



**Banca Popolare
di Sondrio** FONDATA NEL 1871

NFS 2023

Banca Popolare di Sondrio Group

Banca Popolare di Sondrio SpA

Founded in 1871

ORDINARY GENERAL MEETING
OF 27 APRIL 2024

Joint-Stock Company
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Sondrio Companies Register no. 00053810149 – Registered in the Register of Banks under no. 842

Parent Company of the Banca Popolare di Sondrio Banking Group,
registered in the Register of Banking Groups under no. 5696.0

Member of the Interbank Deposit Protection Fund

Tax Code and VAT number: 00053810149

Share capital: €1,360,157,331 – Reserves: €1,385,452,113 (Figures approved by Shareholders at the General Meeting of 29 April 2023)

RATING

Rating issued to Banca Popolare di Sondrio by Fitch Ratings on 6 July 2023:	Rating issued to Banca Popolare di Sondrio by DBRS Morningstar on 14 November 2023:	Rating issued to Banca Popolare di Sondrio by Scope Ratings on 14 March 2023:	Rating issued to Banca Popolare di Sondrio by S&P Global Ratings on 26 February 2024:
<ul style="list-style-type: none">– Long-term Issuer Default Rating (IDR): BB+– Short-term Issuer Default Rating (IDR): B– Viability Rating: BB+– Government Support Rating: ns– Long-term Deposit Rating: BBB-– Short-term Deposit Rating: F3– Senior Preferred Debt: BB+– Tier 2 Subordinated Debt: BB-– Outlook: Stable	<ul style="list-style-type: none">– Long-Term Issuer Rating: BBB (low)– Short-Term Issuer Rating: R-2 (middle)– Intrinsic Assessment: BBB (low)– Support Assessment: SA3– Long-Term Deposit Rating: BBB– Short-Term Deposit Rating: R-2 (high)– Long-Term Senior Debt: BBB (low)– Short-Term Debt: R-2 (middle)– Subordinated Debt: BB– Trend: Positive	<ul style="list-style-type: none">– Issuer rating: BBB– Outlook: Stable	<ul style="list-style-type: none">– Stand alone credit profile: BBB-– Long-Term Issuer Credit Rating: BBB-– Short-Term Issuer Credit Rating: A-3– Long-Term Resolution Counterparty Rating: BBB– Short-Term Resolution Counterparty Rating: A-2– Outlook: Stable



NFS 2023

Banca Popolare di Sondrio

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**ORDINARY GENERAL MEETING
OF 27 April 2024**

PREFACE

Vittorio Pelligra

Professor of Economic Policy – **University of Cagliari**
Director of the Scientific and Steering Committee of the SEC – **Scuola di Economia Civile**
(**School of Civil Economics**)

In December 2014, Alain Cohn, Ernst Fehr and Michel André Maréchal, three economists at the University of Zurich, published a paper entitled “Business culture and dishonesty in the banking industry” in the *Nature* journal.

The starting point of their study is the observation that trust and honesty are key factors in the success of businesses and of entire industries. A few years earlier, in 2008, the economic crisis caused by various scandals and frauds had contributed to seriously undermining the confidence of savers and investors in the banking and financial sector. Many analysts have found the root of these scandals to lie in a toxic and even pathogenic business culture, typical of the sector. The three economists decided to experimentally test the effect of this culture.

“Does working in a bank make you more dishonest?”. This is precisely the question that we want to answer.

To do so, 128 employees of a large international bank are involved, subjected to a so-called “honesty game”: each participant must flip a coin ten times – individually, anonymously and secretly. On each flip of the coin participants can win \$20 if “heads” come up or nothing if “tails” come up. No one can verify the results of the coin flips and only at the end of the sequence will each player have to state how many times they got “heads” and how many times they got “tails”. Each player, therefore, can win a maximum of \$200 or they can win nothing, if all ten coin flips come up with “tails”. Of course, it is not possible to verify the truthfulness of the individual players’ statements, but overall, by aggregating the statements of all the participants, it is possible to measure the deviation between these and the expected frequency of the results of the coin flips (50% “heads” and 50% “tails”).

Before starting the experiment, participants are randomly assigned to two distinct groups. The first is the control group. Members of the second group – the treatment group – are asked seven questions aimed at emphasising their professional identity.

Questions like «At which bank are you presently employed?» or «What is your function at this bank?». The results of the experiment show that bankers in the control group are on average no more dishonest than the general population, indicating an average of 51.6% favourable coin flips (“heads”) compared to an expected frequency of 50%. Things change in the treatment group. When participants are indirectly reminded of their professional identity as bankers, the level of dishonesty increases, reaching 58.2%.

The researchers conclude as follows: «Our findings suggest that the prevailing corporate culture in the banking sector weakens and undermines the honesty norm. This implies that measures to re-establish an honest culture are very important – and, moreover – banks should encourage honest behaviour by changing the norms associated with their employees’ professional identity. For example, several experts and regulators have proposed that bank employees should take a professional oath analogous to the Hippocratic oath for

physicians. Such an oath, supported by ethics training, could prompt bank employees to consider the impact of their behaviour on society rather than focusing on their own short-term benefits. A norm change also requires that companies remove financial incentives that reward employees for dishonest behaviours. (...) These measures may be an important step towards fostering desirable and sustainable changes in business culture».

But fortunately, not all banks are the same. Fortunately, not all of them are driven by the same corporate culture and not all of them are driven by the same goals. From this point of view, Italy's banking sector can boast an enviable and healthy biodiversity. From the early "Monti di Pietà" (an institutional pawnbroker run as a charity in Europe from Renaissance times) to the "Monti Frumentari" institutions (established at the end of the 15th century to distribute to poor farmers), from the "Monti di Credito Pubblico" (public credit institutions) to the modern, cooperative and popular banks, the history of Italy's banking sector offers a wide and diverse range of institutional forms, not only concerning the banks' purpose and the legal nature, but also – and perhaps mainly – the culture that animates them.

The Swiss economists' experiment tells us a lot about today, about ourselves, about how culture influences the meaning of work and how this, in turn, impacts businesses. The meaning of work? What exactly do we mean by this? By questioning the link between work and meaning, we begin to recognise – and it was really about time that we reached this point – that human beings are first and foremost "seekers of meaning", also when it comes to work – and even through work. Our brains have evolved to give meaning to our lives. Finding meaning signifies creating a plot line able to put together facts and people, desires, values, joys and sufferings, aspirations, unforeseen events and goals, harmonising them in a coherent narrative. Writing this plot is part of the process of narrating our own story, it is writing and living it at the same time. «The meaning of life is a construction (...) not yet finished and which will never be so», theologian Vito Mancuso recently wrote. A construction "that is always in the process of being built – the author continues – sometimes even by deconstructing." (*"A proposito del senso della vita"*, Garzanti, 2021). Because the plot can also come undone, it can lose its coherence, we can stop finding a purpose, a dignity in what we do, sufficient to give it an actual meaning. And when this happens, our life risks no longer becoming a compelling story, with all its wonders and twists and turns, but a rambling chain of events over which we almost lose control – a "meaningless" life.

Work plays a crucial role in this process of construction or deconstruction. Simone Weil, philosopher and worker, understood this connection well. "The sense of being useful – and even indispensable – are vital needs of the human soul" – as she writes in *"The Need for Roots"*. Work becomes an activity able to respond to the vital needs of the soul, making us feel that we are useful and indispensable to others, finding "meaning" (*senso*) and "consensus" (*con-senso*). Because meaning is always a collective construction, generated by relationships and by the effort we exert together with others and for others.

We are currently going through a transition to a "post-scarcity" society, with wide-ranging implications on our attitudes towards material and immaterial resources. Because in our "post-scarcity" societies, the meaning of a life is measured in what happens after and beyond the satisfaction of material needs. The truth is that today, we can no longer look at work with the same eyes as a few decades ago. Ways and times have changed, but also the purpose has changed and indeed, the meaning. And it is, perhaps, also for this reason that the time seems right to try to question ourselves about the deep connection between the search for meaning and work.

As long as our economic models and the prevailing narrative continue to regard labour as nothing more than just a mere commodity, to define wages as its price, and to establish that this must depend solely on the opportunity cost and productivity of the worker, as well as the conditions of market equilibrium, very little can change. Such a simplistic view cannot in any way contribute to improving our understanding of what work has become today, as it lacks a deep insight into what really defines the meaning of work and what gives it meaning.

It's time to start telling another story. We have the tools, the opportunity and, above all, the need to do it. Today, more than ever, the reflection on the deep link between the search for meaning and work assumes a fundamental relevance. Now that the signs of growing discomfort have become undeniable. The dissatisfaction of millions of workers with their work, which is often considered useless or even socially harmful. The impossibility – despite this – to be able to find a better alternative. The extreme decision to quit when faced with the prospect of continuing to dedicate time and energy to an activity that is no longer considered worthy (great resignation), or the choice to completely detach emotionally from one's work, reducing our effort and involvement to the minimum (silent quitting). All this, in a context in which the need for meaningful work seems to be becoming more and more pressing, while the supply, on the other hand, is more and more scarce.

But what does a bank have to do with the search for meaning? Well, actually quite a lot! This search, in fact, is not only an inner search. It has a social, contextual and cultural dimension. Because meaning is something that ties experiences, that gives a place and a context to events, that enlightens our choices and that opens us up to a broader picture made up of people and stories. If the immediate meaning of an action, in fact, derives from its purpose, meaning is then found in the motivation of the action itself. This, in turn, becomes part of a broader vision of individual life which, finally, can only mature, with reference to something that transcends and envelops it. The meaning of the single gesture can therefore only be fully understood in as part of a broader context, which extends beyond the space of the individual, at the same time connecting the individual to others and to something else.

Reflecting on the importance of context in the process of constructing meaning also helps us to account for that phenomenon that we can define as a genuine "existential expropriation": a form of deprivation so profound that it leads to the disappearance of meaning, purpose and belonging and that generates that individual and collective disorientation felt more and more today – and not only by marginal segments of the population. A phenomenon that can result in manifestations that we can even define as quantitatively significant, such as those of the bullshit jobs described by David Graeber or the tragic "deaths of despair" analysed by Anne Case and Angus Deaton.

How has the context of reference changed to leave us with such an inability to find or generate a deep meaning for our lives? In this regard, it is interesting to read the historian Yuval Noah Harari, in whose opinion this change is nothing more than the main fruit of the project of modernity. A project that is based on a Faustian pact by virtue of which "human beings agree to give up meaning in exchange for power". In the pre-modern framework, men were able to find meaning in their – often not easy – lives because they were part of a cosmic project, made up of purpose, desired and governed by great moralising and omniscient gods. In this context, finding meaning meant discovering and playing one's role in a higher-level plan oriented towards individual and collective good. Every life experience – whether joyful or tragic – could acquire meaning, because it was an integral part of this already written story. "We are not privy to the script – Yuval Noah Harari continues – but we can rest assured that everything happens for a purpose. Even this terrible war, plague and drought have their place in the greater scheme of things. Furthermore, we can count on the playwright that the story surely has a good and meaningful ending. So even the war, plague and drought will work out for the best – if not here and now, then in the afterlife."

But while, on the one hand, this script gave value to every gesture, choice and event, at the same time, it ensnared everyone in predetermined roles and events, and condemned them to already written endings. This is precisely why the price to pay to find meaning in one's life was nothing less than renouncing one's free will. Modernity rejects this vision, it tears up the script and claims power and autonomy. In doing so, however, it also ends up making that common context of reference – which in the past served as a necessary compass to give meaning to our existence – disappear. «Life has no script, no playwright, no director, no producer – and no meaning» Harari concludes.

However, to change things – because it needs to be done and rather quickly – we don't need to reverse course. To reconstruct a context capable of fostering the generation of meaning and limiting the senseless use of the power of technology, what is needed, if anything, is a forward acceleration. We need to take advantage of a “withdrawal clause” hidden in the pact of modernity: the possibility of giving life to an alternative narrative. Exploiting this clause means turning our gaze away from the sacral mediators – the State and the Market – and towards those who are at our side.

A “cooperative bank” – Banca Popolare di Sondrio – can be part of this new narrative. A bank that is an agent of cultural, economic and social change. A bank that – with its roots and its actions – can help create living spaces that generate meaning. A turning point in the name of a new humanism that can drive us to regain our ability to generate meaning.

In this broad framework, I believe that we can also better grasp the rather important role and intrinsic dignity of human work. Precisely because working means humanising the world – and this finds meaning only if the work is done with others and for others. These two dimensions of sociality and gratuitousness must, indeed, lie at the very centre of a profound reconsideration of the organisation of work that our culture so direly needs today.





