

Average maturity

11

Number of loans

€ 783,999

Average amount

15,476 tonnes

Waste treated

CASE STUDY - MYREPLAST INDUSTRIES

MyReplast Industries S.r.l., based in Bedizzole (BS), has been part of the **NEXTCHEM** Group since 2019 and represents the leading example of the business line "Sustainable Materials and Circular Solutions", which focuses on circular solutions, particularly dedicated to upcycling.

The company operates one of the most advanced industrial plants in Italy for the mechanical recycling of plastic materials, applying an innovative upcycling process based on its proprietary **NX Replast™** technology. This process enables the production of high-purity recycled polymers and compounds ("r-polymers"), capable of replacing virgin fossil-based materials in numerous industrial applications.

MyReplast's approach stands out for the high quality of the materials produced, production flexibility, and traceability throughout the entire supply chain.

The r-polymers are used in strategic sectors such as: automotive, pressure and irrigation piping, household appliances, gardening and construction.

This wide range of applications demonstrates the effectiveness of the circular model adopted by MyReplast Industries, which not only contributes to reducing environmental impact but also promotes a new industrial culture based on the intelligent reuse of resources.

Thanks to the use of MyReplast technology, in 2024 approximately 24,900 tonnes of recycled plastic were produced, resulting in a saving of around 27,000 tonnes of CO₂ emissions compared to the production of the same quantity of virgin polymer. Moreover, no CO₂ emissions were generated during plant operations, as all energy used was covered by guarantees of origin.





Sustainable water and wastewater management

5.03%

Percentage of total allocated

€ 75.41 million

Total amount

9.69 years

Average maturity

11

Number of loans

€ 6,855,751

Average amount

15.7 million m³

Water saved

1.96 million m³

Purified water

3.15 million m³

Water distributed



CASE STUDY - BALINI FABRIZIO SRL

Balini Fabrizio S.r.l. was founded in 1983, thanks to the passion and determination of its founder Fabrizio Balini. The artisan nature of the company in its early years, partly due to expansion and the introduction of water jet cutting, has transformed it into today's dynamic industry, capable of offering eco-sustainable and responsible solutions. The company's priorities include environmental sustainability and a constant commitment to decarbonisation.

Starting with the installation of 20 kW of photovoltaic panels in 2014 and an additional 160 kW in 2022, the company has set itself the goal of expanding its renewable energy capacity to 70% of its current internal needs. A further contribution has come from the investment, supported by Banca Popolare di Sondrio, in new compacting machines, which have enabled Balini S.r.l. to save up to 200 cubic metres of water per year. Balini Fabrizio S.r.l.'s long-term commitment to energy efficiency has also been demonstrated by the recent renovation of its premises and the implementation of a rigorous policy of waste separation and packaging reuse, which has reduced waste and environmental impact.



Environmentally sustainable management of natural living resources and land use

0.83%

Percentage of total allocated

€ 12.46 million

Total amount

7.03 years

Average maturity

6

Number of loans

€ 2,077,144

Average amount

21.7 hectares

Land cultivated organically



CASE STUDY - BIODEBIASI SOCIETÀ SEMPLICE AGRICOLA

Biodebiasi S.S.A. is a family-run farm founded in 1989 thanks to the passion of Stefano Debiasi, a graduate of the Agricultural Institute of S. Michele all'Adige. From the outset, the company adopted organic methods, focusing on sustainable and environmentally friendly agriculture. In 2016, an artisan workshop was set up in Patone di Isera, completing the production chain and improving process efficiency, thereby reducing the ecological footprint. Today, the farm covers an area of approximately 18 hectares, divided between apple trees, vines, strawberries, small fruits and vegetables, at an altitude of between 250 m.a.s.l. and 800 m.a.s.l..

Banca Popolare di Sondrio supports the company's investments, contributing to the development of responsible agricultural practices and the growth of local supply chains geared towards sustainability, in line with the Debiasi family's desire to promote their products in a context of sustainable agriculture and labour, operating with respect for the land, the seasonal cycle and with attention to the principles of the circular economy.