Photo by: **Diego Gallotta**, Castel San Giovanni Office  Val di Fassa (Trento)

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LETTER TO STAKEHOLDERS

For lasting and sustainable growth

Cavaliere del Lavoro (decorated with the Order of Merit for Labour) **Mario Alberto Pedranzini**

“ I want to open this Non-Financial Statement (NFS), recalling the relationship between company and market. In pursuing the goal of creating value in the medium to long term established in the Articles of association, the company-bank – in this specific case Banca Popolare di Sondrio – takes into particular consideration, in keeping with the tradition of cooperative credit, the needs of households, small and medium-sized enterprises, cooperatives and public and private bodies, while paying special attention to the areas it serves, starting with its native Valtellina and Valchiavenna. It also aims to implement all appropriate and necessary initiatives focused on disseminating and encouraging savings, a value protected by the Italian Constitution.

A long-term goal if we consider that – having remained unchanged over time – it has allowed the bank, in its more than 150 years of history, to prosper, to perform its role in the best possible way, achieving steady profits, a prerequisite for business continuity and development. A consistent development, always keeping faith with the values and principles of the bank’s founding members, inspiring its business operations in line with the needs of the communities and the environment in which it has gradually been inserted, aiming to produce wealth and well-being. This, through the enhancement of the diverse resources present in the area – first and foremost human capital – triggering relationships of trust based on honesty and recognition of the value of work and, consequently, savings, putting them to good use in a fair exchange with those looking for savings to bring their ideas and projects to life.

After all, it should not be forgotten that Banca Popolare di Sondrio was inspired by Luigi Luzzatti’s enlightened vision: that of giving life to cooperative credit, based on the noble intent of developing an economic and social culture that, without losing sight of the context, would bring about a harmonious combination of development factors, looking at the interest of all stakeholders and therefore also at profit – but only as a derivative.

Our goal – yesterday as today – is to be able to define ourselves as an economic layer invested in social responsibility, a protagonist of the contemporary entrepreneurial and business world, where sustainability – in all its aspects – raises questions that concern a common good and a collective goal.



There are many challenges that lie ahead of us, but there is also an opportunity to do well – indeed, to do better and better – and not only for others and for the environment, but also for the growth of our business, thanks to the adoption of flexible, innovative and competitive strategies, a new paradigm for those who project themselves into the future with the aim of being a solid company, committed to generating positive impacts in every dimension of economic, social and cultural sustainability, in the context that surrounds it, for the territory where we operate and for the people.

«Time is out of joint» is Prince Hamlet's lament. We must face today's reality, without becoming prey to fears, acting with determination, giving particular attention to the events that can bring us to our knees overnight, as it happened with the closing of the gas taps. We must not dismiss the problem allowing ourselves to be deceived by the reduction in electricity demand due, on the one hand, to the slowdown in production caused by the economic cycle and, on the other hand, to the reduction in demand caused by increasingly milder winter seasons.

As in any transition phase, where we encounter the need to find new balances between conflicting forces, technology comes to the rescue. Fossil fuel can be replaced by solar energy; water – the so-called "white gold" – can increase the production of hydroelectric energy, not to mention wind power and the diverse research around nuclear power. This reflection leads us to the challenges of environmental sustainability, the consequent and essential need for greater autonomy in the production and diversification of supplies. A need whose impact was fully felt when dramatic events, such as the well-known Russia-Ukraine war, change the *status quo*.

The data confirms that the weight of coal and gas in electricity production continues to collapse: in 2023, the decline was 26% and 15%, respectively.

The EU's electricity is becoming greener every year: the share of renewables in its production has more than doubled since 2004 and will continue to grow in the years ahead, as Europe has committed to achieving climate neutrality by 2050.

Indeed, looking ahead, Europe has taken a strong stance with regard to the strategy to tackle the climate situation. In this carousel of challenges and opportunities, the financial sector – and therefore also our bank – is therefore called upon to play a key role in supporting the transition – indeed as an accelerator. Together, we need to promote a constructive dialogue between institutions and businesses to define an effective and responsible road map, putting people at the centre, who – more than ever – will be the keys to not being subjected to, but leading the various steps that lie ahead of us.

The fight against climate change and supporting the green transition of our customers are one of the primary challenges of our Sustainability Plan, drawn up with conviction, in the awareness that maximising utility at the micro level can, in a logic of positive contamination, contribute to the achievement of global results.

Over the years, the approach to sustainable development has taken shape through the



definition of common goals – such as the SDGs of the United Nations 2030 Agenda – and the implementation of global decarbonisation strategies, especially after the 2015 Paris Agreement.

Banca Popolare di Sondrio has acknowledged these advances, adopting and integrating them into projects and goals in its business activities and working to support and enable our customers' transition path. It is worth noting the achievement of the sustainability targets, integrated for the first time in the "Next Step" 2022-2025 Business Plan, including through the implementation of specific CO₂ reduction targets.

The Bank's participation in the financial partnership of the United Nations Environment Programme Finance Initiative (UNEP FI) and in the Principles for Responsible Banking (PRB) and Net-Zero Banking Alliance (NZBA) international initiatives, in which banking institutions from all over the world voluntarily take part, committing to align their portfolios with the carbon neutrality targets defined by the Paris Agreement, is a direct proof of this.

In the driving role required of the banking system, we have refined our customers' ESG assessment tools, with a major engagement project that will contribute to a more solid integration of credit policies, supported by the issuance of the second Senior Preferred Green Bond for €500 million to finance or refinance green projects eligible under the Green Bond Framework.

In addition, the Group has adopted an ESG Investment Policy, which sets out targets aimed at integrating ESG factors into the main investment processes, in line with the latest European "sustainable finance" regulations and market trends.

Our commitment to the ESG initiatives described so far has also been progressively recognised by the rating agencies that have given us positive ratings: in 2023 the Standard Ethics Agency raised the outlook to positive, confirming the corporate rating at "EE" and the long-term sustainability rating at "EE+" – an assessment that earned us the MF Best ESG Rating Award, promoted by the "Milano Finanza" newspaper for the second consecutive year.

The upgrade of the corporate rating to "EE+" is fresh news, indicating our continued implementation of the targets defined in the Business Plan, the strengthening of ESG Risk Management controls, the new governance structure, as well as progress in the investments, Artificial Intelligence and Diversity & Inclusion spaces.

In addition, the CDP climate score has recently seen us positioned at a Leadership level (A-) – a score that allows us to exceed the European benchmark in the sector.

Another key initiative is our renewed partnership with Valore D, the first Italian association of large companies, committed to the promotion of an inclusive corporate culture, free of discrimination, capable of bringing out individual talent through the enhancement of diversity. We have also signed ABI's "Women in Banking Charter", a tool made available to member banks to support the commitment to equal opportunities.



With regard to Corporate Governance – the third pillar of the ESG acronym – the Sustainability Board Committee has been set up. The Committee supports the Board of Directors and is in constant dialogue with the Bank's business areas and with the Management Committee bearing the same name.

The initiatives and results mentioned so far are the result of an internal growth path focused on awareness and focus on Sustainability, supported by an intense ESG training programme, aimed at disseminating the related values to all operational and decision-making levels of the organisation.

All the transformations and innovations reported and explored in this NFS are large and ambitious goals for BPS which, in line with the history that distinguishes our bank, intends to transfer to its stakeholders – and, in particular, to the younger ones – the strong message of believing in themselves, committing themselves, imagining the future to contribute to the development of quality ecosystems, sustainable and resilient.

Quoting Luigi Einaudi: "The road to security, happiness, goodness... Is a long road... Because men are not educated when someone takes it upon themselves to decide on their behalf and in their name what they should or should not do. But they must educate themselves and make themselves morally capable of making decisions under their own free will".

The environment we inhabit, society, people are the real challenge faced by a business, with the aim of putting a common project on the ground. We don't just need good policies to trigger change, but a new narrative of the economy along with those stories that can win people's hearts and minds, and generate the innovative force that can reach beyond the everyday paradigms.

Mario Alberto Pedranzini

Managing Director and General Manager
Banca Popolare di Sondrio



Highlights

The NFS is the main tool for sustainability-related disclosure. Some performance indicators that illustrate the growth of the Group's Sustainability Strategy are shown below.



Joining the Net-Zero Banking Alliance

A – (Leadership)
in the **CDP** Score

€500 m
for the 2nd BPS **Green Bond**

63,000 tCO₂e avoided
thanks to 2,380 loans in the **Green Bond portfolio**

11 green next
loan lines

80%
of the non-financial corporate portfolio with a **ESG Score**

98% renewable electricity on the total purchased

99% recycled paper on total consumption



30% of access points are located in low population density areas (municipalities with fewer than 5,000 inhabitants)

In **20%** of the municipalities in which it operates, BPS is the **only bank present**

33,500 remote working days for 250 tCO₂e avoided

349 new colleagues **77%** of whom <29 years old

99% personnel with **permanent** contracts

ESG assessment of **suppliers** on **80%** of BPS purchases

Over **1600** Treasury services among which 438 to **university or educational institutions**



Joining the Principles for Responsible Banking

>€1.5 bln ESG bonds in the proprietary portfolio (11% of total debt securities)

OVER **40** ESG Contact Persons
Central offices and network in support of the **ESG Plan**

LAUNCH of the **Sustainability Board Committee**

OVER **60** hours of ESG training, including 3 sessions dedicated to Governing Bodies

+4,000 stakeholders involved in ESG-related topics

6 ESG indicators in the remuneration policies adopted for top management

97% of customers with exclusive **online** correspondence







Photo by: **Sandro Moretti**, Factorit-IT 📍 Monza park (Monza-Brianza)



01.

**INTRODUCTION,
CONTEXT AND DRAFTING
METHODOLOGY**

“ Whilst we respect the institutions and the regulations, we resist the tendency towards standardization in the certainty that trust and relational capital are just as important as the fundamental principles of economics, even more so for a bank such as ours which has always held trust and cohesiveness at the core of its institutional soul, gradually consolidating relations day after day in its dealings with the community.”

Mario Alberto Pedranzini, Managing Director and General Manager of Banca Popolare di Sondrio, “Letter to Shareholders and Friends” dated 1 January 2024

Who we are, what we do and what we believe in

One of first Italian cooperative banks, Banca Popolare di Sondrio (hereinafter also referred to as “the Parent Company”, “the Bank” or “BPS”) has been serving the areas in which it operates since 1871. A long history, based on mutual trust and fuelled by a passion for work, a constant focus on customers and their changing needs, by strong roots that have enabled the Bank to broaden its horizons.

Over the years, BPS – also thanks to the activities carried out by other Group Companies – has extended its business operations nationwide. This, while maintaining strong ties with its geographical area of origin and its traditions, while fostering the Community’s sustainable economic development through careful, tailored support for small entrepreneurs, ordinary citizens, as well as medium and large-sized enterprises. Following the approval of the corporate transformation, the Bank operates as a Joint-Stock Company, heading a banking Group with over 149,000 shareholders, more than 500 branches and over 900,000 customers.

In 2022, for the first time in the history of the Banca Popolare di Sondrio Group (hereinafter referred to as “the Group”), the “2022-2025 Next Step” Business Plan was presented to the public.

Updating the Business Plan was an important opportunity to consolidate the Group’s ESG strategy: the integration of ESG factors into business and operations takes place through transversal and measurable targets. These include the strengthening of governance, the implementation of sustainability in the Bank’s main processes, the review of the products and services catalogue, participation in national and international initiatives, and the continuous updating of disclosure.

In line with these goals, the Bank has started a process aimed at incorporating ESG risks into strategic mechanisms, risk management systems and key processes that characterise its business model, including credit granting and monitoring. In addition, it has tightly integrated the consideration of sustainability risks into its investment decision-making processes, adapting its products and services to better fit its strategy and to the changing needs of the market.

Considering the central role that sustainability has acquired over the last few years and the commitment required from everyone, Banca Popolare di Sondrio also aspires to play its part. This, by continuing to be an important player in the transition path towards a more sustainable economic model, while also seizing the opportunities that derive from it both on the business side and in making corporate processes more robust. To meet these ambitious goals, the Bank believes in international cooperation and in the key role of the financial sector: in December 2023, the Board of Directors approved BPS’s participation in the United Nations Environment Programme Finance Initiative (hereinafter referred to as “UNEP FI”) and in two very important initiatives:

- Principles for Responsible Banking (hereinafter referred to as “PRB”);
- Net-Zero Banking Alliance (hereinafter referred to as “NZBA”).



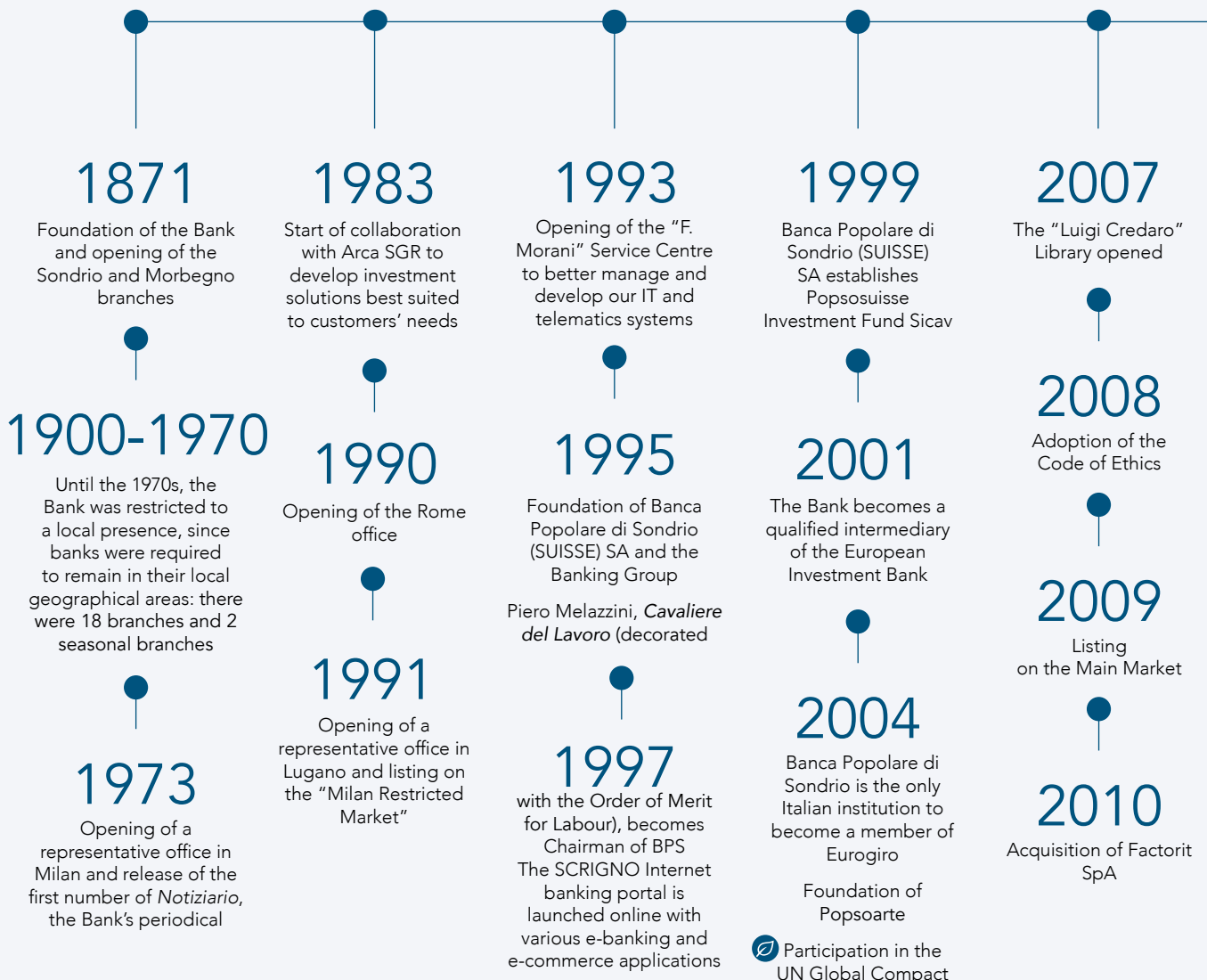


**Banca Popolare
di Sondrio** FONDATA NEL 1871

Photo by: **Alex Galli**, Mantua Office 1 Fresco on logo background



Our History





The Group

The Banca Popolare di Sondrio Banking Group, through its Parent Company Banca Popolare di Sondrio and its subsidiaries, provides its stakeholders with a range of services to meet any banking, financial and insurance needs, directly or through partnerships with leading institutions.



The Bank's vision is centred towards healthy growth, without pursuing excessive size



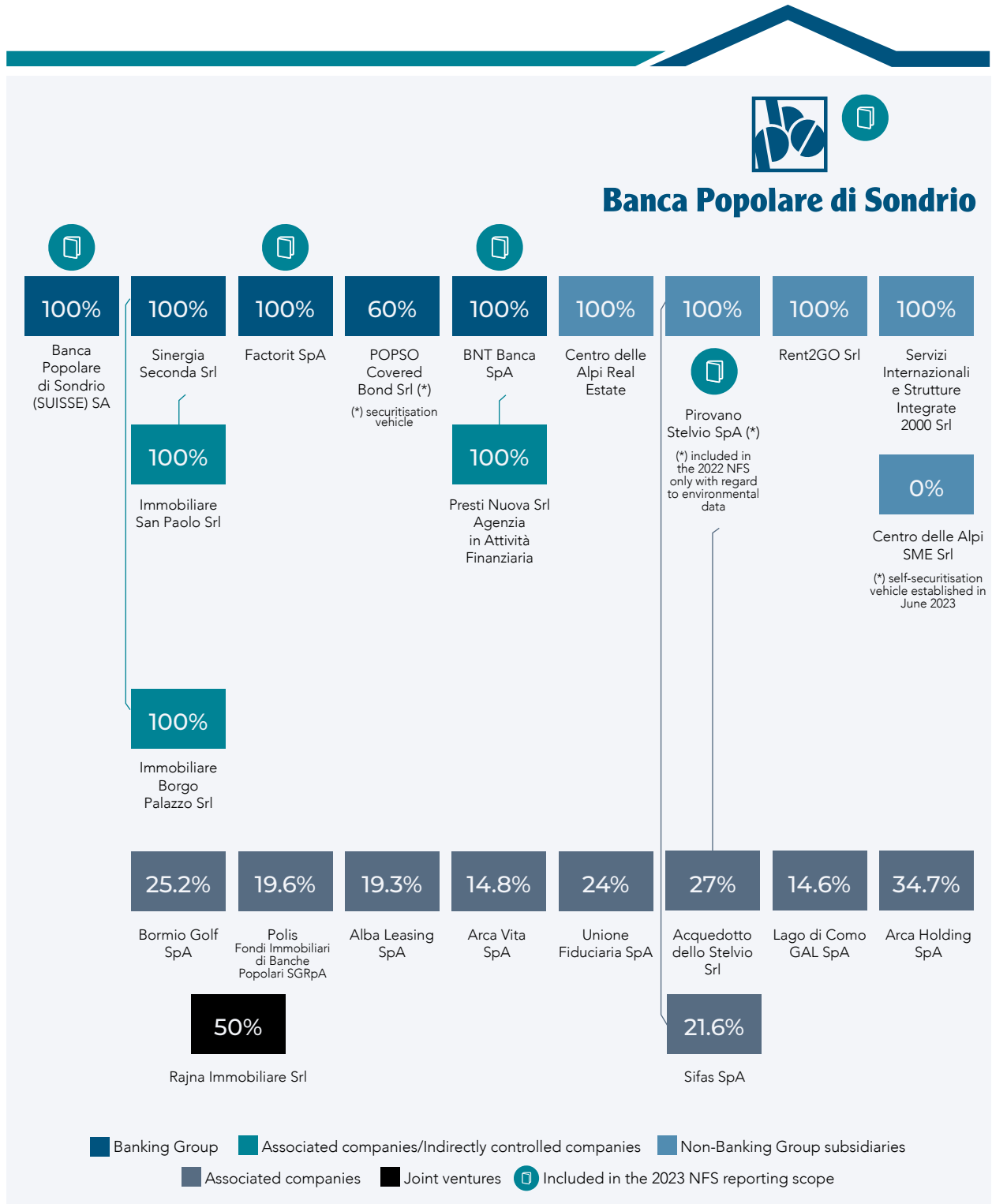
In addition to Banca Popolare di Sondrio, the Banking Group comprises:

- **BPS (SUISSE) SA:** a bank under Swiss law wholly owned by the Parent Company, established in Lugano on 3 May 1995. Its territorial network currently includes 21 operating units throughout Switzerland, including one in the Principality of Monaco, in addition to the representative office in Verbier and the virtual Direct Banking unit for online access to all banking services in Switzerland. BPS (SUISSE) SA carries out broad and diversified activities covering all sectors, presenting itself as a universal bank and operating according to the Group's philosophy: a bank that prioritises customers;
- **Factorit SpA:** a company specialised in factoring, wholly owned by the Parent Company, which offers companies operating in Italy and abroad a complete range of products to meet their financing, guarantee and receivables management needs. Factorit derives its values from the founding cooperative banks that constituted its shareholding and distribution channel; these values are formally expressed in the Code of Ethics;
- **Banca della Nuova Terra SpA:** founded in 2004 with the primary aim of providing credit to the agricultural sector, the agro-industrial sector, private individuals and households. Since joining the Group, BNT Banca has specialised in the placement of consumer credit products, specifically loans repayable by means of pension-backed loans (CQP), salary-backed loans (CQS) and delegation of payment (DEL);
- **PrestiNuova Srl – Agenzia in Attività Finanziaria:** a company wholly owned by Banca della Nuova Terra SpA, it carries out its activities as a financial services agency for the public, focusing mainly on salary-backed and pension-backed loans under the direct mandate of Banca della Nuova Terra SpA;
- **Sinergia Seconda Srl:** a company operating in the property sector which mainly provides operational support for the activities of the Bank and the Banking Group;
- **Popso Covered Bond Srl:** a company active in the issuance of covered bonds.

The following companies are also part of the Group, although they do not fall within the scope of prudential supervision or offer financial services: **Pirovano Stelvio SpA, Immobiliare San Paolo Srl, Rent2Go Srl, Immobiliare Borgo Palazzo Srl, and Servizi Internazionali e Strutture Integrate 2000 Srl.**



Ownership structure of the Banca Popolare di Sondrio SpA Group as at 31/12/2023



Our geographical areas

486

Branches in Italy

Our branches are present in eight regions in northern Italy, in the Rome area and in Campania

20

Branches in Switzerland
BPS (SUISSE) SA

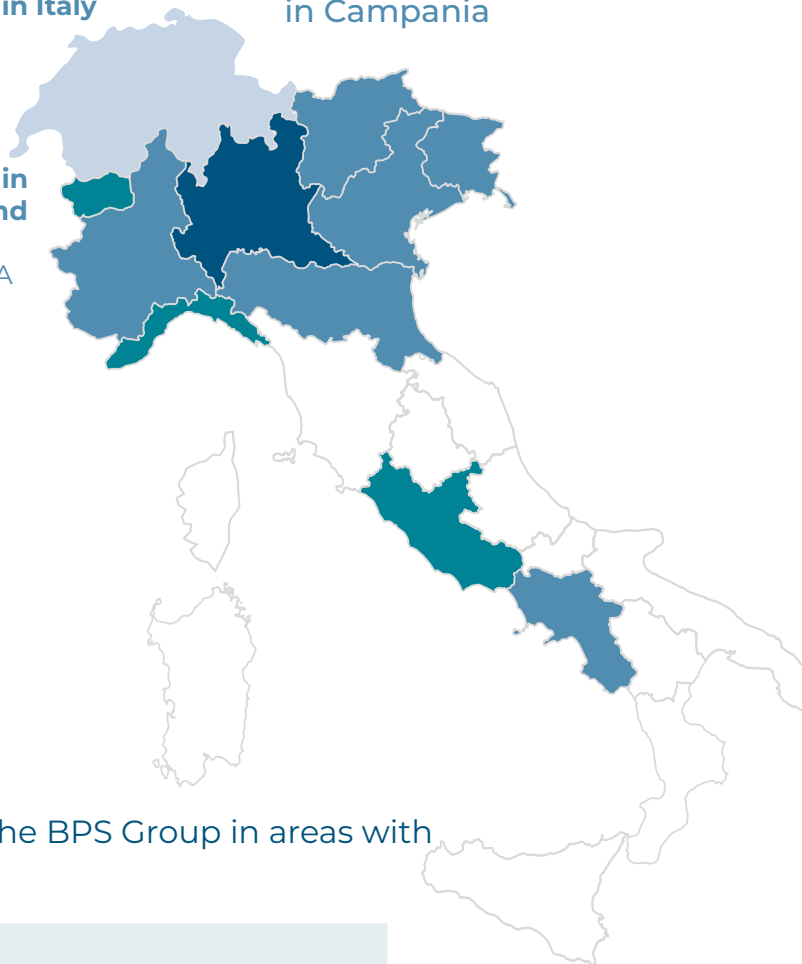
1

Branch in the Principality of Monaco

51

Service Desks

abroad at external partners' offices in 44 countries



Geographical presence of the BPS Group in areas with the greatest potential

higher than 5%	Lombardy
between 2.5% and 5%	Lazio, Liguria, Valle d'Aosta
lower than 2.5%	Campania, Emilia-Romagna, Piedmont, Trentino-Alto Adige, Veneto, Friuli-Venezia Giulia

Data updated as at 4 January 2024





Business model and strategy

Banca Popolare di Sondrio's business model is designed to take account of the needs of all stakeholders, supporting the manufacturing industry, households and private individuals in general, by investing, granting mortgages and lines of credit, while also offering simple and easily accessible products and services that meet the needs of individuals.