Clean Transportation

1.15%

Percentage of total allocated

€ 17.19 million

Total amount

5.01 years

Average maturity

200

Number of loans

€ 85,972

Average amount

340

Electric vehicles purchased

93

Hybrid vehicles*

515

Charging stations

32

GPU** purchased

*CO₂ emissions per km <50
** Ground Power Unit - devices that supply electricity to aeroplanes when they are on the ground



CASE STUDY - MAGANETTI SPEDIZIONI S.P.A.

Maganetti Spedizioni S.p.A. is the leading heavy transport company in the province of Sondrio, head of a network contract with over 80 heavy transport companies, active in customs, logistics, e-commerce and parcel distribution services. Since 2016, the company has prepared and implemented a complex sustainability and ESG plan within its scope, first by amending its articles of association and becoming a benefit corporation, and then by obtaining B-Corp certification.

A further step was the conversion of the entire fleet to biofuels, initially using fossil LNG and then, from 2021, almost exclusively BioLNG produced in Italy through a supply agreement with the Speranza di Candiolo livestock cooperative. To implement this project, which is also supported by Banca Popolare di Sondrio, two fuel distributors specifically for biofuels have been built and are open to the public. Over the last four years, more than 4,000,000 kg of Italian BioLNG have been consumed and only 460,000 kg of imported fossil LNG, with a saving of 2,700 tonnes of CO₂eq compared to fossil methane and even more compared to comparable diesel emissions.

The reorganisation of subcontractors within a structured network contract and the "Per Aspera" project, aimed at social recovery through work, crown the Maganetti group's socio-economic-environmental sustainability programme, allowing it to define the logistics process as "positive and productive for the territory and the community in which the company operates", the ultimate goal of B-Corp companies.



Energy efficiency

1.93%

Percentage of total allocated

€ 28.98 million

Total amount

6.59 years

Average maturity

176

Number of loans

€ 164,649

Average amount

9,288 tCO₂e

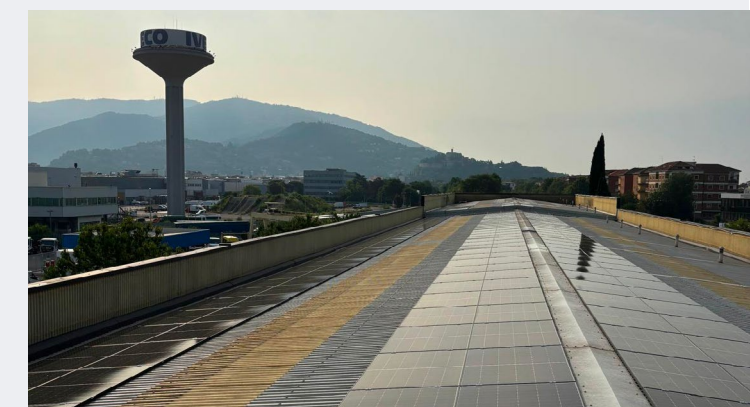
GHG emissions avoided

15.4 GWh

Energy saved

7.6 GWh thermal

Sold via district heating



CASE STUDY - ALMA OFFICINE MECCANICHE: PRECISION MECHANICS IN BRESCIA, SINCE 1953

For over 70 years, **ALMA** has been synonymous with specialised expertise in high-precision mechanical engineering, with a particular focus on medium and large-scale projects. Over three generations, ALMA has grown to become a trusted partner for leading national and international clients in a wide range of industrial fields.

An invaluable wealth of experience, sensitivity and expertise enables ALMA to tackle and resolve even the most complex construction challenges, applying methods that form the basis of ALMA's unique know-how, establishing itself as a solution-oriented partner for engineering, capable of realising projects of the highest technical and constructional complexity, even those that are completely original.