In a context where the market and European regulations are, more and more, emphasising the role of the banking sector in the transition towards a more sustainable economy, developing a business model that is attentive to the integration of environmental, social and governance aspects (hereinafter referred to as "ESG") is fundamental.

The Group bases its business strategy on scenarios that consider the environment, industry and finance as a common factor. With this in mind, the Group intends to move forward, with a holistic approach and with the desire to be an actor of change, in the path – already undertaken – of identification, implementation and monitoring of sustainability targets, adopting the most effective ways to implement them at group and system level.



Business Strategies and the 2022-2025 Business Plan

In light of new European regulations on sustainable finance, as well as growing market pressure in this area, the Bank is increasingly aware and committed to updating its strategies and implementing its processes to further integrate sustainability into the business.

The search for new products and services, to better seize the existing market opportunities and respond to the renewed needs of customers, is continuous, with particular attention paid to sectors such as factoring, salary/pension-backed loans, asset management, insurance, leasing and mobility services.

The ability to establish a unique and tailored relationship with both new and long-standing customers is undoubtedly one of the Group's hallmarks, which has enabled it, among other things, to gain growing market shares in core banking sectors such as credit intermediation, international services, payment systems and assets under administration and management.

Branch managers have always represented, both for small savers and for households and entrepreneurs, an important and essential point of reference capable of analysing their financial and asset situation, identifying their needs and, with a sense of responsibility, guiding their choices, even in times of difficulty.

The Bank's service model is, in fact, based on a direct relationship with customers, accompanied by an increasingly significant use of digital channels to effectively and efficiently respond to the needs of all stakeholders.

DISTINCTIVENESS

Qualified geographical presence, local roots, personnel competence, service excellence, a unique approach to Banking

Qualified geographical presence	Local roots and broad shareholder base	Outstanding services
<ul style="list-style-type: none"> > Leading bank in key areas for the Italian economy and industry > Consolidated presence in Switzerland through universal banking services > Presence in the Principality of Monaco and in leading countries around the world 	<ul style="list-style-type: none"> > Community Bank > Broad cooperative shareholder base including households and SMEs > Extremely loyal clientele 	<ul style="list-style-type: none"> > Competent, motivated and reliable personnel > Short decision-making chain in customer relations > Competitive multi-functionality thanks to internal product factories and a well-structured foreign network

A UNIQUE APPROACH TO BANKING

Value generation that is constant over time.
Solidity, resilience and "free" capital for growth.
Organic and continuous growth. Lean and Flexible operations.
Productivity of best-in-class branches.





The Business Plan



“ The 2022-2025 “Next Step” Business Plan describes the future prospects of a “bank that does banking”, focused on its own distinctive areas, aiming to grow in areas such as asset management and bancassurance, in which we believe we still have ample potential, evolving the relationship with our customers towards the digital realm. Our bank is committed to distributing more than half a billion in dividends over the next few years, with an annual payout of 50%.



Mario Alberto Pedranzini, Managing Director and General Manager of Banca Popolare di Sondrio

On 28 June 2022, the Bank’s Board of Directors approved the 2022-2025 Business Plan: an intense programme that defines the strategy and the new targets to achieve significant and sustainable generation of value.

In 2023, the main industrial initiatives identified in the Plan were fully launched, whose targets will be achieved through a strategy based on three development guidelines and as many enabling factors for the implementation of the initiatives contained in the programme.



STRATEGIC GUIDELINES

Consolidation and development of current solid foundations for continuous and sustainable growth

Development guidelines

	Today	Tomorrow
Focus on distinctive areas	Lending activity is the core business of the Bank, thanks to long-term relationships with households, institutions and businesses in the geographical areas in which BPS boasts a significant market position.	Consolidation of the market position in the corporate sector, stimulation of cross-selling on the Group's overall commercial offer, increasing penetration along the consolidated supply chains.
Qualified growth in value-generating areas	BPS has remained innovative in services with incremental investments in its geographical presence, seizing market opportunities, in line with its offer model.	Intensification of BPS' presence in high-value areas with potential not yet fully exploited, capitalising on the new opportunities offered by the market and Italy's National Recovery and Resilience Plan, including in areas in close proximity to the banking business.
Digital evolution of customer relations	The service model is based on a direct, frank and transparent relationship with branch customers.	Evolution of the physical and "universal" branch model – central to customer relations – based on a "phygital" and multi-channel structure; robotisation and process automation to improve the customer experience, freeing up commercial capacity.

Enabling factors

Corporate identity, competence, training and incentives	The Bank is characterised by a distinctive culture of collaboration, loyalty and pragmatism.	Maintenance of a distinctive corporate identity. Evolution of the set of skills and expertise based on a "new ways of working" approach, with the adoption of new customer service methods.
Sound capital	BPS boasts capital solidity at the top of the market, as well as quality assets, also by virtue of targeted de-risking activities.	Maintenance of CET1 best-in-class levels and distribution of constant value to shareholders, anticipating adverse impacts on the credit portfolio.
Environmental, social, ethical and human sustainability of the entire business activity	Since its founding, BPS bases its activity on the harmonious management of the relationship with the geographical areas where it operates.	Strengthening of the commitment and approach to sustainability and inclusion, combining the traditional closeness to local communities with the most innovative practices and the best international standards.





ESG Business Plan

Within the 2022-2025 Business Plan, the integration of ESG factors in business and operations envisages numerous activities divided into two strategic lines, each organised into specific areas of integration.



1st line

The **first line** focuses on interventions that are transversal to the Bank's main **business** and **operational areas**, namely:

- **constant strengthening of governance**, for an increased engagement of senior bodies and integration of the control system to ensure the effective implementation of ESG guidelines;
- **improvement of sustainability ratings and scores** assigned by the most relevant and strategic providers;
- **participation in national and international initiatives** on sustainability issues;
- **integration of sustainability into the Bank's main processes**, through updates to existing regulations and practices and the adoption of new policies, particularly in the credit, investment and risk control spheres;
- **updating and renewal of the catalogue of products and services**, not only through the growing collection of ESG information from customers (forming the basis for the construction of the ESG Score), but also through the enrichment of the ESG credit, debt and investment product catalogue, focused on corporate, retail and institutional customers;
- **continuous updating of the ESG disclosure** (including the Consolidated Non-Financial Statement or "NFS" and the report according to the Recommendations of the "Task-force for Climate-related Financial Disclosure" or "TCFD") and definition of a broader ESG communication strategy, which enhances the Group's brand identity specifically in terms of sustainability.

2nd line




The **second line**, instead, focuses on interventions in specific areas, originating from the **Sustainability Policy**, which the Group has adopted since the summer of 2021, namely:

- **definition of climate-related and environmental performance targets and related monitoring KPIs**, both concerning the direct emissions of the Group and the indirect emissions of the financed counterparties;
- **strengthening of the Group's activities with a positive impact on the local area and the reference community**, such as, on the one hand, a well-defined strategy of sponsorships and donations and, on the other hand, the provision of new mechanisms for selecting suppliers that also take into account their performance in the ESG realm;
- **implementation of new initiatives relating to personnel management** (with particular attention to the aspect of a work-life balance; interventions focused on diversity and inclusion);
- **continuous updating of internal regulations** on issues related to the protection of personal data, as well as the anti-corruption sphere, including through voluntary initiatives.





Sustainability as an enabling factor of the strategic plan

	 ESG GOVERNANCE	 INTERNATIONAL INITIATIVES AND ESG RATINGS	 BUSINESS POLICIES AND STRATEGIES	 PRODUCTS AND SERVICES	 REPORTING AND COMMUNICATION
Goals achieved by 2023	<ul style="list-style-type: none"> ✓ Further strengthening of ESG Governance ✓ ESG training for all Group personnel ✓ ESG compliance programme ✓ Integration of ESG factors in Remuneration Policies ✓ Internal behavioural guidelines for the reduction of environmental impacts ✓ Strengthening of Level II and III ESG checks 	<ul style="list-style-type: none"> ✓ Intensification of the dialogue with providers ✓ Improvement of some ESG ratings ✓ Support to TCFD ✓ Joining Valore D ✓ Joining the UN PRB and the Net-Zero Banking Alliance 	<ul style="list-style-type: none"> ✓ ESG Credit Policy ✓ Integrated Risk Management ✓ First set of portfolio CO₂ reduction targets ✓ Definition of the counterparty ESG Score ✓ <i>Own funds:</i> 10% of bond segment in ESG instruments ✓ Definition of ESG Investment Policy 	<ul style="list-style-type: none"> ✓ Expansion of ESG asset management lines ✓ Integration of ESG topics into MiFID II questionnaire ✓ New Green Bond issuance ✓ New ESG Bond Framework ✓ Development of new Green Loans 	<ul style="list-style-type: none"> ✓ Improvement of analyses concerning indirect emissions (Scope 3) ✓ Integration of the NFS with the TCFD recommendations 🕒 Evolution of the contents of the NFS as regards the Corporate Sustainability Reporting Directive (CSRD) and the new reporting standards
2025 targets	<ul style="list-style-type: none"> 🕒 Sustainable mobility operational plan 🕒 Operational plan on Diversity and Inclusion 🕒 Launch of the women leadership programme 	<ul style="list-style-type: none"> 🕒 Improvement of the ESG ratings/scoring 	<ul style="list-style-type: none"> 🕒 Increase of the target on the ESG segment of the proprietary portfolio 🕒 Definition of the giving strategy ✓ ESG ratings for suppliers 🕒 ISO 14001 Environmental Management System 🕒 ESG Data Governance 	<ul style="list-style-type: none"> 🕒 Integration of counterparties' ESG Score with Taxonomy-alignment 🕒 Development of Taxonomy-aligned products 	<ul style="list-style-type: none"> 📄 Analysis of the environmental performance of real estate assets 🕒 Strengthening of the ESG communication strategy 🕒 ESG brand identity

✓ Activity completed in 2022

✓ Activity completed in 2023

🕒 Ongoing activity

📄 Info in the 2023 NFS





Sustainability Operational Plan

	GOVERNANCE	KPIs	ACHIEVEMENT OF GOALS	
			2023	2025
ESG governance	Identification of ESG Contact persons on the BoD	# Directors with ESG expertise who make up the Committee	✓	✓
	Strengthening the oversight of ESG Contact persons	# ESG Contact persons in the Business Areas of the Bank and its subsidiaries	✓	✓
	Expansion of the Sustainability Office	# Members of the Sustainability Office	✓	✓
	ESG ongoing training	# Annual hours dedicated to ESG training to permanent staff	✓	n.a.*
	Integration of ESG parameters in remuneration policies	Remuneration of top management	✓	n.a.*

*annual target

	BUSINESS POLICIES AND STRATEGIES	KPIs	ACHIEVEMENT OF GOALS	
			2023	2025
Climate Strategy	Definition of the Group's GHG inventory	Scope 2: energy from renewable sources	✓	✓
	Corporate Portfolio analysis (Investments + Loans)	Coverage of financed emissions portfolio	✓	✓
	Analysis of the corporate Credit Portfolio	Coverage of the corporate loans portfolio with the ESG Score	✓	✓
	Analysis of the securities Portfolio	Coverage of the portfolio with carbon footprint data by issuer type	✓	✓

✓ goal achieved
 ✓ goal almost achieved
 ✓ "work in progress" goal



	PRODUCTS AND SERVICES	KPIs	ACHIEVEMENT OF GOALS	
			2023	2025
ESG information and new products	Insight into the ESG characteristics of counterparties	Corporate counterparties with ESG Due diligence (or other insights) with respect to the identified scope	✔	✔
	Implementation of financing product offering to corporate and retail clients	New next lines and ESG loans disbursed (next products and green mortgage) with respect to the planned total	✔	✔
	ESG Bond issuance	Green Bonds issued out of the planned total	✔	✔

✔ goal achieved ✔ goal almost achieved ✔ "work in progress" goal

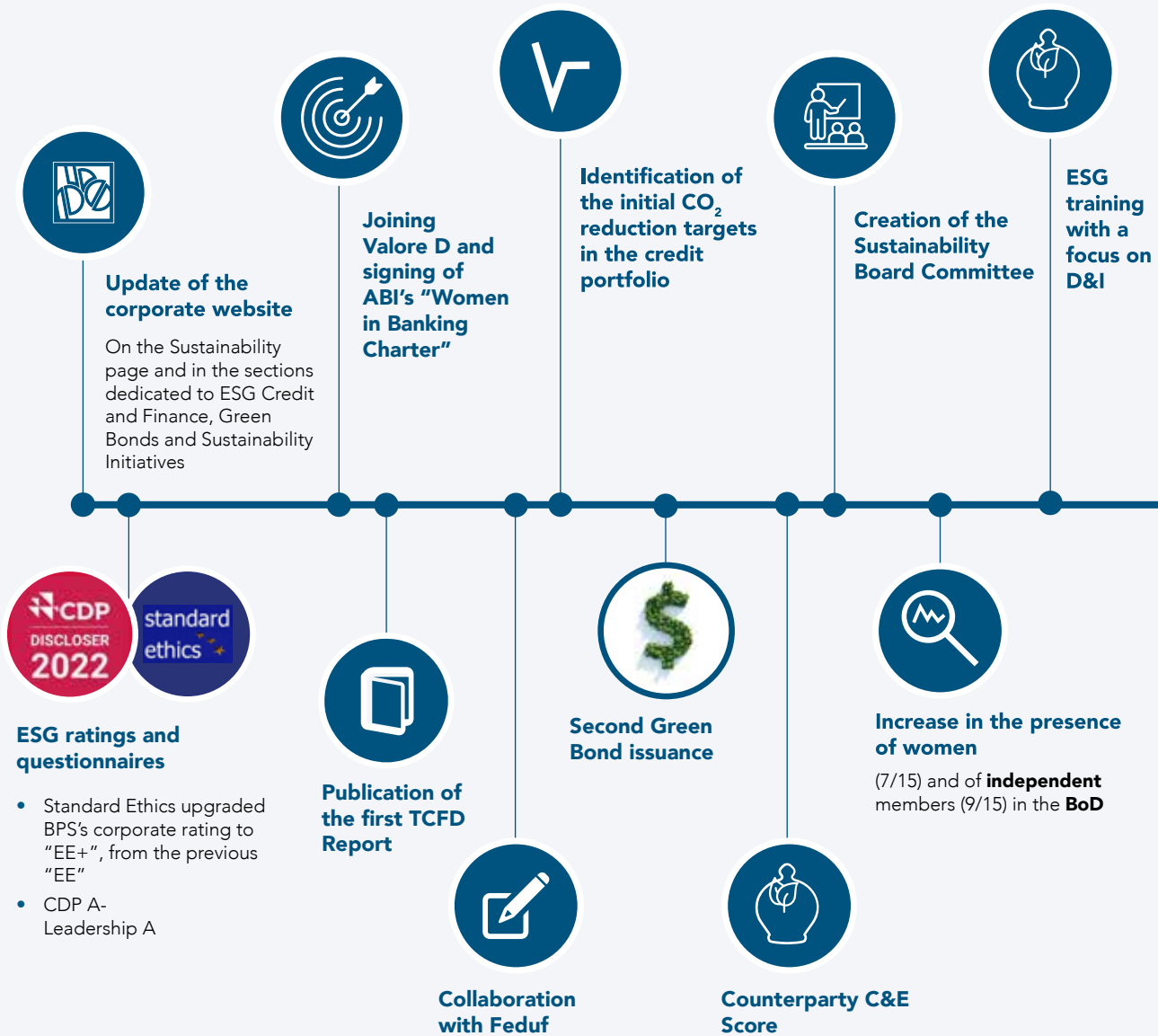




BPS's path towards Sustainability

THE MAIN ACTIVITIES CARRIED OUT IN 2023 AND ONGOING ACTIVITIES

The integration of the Business Plan with the ESG Plan marked another step on the path that sees BPS increasingly more committed to **integrating Sustainability into its business and operations.**





The United Nations Global Compact underlies Group strategy

The Bank's corporate strategy, as well as its day-to-day banking and financial activities, are underpinned by the United Nations Global Compact, ten fundamental principles that promote the values of long-term sustainability through responsible policy actions, business practices, and social and civic behaviours that also consider future generations.

The Bank has adhered to these Principles since 2004 and in 2018, it also joined the Italian network (Global Compact Network Italia) as a founding member. Every year, BPS confirms its support for the United Nations Global Compact by publishing its Communication on Progress (COP).

- 1 Businesses should support and respect the protection of internationally proclaimed human rights
- 2 Businesses must ensure that they are not, even indirectly, complicit in human rights abuses
- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- 4 Businesses must uphold the elimination of all forms of forced and compulsory labour
- 5 Businesses must uphold the effective abolition of child labour
- 6 Businesses must uphold the elimination of discrimination in respect of employment and occupation
- 7 Businesses should support a precautionary approach to environmental challenges
- 8 Businesses should undertake initiatives to promote greater environmental responsibility
- 9 Businesses should encourage the development and diffusion of environmentally friendly technologies
- 10 Businesses should work against corruption in all its forms, including extortion and bribery



HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION



NPLs – Non-performing loans

Non-performing loans (hereinafter referred to as “NPLs”), in other words loans whose recovery is considered risky in a number of respects, are an area to which the Bank has devoted considerable effort, prioritising attention and action to reduce their volume.

As part of a broader programme of measures for non-performing loans and in line with the derisking and asset quality improvement strategy, on 28 December 2023, Banca Popolare di Sondrio concluded, together with 11 other participating institutions, the multi-originator securitisation of bad loans named “LUZZATTI POP NPLS 2023”, for a total gross book value of €313 million. Specifically, the Bank sold, with an economic effect as of 1 January 2023, a portfolio of bad loans with a gross value of €173 million to the “Luzzatti POP NPLS 2023 S.r.l.” securitisation vehicle.

Following the deconsolidation of the portfolio, in line with the provisions of the Business Plan, the Group’s gross NPL ratio, equal to 4.3% as at 30 September 2023, stood at 3.7% at the end of the year.



An overview of the market from the Letter to Shareholders and Friends dated 1 January 2024



(...) Our thoughts stray to the wars in progress, the Russia-Ukraine conflict and in addition now the Israel-Palestine situation, not to mention the numerous other conflicts causing death and mass destruction. The guns did not even cease firing at Christmas.

In this context of alarming instability, the USA – a world economic benchmark – recovered well after a poor start to the year registering a satisfactory increase in productivity. This impacted favourably on employment figures and brought about a healthy decrease in inflation. In contrast, China – the Asian giant which is always under observation – lost significant ground in terms of production and consumption.

Following the increases in gas and oil prices caused by the worsening of the geopolitical situation and stock exchange speculation, the Eurozone was hit hard and, despite a determined response, growth was, and has remained, weak. Among the countries experiencing greater difficulties was the traditionally robust Germany. Its economy has stagnated and the consequences on industry and exports have had a ripple effect across Europe and beyond.

Italy faced this negative climate reasonably well thanks to its myriad of very small, small and medium sized businesses which, applying experience and a strong will to move forward, have been able to adapt to the changing scenario. However, the phenomenon of shop closures continues. The Construction industry was aided by government action regarding the “ecobonus”, yet was faced with rising costs of raw materials due to increased energy prices. The real estate sector was negatively affected by the increase in interest rates. The fall in unemployment augers well, yet firms are struggling to find qualified personnel for key roles.

It was a good year for tourism even though foreigner visitor numbers were below expectations. In this context, Italian GDP at end 2023 was up 0.7%. Although this was a somewhat modest increase and below forecasts, the result put Italy to the fore in Europe. Inflation was the scourge of the year and it was only in the closing stages of 2023 that the measures introduced by the European Central Bank began to show results, which hopefully will continue. The spending power of the average household however has been drastically reduced.





Competitive multi-functionality, thanks to internal product factories

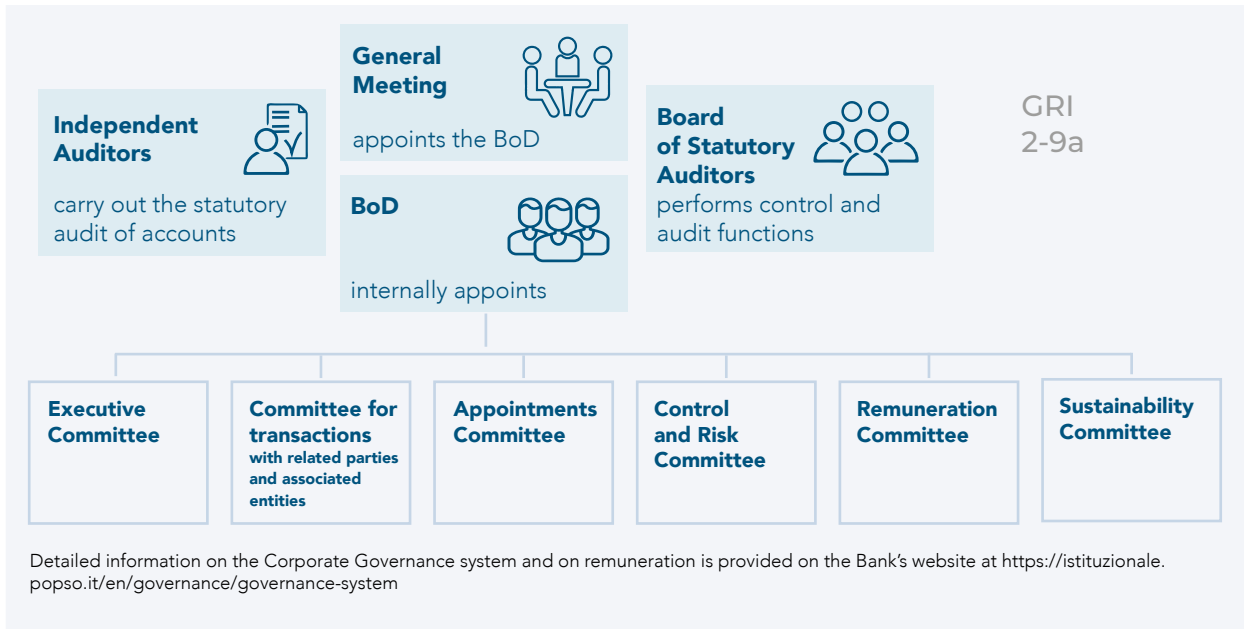
	Factoring	Salary/pension-backed loans	Asset Management
			
	100%	100%	34.7%
Insurance	Leasing	Mobility services	Trust services
			
14.8%	19.3%	100%	24%



Governance

Banca Popolare di Sondrio adopts the traditional management and control model, in which corporate management is entrusted to the Board of Directors, the supervisory functions are carried out by the Board of Statutory Auditors, and the auditing of the accounts is performed by an external auditing firm. At BPS, the positions of Chairman of the BoD and Managing Director are separate.

GRI 2-11, 2-10



GRI
2-10

The Board of Directors consists of 15 members elected by the Ordinary General Meeting and one third is renewed every year, allowing for a more effective skill specialization of Directors as necessary from time to time and adequate diversity in terms of both age and term of office, thereby helping to ensure a variety of approaches and perspectives.

The Articles of Association regulate the appointment of Directors through the list voting mechanism. The Board of Directors and the shareholders who alone or jointly represent at least 1% of the share capital can submit a list. For more information, please refer to the "Report on corporate governance and ownership structure", available on the corporate website at <https://istituzionale.popso.it/en/governance/corporate-governance-reports>.

The Board of Directors undergoes an annual self-assessment to evaluate its adequate composition, and its proper and effective functioning. The process, which involves the Board as a whole and its internal Committees, is specifically designed to:

- identify the main weaknesses in the Board functioning, promote discussion and determine corrective actions;
- promote updating of the internal regulations governing the Board functioning in light of developments in the Company's business and operating environment;
- stimulate the active participation of individual Directors and foster full awareness of their role and responsibilities;
- ensure compliance with the applicable Supervisory provisions on corporate governance;
- strengthen trust and cooperation between Directors, while respecting individual roles.





The Board of Directors also drafts the “Optimal Qualitative and Quantitative Composition of the Board of Directors of Banca Popolare di Sondrio SpA” document, which is promptly made available to stakeholders so that they can consider the required professionalism and characteristics when choosing candidates for the appointment of the Board of Directors. For more information, please refer to the aforementioned document, which can be found on the corporate website at <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting>.

Supervisory regulations stipulate that the composition of corporate bodies must reflect an appropriate degree of diversification in terms of, among other things, skills, experience, age, gender and international outlook. Article 11 of Decree no. 169 of the Italian Ministry of Economy and Finance dated 23 November 2020 states that:

“the composition of the management and control bodies must be adequately diversified so as to: encourage debate and dialogue within the bodies; foster the emergence of a variety of approaches and perspectives when analysing issues and making decisions; effectively support the corporate processes of strategy formulation, business and risk management, and control over the work of senior management; take into account the multiple interests that contribute to the sound and prudent management of the bank”.

Compliance with Borsa Italiana’s Corporate Governance Code:

On 30 June 2023, the Board of Directors resolved to comply with the Corporate Governance Code, approved by the Corporate Governance Committee promoted by Borsa Italiana SpA. The Bank provides information to the market in relation to how this Code is applied in its Report on corporate governance and ownership structure.