In addition, there are high-quality vertical lathes and boring machines. The machine fleet is constantly updated with state-of-the-art equipment, enabling the company to cater to customers who demand ever-higher quality standards, thanks in part to its ISO 9001 certification, which it has held for over twenty years. This scenario includes the recent installation of the Pama Speedram1000 machining centre, boring and milling machine at the Brescia site, part of a wider innovation project undertaken by the company with the support of Banca Popolare di Sondrio, whose main objective is to optimise productivity and environmental sustainability through the replacement of an obsolete boring machine with a new, more efficient CNC machine (CNC) combined with the installation of a 111.8 KW photovoltaic system. The new boring machine will enable annual energy savings of 30%, equal to 72.13 toe (tonnes of oil equivalent) per year. This further strengthens ALMA's environmental commitment, already promoted thanks to the photovoltaic system installed in recent years at the Cellatica (BS) plant.



Circular economy

0.69%

Percentage of total allocated

€ 10.41 million

Total amount

5.04 years

Average maturity

13

Number of loans

€ 800,671

Average amount

33,000 m³

Water withdrawals avoided

CASE STUDY - BALESTRERI MARCELLO E LARA

Balestreri Marcello e Lara is an agricultural company specialising in cattle breeding. In 2024, it began to make its livestock farming more sustainable by producing clean energy from a 300 kW biogas plant fuelled exclusively by slurry and manure. This circular economy was implemented in the same year with the construction of a 389 kW photovoltaic system for self-consumption.

As a final investment, using funds from the PNRR (National Recovery and Resilience Plan), in 2025 the micro-drip irrigation system was expanded to cultivate 300 hectares of corn. This has resulted in water savings of around 40% per hectare and a reduction in diesel consumption of around 50% compared to the sprinkler system previously used on the same plots.

The micro-irrigation system chosen for maize is a localised irrigation solution designed to deliver water precisely, efficiently and continuously directly to the root zone of the plant. This type of system also allows for fertigation, which is impossible with conventional systems, thus enabling a more targeted use of chemical fertilisers.



Predarossa, Val Masino

Methodology

CALCULATION OF ENVIRONMENTAL IMPACTS

In order to calculate the environmental impact of renewable energy financing, the documents attached to the loan application and relating to the plants are analysed, or, if available, the data made public by the counterparties (e.g. on their website). If the technical data are not available, they are requested from the customer through the relevant branches. The data requested are the total installed capacity (MW) and annual energy production (MWh) necessary to calculate the CO₂ emissions avoided. The same procedure applies to financing relating to other eligible categories and with different metrics.

The indicator for avoided emissions has been developed in line with the methodology defined in the ICMA Handbook: Harmonised Framework for Impact Reporting.

The estimate of emissions avoided thanks to renewable energy production plants is based on an annual indicator and calculated using a benchmark value developed by considering the electricity produced by the plants as originating from the general electricity grid. The emission factor applied, relating to the Italian national production fuel mix, is provided in the document “Emission factors for the production and consumption of electricity in Italy” published by ISPRA. Specifically, the emission factor for 2025 corresponds to 217.3 gCO₂e/kWh, which takes into account the climate impact of the climate-changing gases CO₂, CH₄ and N₂O.

The calculation of avoided emissions for renewable energy projects does not include processes characterised by the use of biomass fuels. Although the plants involved emit climate-changing gases into the atmosphere, the biogenic and nonfossil nature of the carbon involved guarantees climate neutrality, in accordance with the provisions of the UNFCCC (United Nations Framework Convention on Climate Change) for accounting for atmospheric carbon dioxide emissions. In this context, biomass is a neutral source with respect to CO₂ emissions, as the CO₂ emitted during combustion is equal to that absorbed during the plant’s life cycle through photosynthesis.

The share of emissions attributable to BPS is calculated in accordance with the PCAF guidelines: The Global GHG Accounting and Reporting Standard for the Financial Industry.