In implementing current regulations, BPS has been adopting its own “Regulation on diversity in the composition of the Board of Directors and the Board of Statutory Auditors of Banca Popolare di Sondrio” since early 2022.

Without prejudice to the need for the activity of all directors to be characterised by independent judgement, nine Directors meet the independence requirements set out by Article 148 of Italian Legislative Decree 58/1998 (Consolidated Law on Finance) and by the Decree of the Italian Ministry of Economy and Finance no. 169/2020. In this regard, it should be noted that, pursuant to the current “Supervisory Provisions for Banks” issued by the Bank of Italy (Circular no. 285 of 17 December 2013 and subsequent amendments), at least a quarter of the members of the Board of Directors must meet these requirements. In the case of Boards of Directors made up of 15 members, as is the case for Banca Popolare di Sondrio, this number is equal to 4.

BPS Board of Directors: greater presence of women (7/15) and independent members (9/15)

BPS complies with Borsa Italiana’s Corporate Governance Code



The Bank manages conflicts of interest with the aim of ensuring – as effectively as possible – compliance of the Company’s operations with the applicable standards. The sensitive areas with regard to managing conflicts of interest concern: transactions with related parties, transactions with related entities, loans to representatives and their related parties, and the obligations of bank representatives. The Internal Regulations on Transactions with Related Parties adopted by the Bank are published on the corporate website at <https://istituzionale.popso.it/en> in the section relating to corporate governance. Information on transactions with related parties is reported – in accordance with current legislation – in the reports and notes to the Bank’s Financial Statements, both statutory and consolidated, as well as in the report and in the notes to the Consolidated Half-Yearly Financial Report as at 30 June.

GRI
2-15

Information on how to manage conflicts of interest can be found on the corporate website at <https://istituzionale.popso.it/en/governance/corporate-governance-reports>.





BoD



One third of Board members are renewed annually

BPS governance structure and composition

	Number			Percentage		
	Women	Men	Total	Women	Men	Total
Total members	7	8	15	47%	53%	100%
Non-executive members	6	4	10	40%	27%	67%
Executive members	1	4	5	6%	27%	33%
Members with independence requirement	6	3	9	40%	20%	60%
Members who belong to underrepresented groups (minority directors)	1	1	2	6%	6%	12%

* At the Shareholders' Meeting of 29 April 2023, 5 Directors were elected, with which the number of female Directors rose to 7, increasing the figure by one compared to 31/12/22.

GRI
2-9c



Pursuant to the relevant regulations (Decree of the Italian Ministry of Economy and Finance no. 169/2020, Articles 16, 17, 18 and 19), the members of the Board of Directors devote adequate time to carrying out their duties. This adequacy is assessed both in terms of the time actually used to ensure the efficiency of the performance of the position carried out, as well as in terms of the number of offices held outside the Company. Based on the information obtained from each individual member, the Board of Directors assesses whether the time that each Director can devote is suitable to ensure the effective performance of the office. At present, there are no positions and commitments of a "significant" nature, in other words such as to compromise the board member's ability to carry out their duties within the organisation.

For further information relating to the roles/responsibilities and to other functions held by Board members, please refer to the "Report on corporate governance and ownership structure drawn up pursuant to Article 123 bis of the Italian Consolidated Law on Finance (TUF)", available on the corporate website at <https://istituzionale.popso.it/en/governance/corporate-governance-reports>.

 GRI
405-1

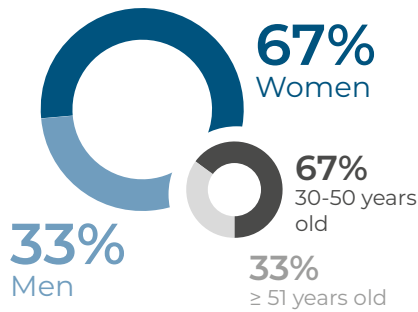
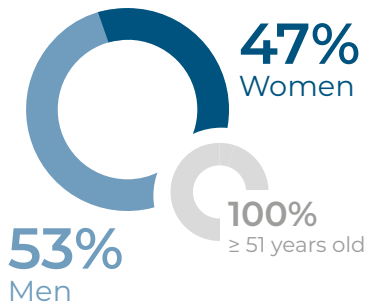
Diversity in the Group's governing bodies

Composition of the Group's BoD*	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total BoD members (number)	11	19	30	8	21	29	7	25	32
Total BoD members (%)	37%	63%	100%	28%	72%	100%	22%	78%	100%
<= 29 years old (number)	0	0	0	0	0	0	0	0	0
<= 29 years old (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%
30-50 years old (number)	0	0	0	1	0	1	1	0	1
30-50 years old (%)	0%	0%	0%	3%	0%	3%	3%	0%	3%
>= 51 years old (number)	11	19	30	7	21	28	6	25	31
>= 51 years old (%)	37%	63%	100%	25%	72%	97%	19%	78%	97%

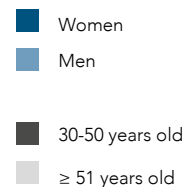
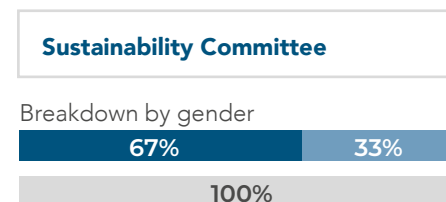
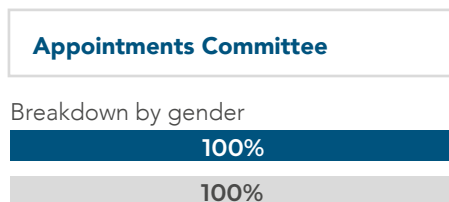
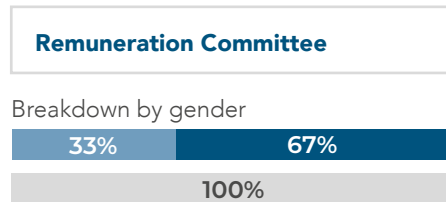
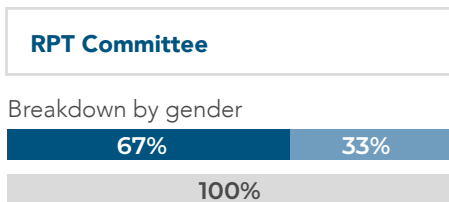
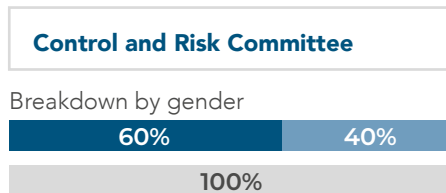
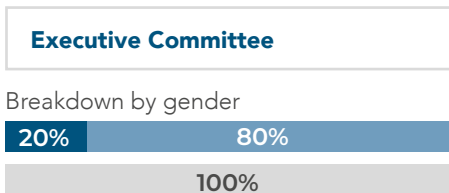
* All Directors are included in the calculation, regardless of whether the office of Director is held by the same person in more than one company.



Composition of the Board of Directors, Committees and Control Body of BPS



Committee members are appointed annually by the Board of Directors, normally during the first meeting following the renewal of the Board pursuant to Article 34 of the Articles of Association, and remain in office until the new appointment resolution



Data as at 31 December 2023



BPS's ESG governance system provides for continuous dialogue between the various bodies focused on the supervision and management of Sustainability

Sustainability Governance



Sustainability issues and ESG factors are becoming increasingly important in the financial world: these aspects can only be integrated through a solid governance structure.



GRI
2-13

With a view to increasingly integrating sustainability into its business, Banca Popolare di Sondrio has adopted an ESG governance system that provides for the interaction of different bodies devoted to overseeing and managing these issues and their impacts. As envisaged in the 2022-2025 Business Plan, ESG governance has been further strengthened thanks to the establishment – in 2023 – of the Sustainability Board Committee. In line with the supervisory provisions (Circular no. 285 of 17 December 2013, Part One, Title IV, Chapter 1, Section IV), the Committee is composed of 3 Directors, all non-executive, at least one of whom is independent. The newly established Sustainability Committee supports the Board of Directors, playing an investigative, consultative and proactive role in assessing the sustainability factors considered fundamental for the Bank's medium-long term strategy and their translation into policies.






The distribution of roles and responsibilities in the field of Sustainability as included in the Sustainability Policy is detailed below.

Corporate body	Roles and responsibilities	Composition
 <p>Board of Directors (BoD)</p>	<ul style="list-style-type: none"> • Defines Group-wide guidelines, targets and strategies on sustainability issues (Business Plan); • Ensures that ESG risks are integrated into business strategies, governance, processes, procedures and the control system; • Approves the Consolidated Non-Financial Statement (NFS) and the main policies falling within their competence; • Approves the Risk Appetite Framework and the risk governance policies, integrating them with ESG issues as appropriate and, in particular, climate-related and environmental risks; • Is involved in training and continuous updating activities on ESG issues and the risks connected to them, with particular attention to climate-related and environmental risks, with the aim of monitoring and gradually increasing its expertise, also through questionnaires and self-assessments; • Supervises the correct handling of these issues. 	<ul style="list-style-type: none"> • Chairman • Deputy Chairman • Managing Director • Directors
 <p>Board of Statutory Auditors</p>	<ul style="list-style-type: none"> • Oversees compliance with the legal requirements for drafting of the NFS; • Monitors the adequacy of the procedures and processes governing the drafting of the NFS. 	<ul style="list-style-type: none"> • Chairman of the Board of Statutory Auditors • Standing Auditors • Alternate Auditors




The establishment of a Sustainability Committee at the Board of Director's level further strengthens the Bank's Sustainability governance





Corporate body	Roles and responsibilities	Composition
 <p>Sustainability Board Committee</p>	<ul style="list-style-type: none"> Examines and evaluates the contents of the Group's Sustainability Policy and the related strategies developed by the business areas and the Sustainability Management Committee; examines and assesses the consistency of the Bank's other policy documents with sustainability targets, in view of the relevant national and international regulations, standards and practices; Provides support to the other Board Committees on the repercussions that sustainability issues have with reference to their specific areas of expertise, in particular as regards the risk and opportunity analysis, remuneration policies, training and succession plans; Evaluates – including from a proactive perspective – the integration of environmental and social aspects into the Business Plan, aimed at creating value in the medium to long term; reviews the Bank's sustainability commitments, in particular with regard to the net zero targets, and assesses their progress, in particular with regard to the products and the sustainable finance solutions offered; Assesses the integration of sustainability issues into the Bank's investment procedures and decision-making processes; Promotes and encourages the Bank's initiatives aimed at ensuring constant dialogue with stakeholders on issues within the Committee's scope of expertise, while ensuring that the Board is updated of the results of such initiatives; Examines the NFS with respect to the approved Policies, the actions taken and the results obtained, in advance of the Control and Risk Committee, so that the latter can take them into account in the performance of its functions; Examines the other sustainability disclosures prepared by the Bank, including the TCFD Report and the contribution relating to sustainability issues contained in the Public Disclosure, in application of the "Third Pillar" regulations; Supports the Bank in the dialogue with the Authorities regarding the results of supervisory assessments on sustainability issues and the indications received; Examines sustainability rating agencies' assessments and suggested actions; assesses the Bank's positioning within sector metrics, indices and benchmarks, and monitors the evolution of sustainability factors, including in the light of international guidelines and standards, as well as market developments and applicable regulations; Evaluates initiatives aimed at disseminating the culture of sustainability in the Bank and the staff's awareness of the importance of pursuing sustainable development; Examines the Bank's non-profit strategy and its implementation, in particular as relating to initiatives aimed at local communities, assessing their social and environmental aspects; promotes the development of relations with institutions and the non-profit sector on the issues of competence; Examines, in advance, the information and documentation to be submitted to the Board of Directors for the decision-making. 	<ul style="list-style-type: none"> Internal members of the BoD (non-executive, at least one of whom is independent)