Similarly to *The Global GHG Accounting & Reporting Standard for the Financial Industry*, for other positive environmental impact metrics, the bank’s share in relation to a project/company is calculated in relation to the total value of these.

Considering that accurate data on the financed company is not always available, in such situations it is permissible to use estimates provided by the customer (e.g. from business plans) or pro forma values determined using nationally and internationally recognised methodologies (e.g. renewable energy production based on the technical characteristics of the plant) to measure impact.

The impact computable at BPS is proportional to the ratio between the amount of financing granted to the counterparty for an eligible project and the total cost of the investment made.

If the financing is dedicated to Pure Players - companies whose revenues are 90% or more aligned with green projects listed among the eligible categories according to the Green, Social and Sustainability Bond Framework - the BPS share is calculated in proportion to the ratio between the amount of financing granted to the counterparty and its total balance sheet.

Financed emissions

=

\sum_i

Attribution factor_i

x

Emissions_i

(with i = borrower or investee)

↓

Outstanding amount_i

Total equity + debt_i

In order to report an aggregate result consistent with the metrics indicated in the Framework, the environmental impact of a residual portion of loans included in the portfolio for which impact data is available but difficult to aggregate is not represented.


CALCULATION OF CO₂ SAVINGS OF THE GREEN BUILDINGS PORTFOLIO

To calculate CO₂ savings, data from energy performance certificates are collected from real estate used as collateral for transactions with reference, in particular, to the value of emissions expressed in Kg/m² per annum.


For each property (calculation at asset ID level), the total value of emissions is then calculated by multiplying the above coefficient by the surface area of the property. The surface area value is retrieved, where available, from the company’s IT system. If this data is not available, the property is assigned an average number of square metres equal to the average surface area for properties belonging to the same cadastral category in the BPS portfolio.

The emissions data calculated in this way is then compared with the emissions of a hypothetical property with the same surface area and an emission coefficient equal to the regional average value recorded on ENEA’s SIAPE platform.

The difference between the two values indicates any reduction in emissions from the asset.

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Appendix

110% Superbonus

On 17 July 2020, the Italian Parliament converted a government measure into law – D.L.34/2020, known as the Relaunch Decree, which implements new urgent measures to support economic and labour policies.

For over 20 years, Italy has had a system of tax breaks for those who undertake building and plant renovation work on residential or similar buildings. The new regulatory system has increased the tax deduction rate in particular, bringing it to 110% of the expenditure incurred for work carried out in 2020-2021-2022-2023 and reducing it to 70% and 65% respectively for work carried out in 2024-2025, in relation to the execution of energy efficiency improvements on existing buildings, which guarantee reductions in climate emissions linked to indoor air conditioning services, such as improving the energy rating by two classes (classification in accordance with Directive 2010/31/EU).

The tax rate reductions for the years 2024-2025 do not apply to works commissioned by 'Third Sector Entities' (non-profit organisations, social cooperatives, APS, voluntary organisations) and those located in buildings damaged by seismic events (so-called Crater Areas). In these cases, the incentive mechanism provides that the contractor may, at the end of the works or during the progress of the works, benefit from a tax credit of up to 110% of the expenditure incurred. This credit can be offset by the entitled party in the following four/five tax returns, or, alternatively, it can be transferred in whole or in part to a third party, including financial intermediaries, who in turn can compensate it fiscally.

There are two different mechanisms for transferring the credit:

- **direct transfer:** the customer finances the work and accrues the tax credit, which can be offset for tax purposes or transferred to the Bank;
- **indirect transfer** 'with invoice discount': the company offers a discount on the invoice, up to 100% of the cost of the work, and indirectly benefits from the tax credit, which can be offset for tax purposes or transferred to the Bank.

The Bank has launched operations that allow customers to pre-finance, with a commitment to transfer the tax credit at the end of the works.