Corporate body	Roles and responsibilities	Composition
 <p>Control and Risk Committee</p>	<p>In line with its mandate, it assists the BoD with regard to ESG and related risks:</p> <ul style="list-style-type: none"> • In determining the guidelines of the internal control and ESG risk management system; • In periodically reviewing the adequacy of this system with respect to the Bank's characteristics and risk profile, as well as its actual functioning; • In the assessment of the compliance of the qualitative and quantitative information included in the NFS with the regulatory provisions and reporting standards, after consulting the independent auditor and the Board of Statutory Auditors. 	<ul style="list-style-type: none"> • Non-executive and mostly independent directors
 <p>Sustainability Management Committee</p>	<ul style="list-style-type: none"> • Periodically reviews the relevant national and international regulatory developments, standards and practices on ESG issues; • Assesses proposals aimed at introducing and amending relevant internal regulations and turning guidelines into concrete initiatives, for which it also defines operational plans and monitors actual implementation; • Contributes to the coordination of organisational structures and subsidiaries in order to comply with the sustainability guidelines established by the BoD and implemented in strategic planning as applicable from time to time; • Coordinates activities aimed at identifying potentially relevant sustainability issues and updating the materiality matrix. In addition, it examines the NFS and the TCFD Report attached to it, formulating any observations and suggestions, which are sent to the Sustainability Committee; • In the context of transactions with debt instruments with sustainability characteristics (so-called ESG Bonds): <ul style="list-style-type: none"> – Approves the reference framework and annual allocation and impact reporting; – Reviews and validates the set of eligible assets; – Oversees and monitors the management of the funds raised; • Coordinates and monitors interface activities with relevant stakeholders and disclosure actions; • The Chairman (Chief Financial Officer) provides updates to the Sustainability Committee with regard to the work carried out during each meeting, making available, if requested, minutes and working documents. 	<ul style="list-style-type: none"> • Chief Financial Officer (CFO) • Chief Commercial Officer (CCO) • Chief Lending Officer (CLO) • Chief Risk Officer (CRO) • Chief Information and Operations Officer (CIOO) • Head of Logistics and Operational Support Service • Head of Staff and Organisational Models Service • Head of the Planning, Investor Relations and Management Control Service • Head of the Sustainability Office
 <p>Risk Committee</p>	<p>In line with what is defined in the General Climate-related and Environmental Risk Regulation:</p> <ul style="list-style-type: none"> • Examines proposals for the definition, integration or significant amendment of climate-related and environmental risk monitoring techniques, methodologies and criteria, expressing its opinions and assessments on the issue; • Evaluates proposals regarding the definition, updating or revision of the parameters representative of climate-related and environmental risk appetite provided for in the Risk Appetite Statement (RAS); • Evaluates proposals for the introduction, extension, modification or significant integration of climate-related and environmental risk analysis systems, models, techniques or methodologies; • Approves the system of operational-level limits/thresholds associated with indicators of exposure to climate-related and environmental risks. 	<ul style="list-style-type: none"> • Managing Director • General Manager • Acting Deputy General Manager • Chief Lending Officer (CLO) • Chief Risk Officer (CRO) • Chief Financial Officer (CFO) • Chief Commercial Officer (CCO) • Chief Information and Operations Officer (CIOO)



Corporate body	Roles and responsibilities	Composition
 <p>Mobility Manager</p>	<p>Provides ongoing support for decision-making, planning, scheduling, management and promotion of optimal solutions for the sustainable mobility of Group employees.</p>	<ul style="list-style-type: none"> • Head of Supply Office (Logistics and Operational Support Service)
 <p>Sustainability Office</p>	<p>Operates within the Planning, Investor Relations and Management Controls Service (Chief Financial Officer's Governance Area):</p> <ul style="list-style-type: none"> • Constantly monitors national and international regulations, standards and practices on sustainability issues; • Supports and coordinates the central and peripheral structures, as well as the subsidiaries in understanding and addressing sustainability factors and interfacing with relevant stakeholders; • Prepares the NFS and other sustainability disclosures, including the TCFD Report, coordinating the relative activities; • Contributes to the publication of the Public Disclosure in application of the "Third Pillar" regulations, with regard to the section relating to ESG risks; • To the extent of its competence, carries out communication activities with the Supervisory Authorities, in particular by supporting the Risk Control Service in relation to climate-related and environmental risk issues; • Manages dialogue with ESG rating agencies, handles questionnaire completion and monitors Group-wide ratings; • Supports and coordinates the drafting of the Group's guidelines, targets and strategies on sustainability issues (Business Plan) with particular reference to the commitments undertaken by the Bank in relation to the net zero targets; • Manages the Bank's relations with Non-Profit entities, in particular proposing initiatives aimed at local communities, evaluating the relative social and environmental aspects; • Supports the Sustainability Management Committee: <ul style="list-style-type: none"> – in identifying the initiatives to be implemented; – in the operational management of ESG topics, in line with what is defined in the Business Plan; – in the periodic monitoring and reporting of the initiatives; • Identifies initiatives aimed at disseminating the culture of sustainability and promotes internal and external communication to increase awareness among colleagues and all stakeholders, with regard to the importance of pursuing sustainable development; • Defines, in agreement with the relevant Secretariat Offices and Staff Service and the organisational models, the training plans for the BoD, the management and Group personnel, aimed at guaranteeing adequate dissemination and awareness of ESG issues, the risks connected to them, with particular attention to climate-related and environmental risks. 	<ul style="list-style-type: none"> • Head of the Sustainability Office • Sustainability specialists with diversified skills





Corporate body	Roles and responsibilities	Composition
 <p>Operational ESG Contact Persons</p>	<p>Appointed for each of the subsidiaries and for each of the main business areas of the Parent Company:</p> <ul style="list-style-type: none"> • Are reference figures for the dissemination of a culture of sustainability; • Adapt ESG factors with respect to the specific activities under their responsibility, identifying projects and seizing business opportunities; • Favour the circulation of information, the coordination of activities and their sharing, making it possible to increase the effectiveness of interaction between business functions and to direct internal operations. 	<ul style="list-style-type: none"> • Resources with diversified skills (as detailed below)

The Sustainability Policy also defines specific roles and responsibilities for the Internal Audit Service, the Compliance and DPO Function and the Risk Control Service: for additional information, see “The Internal Control System” section.



Further information on the gender and age composition of ESG governance bodies is provided below:

	Women	Men	Total
Board Level	14	12	26
Management level	2	14	16
Operational Level	9	22	31

	≤ 29 years old	30-50 years old	≥ 51 years old	Total
Board Level	0	2	24	26
Management level	0	1	15	16
Operational Level	7	18	6	31





With the specific aim of ensuring greater sharing of ESG issues and improved communication between the business areas involved, new ESG Contact Persons have been appointed within the Parent Company's business areas.

ESG Contact Persons network

Business area	Role
Credit Area – Credit Policies Office	Periodically, and at least monthly, a meeting is organised between the ESG Contact Persons and the Sustainability Office with the aim of facilitating discussion and exchange between the different business areas, sharing updates on the activities carried out by each individual office and collaborating on specific initiatives.
Credit Area – Special and Medium-Term Credits Office	
Credit Area – Loan Investigation Office	
Finance Service – Securities Brokerage Office	
Finance Service – Treasury Office	
Finance Service – Asset Management Office	
Finance Service – Securities Administration Office	
Commercial Service	
Logistics and Operational Support Service	
Risk Control Service – Integrated Risks	
Risk Control Service – Operational and ICT Risks	
Risk Control Service – Credit Risk	
Risk Control Service – Financial Risks	
Risk Control Service – Development of credit models	
Compliance and DPO Function	
Internal Audit Service	
Administration and General Accounting Service	
International Service	
Staff and Organisational Models Service	
IT Service	
Secretariat and General Affairs Service – Advertising Office	
Presidential and Management Office	
Factorit	
BPS (SUISSE) SA	
BNT	



The identification of contact persons to implement new projects and in relation to the operational management of ESG-related activities promotes the circulation of information and the coordination and sharing of activities, thereby increasing the effectiveness of the interaction between the functions and helping to direct the internal operations of the Bank towards the Sustainability guidelines defined in the strategic planning.

Branch Network ESG Specialists

In 2023, Sustainability governance was further strengthened thanks to the appointment of "Branch Network ESG Specialists", appropriately trained figures specialised in supporting the network to strengthen dialogue with customers on ESG issues. ESG

Specialists assist branches in collecting information useful for assessing the climate and environmental sustainability related to the credit granting process and collaborate with the Central Offices in the activities useful for ensuring ESG Due Diligence.





ESG training of governing bodies

The BoD follows training activities on the evolution of ESG issues and the risks associated with them, to ensure continuous updating and to encourage dialogue with the Business Areas involved in the implementation of the ESG Plan. In 2023, a rich training programme was developed involving the members of the BoD and the Statutory Auditors within which, among other

things, the Sustainability Office – also supported by specialised consultants – provided an overview of ESG resolutions, devoted a session to Regulation (EU) 2020/852 (the so-called Taxonomy) and explored the key concepts related to the Bank's participation in the Net-Zero Banking Alliance.

BPS (SUISSE) SA: ESG governance

The Swiss bank set up an ESG Committee to specifically deal with sustainable investment issues:

- following ESG regulation and trends in the asset management industry;
- formulating proposals for Working Methodologies, rules and sustainability parameters to be integrated into the various stages of the investment process;
- discussing ESG investment ideas for consideration by the Investment Committee;
- reporting to the Executive Board on the status of the implementation of sustainability policies in investments;
- once a year, drawing up a document called the "ESG Investment Newsletter", which aims to inform people inside and outside the bank about its positioning with respect to sustainable investment.

An ESG team has also been set up within the Investments department dedicated to studying the issue in all its aspects and particularly focused on product innovation and investment processes.

Two working groups were created: the Credit Working Group which deals with credit-side regulatory changes and mortgage advice (e.g. impact of the SBA legislation on mortgages) and the Investment Working Group which evaluates the ESG aspects that can be implemented on managed products (provision of ESG data).



The Internal Control System

The Internal Control System consists of the set of rules, activities, procedures and organisational structures that aim to ensure compliance with company strategies and the achievement of the following goals:

- process **efficiency and effectiveness**;
- **preservation of asset value** and protection against losses;
- **reliability and integrity** of accounting and management information;
- **compliance** of operations with both the policies established by corporate Governing Bodies and internal and external regulations;
- **operational conduct** based on fairness and prudence.

The Bank, conscious that the Internal Control System is a key element in ensuring that its activities are always based on the traditional criteria of “sound and prudent management”, constantly updates and optimises the system in accordance with the principles set out by the Supervisory Authorities, namely:

- **proportional approach** to applying regulations according to dimensional and operational characteristics;
- **gradual transition** to progressively more advanced methodologies and processes for measuring risks and the resulting assets available;
- **consistency** in defining the approaches used by the different functions within the Group’s organisational system;
- **cost-effectiveness**, in other words, limiting charges for intermediaries.





The Internal Control System involves, with various roles, the Board of Directors and the Board Committees, the Board of Statutory Auditors, the Managing Director assisted by the members of the Executive Board and the Heads of the Governance Areas, the Organisational Units responsible for internal control tasks and all personnel.

Specifically, the corporate organisational structure of the control functions can be traced back, in accordance with the provisions of the Supervisory Instructions, to the following control lines:

Level 1

First-level controls: they consist of procedural, IT and behavioural checks to allow operations to run smoothly.

The central services, offices and local branches are responsible for the effective implementation of the controls and their adequacy.

Level 2

Second-level controls: they consist of risk and compliance controls, the aim of which is to ensure, among other things, the proper implementation of the risk management process, consistency of the operations of individual business areas with risk-return objectives, and current and prospective capital adequacy. These controls are performed by the Chief Risk Officer governance area, the Compliance and DPO Function, the Financial Reporting Officer and the Anti-Money Laundering Function.

In particular, within the Chief Risk Officer's Governance Area, the Risk Control Service:

- identifies, evaluates, measures and monitors ESG-related risks, with particular attention to climate-related and environmental risks, as well as those associated with them. To these ends, it ensures their gradual integration into the relevant regulations, processes, procedures, support systems, data and reporting;
- supports and coordinates the gradual integration of climate-related and environmental risk factors into risk management and reporting systems, in accordance, in particular, with the ECB "Guide on climate-related and environmental risks";
- oversees and, to the extent of its competence, carries out the stress test exercises required by the Supervisory Authorities relating to ESG issues, with particular attention to climate-related and environmental risks;
- oversees the drafting of the Public Disclosure in application of the "Third Pillar" regulations on ESG.

The Compliance and DPO Function provides for:

- identifying applicable standards;
- verifying the compliance of corporate processes with internal and external regulations with the aim of preventing and containing legal and reputational risks;
- evaluating the degree of exposure to pertinent risks through summary quantitative and/or qualitative indicators, representing the results of the surveys on the processes monitored;
- preparing information flows dedicated to the corporate Bodies and structures involved in the process.



Level 3

Third-level controls: they consist of the activities carried out by the Internal Audit Service, aimed at verifying, including through on-site inspections, the regular performance of operations and the evolution of risks, as well as the assessment of the completeness, adequacy, reliability and functionality of the organisational structure and components of the Internal Control System. With regard to sustainability issues, the Internal Audit Service is responsible for:

- verifying compliance with applicable sustainability policies in corporate and Group operations;
- assessing the adequacy and functionality of the climate-related and environmental risk management process;
- reporting to the corporate Bodies any inefficiencies, weaknesses or irregularities that emerge during its verification activities, formulating recommendations and bringing possible improvements to their attention.