Essentially, there are two approaches:

- **frozen credit:** the Bank undertakes to withdraw the tax credit accrued by the customer at the end of the work, without any advance liquidity (the customer or company finances it with its own funds);
- **committed credit:** the Bank pre-finances the customer/company with a credit not exceeding the corresponding amount offered for the tax credit withdrawal (e.g. Credit [£] x Price).

In both cases, the State will finance the customer who will benefit from the tax credit and transfer it to the Bank, but only in the second case will the Bank advance a sum that allows the customer/company to finance the intervention.

Starting in 2023, the Government issued two Decree Laws, No. 11/2023 and No. 39/2024, which, in addition to modifying the rules governing tax credit transfers, essentially blocked transfers for projects not started (and approved) by 30 March 2024, substantially reducing the number of potential beneficiaries of the relief, albeit within the current deadline for completion of works (31 December 2025), unless extended.

Lago Saoseo, Poschiavo (CH)





Banca Popolare di Sondrio S.p.A.
Independent Auditors' report
on the Green Bond Report 2025



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Independent Auditors' report on the Green Bond Report 2025
(Translation from the original Italian text)

To the Board of Directors of Banca Popolare di Sondrio S.p.A.

We were engaged to perform a limited assurance engagement on the accompanying Green Bond Report 2025 of Banca Popolare di Sondrio S.p.A. (the "Company") as of 30 June 2025 ("Green Bond Report 2025"), prepared for the purposes provided by the Company's Green, Social and Sustainability Bond Framework.

Management's responsibility

Management of Banca Popolare di Sondrio S.p.A. is responsible for the preparation of the Green Bond Report 2025 in accordance with the criteria provided by the Company's Green, Social and Sustainability Bond Framework, and for the internal controls as management determines is necessary to enable the preparation of the Green Bond Report 2025, that is free from material misstatement, whether due to fraud or error.

Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditors' responsibility

Our responsibility is to express a conclusion on the Green Bond Report 2025 based on our limited assurance engagement. We conducted our limited assurance engagement in accordance with the provisions of the standard "International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised") issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain limited assurance whether the Green Bond Report 2025 is free from material misstatement.

The procedures we performed were based on our professional judgment and included inquiries, primarily of persons responsible for the preparation of the Green Bond Report 2025, inspection of documents, recalculation, agreeing or reconciling with underlying records and other evidence-gathering procedures that are appropriate in the circumstances.

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In particular, we performed the following procedures:

- we had meetings with the staff of the Company responsible of the preparation of the Green Bond Report 2025 in order to understand the characteristics of the projects and entities financed and refinanced through the Green Bonds, issued as of the Green Bond Report 2025 (“Green Bonds issued”), with respect to the provisions of the Green, Social and Sustainability Bond Framework and the procedures and management systems adopted by the Company;
- we verified on a sample basis the application of the eligibility criteria to projects and entities financed and refinanced through the issued Green Bonds provided by the Green, Social and Sustainability Bond Framework;
- we verified on a sample basis the tracking of the allocation of funds raised through the issued Green Bonds to finance and refinance projects and entities as provided by the Green, Social and Sustainability Bond Framework;
- we verified on a sample basis the processes of collection, processing and consolidation of data relating to the allocation indicators reported in the Green Bond Report 2025;
- we verified on a sample basis the process of transmission, collection, processing and consolidation of data relating to the environmental impact indicators reported in the Green Bond Report 2025;
- we verified on a sample basis the methodologies and references adopted for the development of the environmental impact indicators reported in the Green Bond Report 2025.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with ISAE 3000 revised and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Conclusion

Based on the procedures we have performed, nothing has come to our attention that causes us to believe that the Green Bond Report 2025 as of 30 June 2025 of Banca Popolare di Sondrio S.p.A. is not prepared, in all material respects, in accordance with the criteria provided by the Green, Social and Sustainability Bond Framework.

Milan, 12 September 2025

EY S.p.A.
Mauro Iacobucci
(Auditor)

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.





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