The Internal Audit Service is a function independent of the production units and of other control functions

In 2023, as provided for in the Action Plan approved by the Board of Directors, the Internal Audit Service conducted a specific audit of the process of drafting the Non-Financial Statement, assessing its regulatory, organisational and operational aspects.





Organisation, management and control model pursuant to Italian Legislative Decree 231/2001

The Group has adopted an Organisation and Management Model, pursuant to Italian Legislative Decree 231/2001 (hereinafter referred to as the "OMM" or the "Model"), concerning the administrative liability of bodies, companies and associations. The recipients of the OMM are: the members of the Board of Directors, of the Board of Statutory Auditors and of the Supervisory Body, employees, collaborators and the independent auditors.

The purpose of the Model is to set up a structured and organic system of control procedures and activities (*ex ante* and *ex post*) for the prevention and conscious management of the risk of offences being committed through the identification of sensitive processes and their subsequent formalisation.

The purpose of the OMM is to set up a system of control procedures and activities for the prevention and conscious management of risk



The adoption of ethical principles relevant to the prevention of offences pursuant to Italian Legislative Decree 231/2001 is an essential element of the preventive control environment, as defined in the Code of Ethics. This document outlines the Bank's rights, duties and responsibilities towards all stakeholders (employees, suppliers, Public Administration, shareholders, the financial market, etc.) and is intended to recommend, promote or prohibit certain behaviours, while also providing for penalties proportionate to the seriousness of any breaches committed. To this end, the Bank has prepared a special form to be submitted for acceptance to third parties, requiring them to adopt conduct in line with that adopted by the Bank, stipulating, *inter alia*, that any violations of the Code of Ethics constitute just cause for termination of the contract.

Pursuant to Italian Legislative Decree 231/2001, the task of supervising the operation of and compliance with the Model, as well as the updating of the same, has been assigned to a body with independent powers of initiative and control. In particular, the Board of Directors established the Supervisory Body (hereinafter also referred to as the "SB"), responsible for monitoring the actual implementation of the organisational model and made up, as of 1 January 2024, of a Chairman, a professional external to the Bank, a member of the Board of Statutory Auditors and the *pro tempore* head of Internal Audit.

From a Group standpoint, without prejudice to the fact that each company is required to independently carry out the activity of preparing, implementing and revising its own organisational model, the Bank, in its capacity as Parent Company, recommends the adoption and effective implementation by all companies of their own organisational, management and control models pursuant to Italian Legislative Decree 231/2001, which must not be incompatible or conflicting with the guidelines received.

The Supervisory Body is currently revising and updating the Organisation, management and control model pursuant to Italian Legislative Decree 231/2001. This, primarily in order to incorporate the extension of the list of predicate offences, to update the Whistleblowing regulations and to introduce *ad hoc* protocols relating to corporate activities "at risk of constituting an offence" containing the description of the procedures, the predicate offences, the activities at risk, the tools to protect against the risk of offence and the information flows to the Supervisory Body, to which a specific attachment is also dedicated.

The Code of Ethics has been modified in order to introduce references to international principles and good practices on the subject of sustainability, the environment, diversity and inclusion, in line with the provisions of the internal Policies. These changes were approved by the Board of Directors on 31 March 2023.

Further information on the Organisation, management and control model pursuant to Italian Legislative Decree 231/2001 are available on the Bank's website at <https://istituzionale.popso.it/en/governance/corporate-governance-reports>.



Whistleblowing procedure

In order to strengthen the culture of correctness and compliance with the rules within the entire corporate structure and in compliance with the Supervisory provisions, the Bank has implemented a system for reporting violations (whistleblowing) through which employees can report crimes, possible fraud, offences or any irregular conduct of which they have become aware in relation to their respective business operations and which, in a broad sense, may constitute a violation of the rules governing the banking activity.

The various goals of the whistleblowing procedure are:

- preventing risks related to any act or fact prejudicial to the Bank, its employees, its customers, its shareholders and in any case to any other stakeholder and, consequently, to the collective public interest;
- making personnel and other interested parties aware of the importance of reporting the aforementioned events;
- promoting an organisational culture of trust, transparency and responsibility, which helps prevent the aforementioned unlawful conduct.

The communication channel adopted ensures the necessary privacy and confidentiality of the information received both in relation to the reporting party and the reported party, in compliance with the envisaged regulatory standards. As regards the reporting process on anti-money laundering regulations, anonymity is guaranteed. However, the whistleblower – at his or her sole discretion – may reveal their identity.

As part of the application of the regulatory provisions, a policy on internal reporting of violations has been prepared for all Group companies operating in Italy, which must have whistleblowing systems in place in relation to the relevant regulations. The individual identified as the Head of the Internal Reporting System valid for all target companies is the *pro tempore* Head of the Compliance Function.

In addition, in 2023, following the entry into force of Italian Legislative Decree no. 24/2023, the Bank took steps to:

- update the Comunica Whistleblowing IT application;
- review and update the Policy on internal reporting of violations – Whistleblowing, approved by the Bank's Board of Directors on 30 June 2023.

Training on whistleblowing is compulsory and is provided through classroom and multimedia courses.





The value of participating

“ The new Agenda is a promise by leaders to all people everywhere. It is an Agenda for people, to end poverty in all its forms – an Agenda for the planet, our common home. ”

Ban Ki-Moon, Secretary-General of the United Nations from 2007 to 2016





The Global Agenda for Sustainable Development (2030 Agenda), approved by the United Nations in September 2015, identified 17 Goals (Sustainable Development Goals or SDGs) and 169 Targets as a roadmap to Sustainability for countries and organisations around the world.

These goals, set to be achieved by 2030, illustrate how the current development model is unsustainable not only socially and environmentally, but also from an economic standpoint. The implementation of the 2030 Agenda is not just a state-level matter, but involves every component of society from businesses to non-profit organisations, universities and operators in the world of communications and culture.

At this time, the SDGs seek to provide an impulse to the business world in particular, given their key role in the achieving sustainable development. With this in mind, sustainability reporting by the Banca Popolare di Sondrio Group will be developed within this framework, highlighting the close relations that exist between business and sustainability targets.



MUTUALITY
ETHICS
RECIPROCITY

The commitment of the Banca Popolare di Sondrio Group

Since its foundation, the Group has geared its operations towards satisfying the multiple interests of its various stakeholders, combining the traditional aim of pursuing profits with the distinctive aim of achieving a common benefit.

In this respect, the Group acts in line with the 2030 Agenda and the SDGs, as stated in the Sustainability Policy.



The most relevant SDGs for the Group's activities





UN Global Compact

The United Nations Global Compact is the world's largest strategic corporate citizenship initiative, stemming from a desire to promote a sustainable global economy that respects human and labour rights, protects the environment and combats corruption.

It was first proposed in 1999 at the World Economic Forum in Davos by former UN Secretary-General Kofi Annan, who invited the leaders of the world economy present at the meeting to sign a Global Compact with the United Nations to collaboratively address the most critical aspects of globalisation. The UN Global Compact was thus launched in July 2000. Since then, over 20,000 companies from 160 countries around the world have joined it, creating a new framework for global collaboration.

Banca Popolare di Sondrio has been participating in this initiative since 2004, thereby accepting the UN's invitation to synergistically involve the world of business and non-governmental organisations in the great challenges faced by humanity. In 2018, the Bank also joined the Italian network (Global Compact Network Italy – UNGCN Italy) as a founding member.

The Ten Principles of the Global Compact have always guided Banca Popolare di Sondrio's corporate culture strategy, as well as its daily banking and financial activities. Therefore, our Bank, as it does every year, confirmed its support for the UN Global Compact and reaffirmed its commitment to corporate sustainability by issuing the Communication on Progress (COP).



UNEP FI: Principles for Responsible Banking (PRB) and Net-Zero Banking Alliance

As required by the 2022-2025 Business Plan, at the end of 2023 the Bank's Board of Directors approved the Bank's joining the United Nations Environment Programme Finance Initiative (UNEP FI), a partnership between UNEP and the global financial sector aimed at mobilising private sector finance towards sustainable development. The initiative boasts more than 500 members, including banks, insurers and investors for a total of more than \$170 trillion in assets.

Becoming a member of UNEP FI has also enabled the Bank to join two of its related initiatives, namely the Principles for Responsible Banking (PRB) and the Net-Zero Banking Alliance (NZBA).

The **Principles for Responsible Banking**, issued by UNEP FI in 2019, are six voluntary principles designed to bring purpose, vision and ambition to Sustainable Finance.

The signatory banks are committed to embracing the Principles in all their business areas.



**PRINCIPLE 1:
ALIGNMENT**

Provides for the alignment of corporate strategies with the SDGs, with the Paris Climate Agreement and with the various national and international frameworks



**PRINCIPLE 2:
IMPACT &
TARGET SETTING**

Considers maximising the positive impact and reducing the negative one, through the implementation of the most impactful targets



**PRINCIPLE 3:
CLIENTS &
CUSTOMERS**

Aims to promote, with customers and users, sustainable practices and economic activities, which create shared prosperity for current and future generations



**PRINCIPLE 4:
STAKEHOLDERS**

Outlines proactive engagement and collaboration to achieve common goals



**PRINCIPLE 5:
GOVERNANCE
& CULTURE**

Provides for the establishment of effective governance and a responsible banking culture



**PRINCIPLE 6:
TRANSPARENCY &
ACCOUNTABILITY**

Requires periodic and transparent monitoring of the results achieved

The **Net-Zero Banking Alliance** was launched in 2021 and includes more than 140 banks from around the world among its members. By joining this initiative they confirm their commitment to defining decarbonisation strategies and targets in line with the Paris Agreement. Most of the NZBA members also adhere to the PRB, committed to setting ambitious climate targets.

Through the identification of sector-specific targets, NZBA's members commit to doing business in a manner consistent with the purpose of limiting global heating to 1.5°C.

"Net Zero" means net zero greenhouse gas emissions, achievable through:

- a significant reduction in direct and indirect emissions;
- the balance between remaining or non-reducible emissions produced and emissions removed from the atmosphere.





TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) was created in 2015, within the Financial Stability Board, to provide recommendations for effective reporting on climate-related risks.

The goal is to improve the consistency and transparency of climate-related financial reporting and to encourage action in order to reduce the business impact on climate change.

In the 2017 Report, the TCFD published a list of recommendations aimed at supporting companies in drafting financial disclosures relating to climate change.

In order to align its reporting with international best practices, the Bank made the strategic decision to publicly declaring support for the TCFD, and to align its climate-related reporting with the Guidelines proposed through the TCFD Report, available on the corporate website section "Sustainability – Non-financial Statement".



BPS and the Italian Banking Association (ABI)

In 2023, Banca Popolare di Sondrio once again actively participated in the specific Working Groups (hereinafter referred to as "WGs") promoted by the Italian Banking Association (hereinafter referred to as ABI) and in particular:

- the "Bank, environment and climate change" working group, in which European consultations and emerging regulations are analysed and best practices regarding the issue of climate change are shared;
- the "Social Sustainability" working group dealing with the theme of social Taxonomy and other related topics;
- the "Sustainability Reporting" working group, which examines NFS-related issues;
- the "Sustainability" working group, where all the other topics related to ESG issues are addressed such as, for example, Taxonomy.

In general, the association promotes knowledge sharing activities within the banking sector, enabling the development of synergies among its players, including through training courses and other events. As far as environmental aspects are concerned, the ABI also supports banks in the dissemination of data, providing indications and clarifications on the matter. In addition, it is focused on promoting a harmonised regulatory framework through direct dialogue with the institutions.

In this context, the Bank plays an active role, also thanks to the participation of Mario Alberto Pedranzini, the Bank's Managing Director and General Manager, in the Board of ABI since 2004, as well as in the Executive Committee since 2014 and in the Presidential Committee since 2018.





FEduF – Foundation for Financial and Savings Education

The “Foundation for Financial and Savings Education”, established on ABI’s initiative, is a non-profit legal entity governed by private law, which pursues socially beneficial purposes by promoting Financial Education, in the broader concept of Education for Conscious and Active Economic Citizenship, to develop and disseminate financial and economic knowledge.

Through the collaboration with FEduF, BPS offers students lessons to reflect on the themes of the circular economy and conscious management of resources, as well as to provide an in-depth look at the sustainable development and civil economy models.



ABI’s Women in Banking Charter

ABI’s “Women in Banking Charter” is a tool available to companies to support their commitment to equal opportunities.

ABI itself, corresponding to 92% of the value of the assets of the banks participating in the association and 92% of employees in the sector.

The Charter is open to all banking and financial companies, even if they are not members of the ABI, and commits signatories to enhance their corporate policies according to the principles underlying the concept of equal opportunities.

As evidence of the growing sensitivity to social issues, the Bank has signed this document to support its commitment to equal opportunities, promoting an inclusive work environment open to the values of diversity and disseminating the full and actual participation of women at every level of the company.

To date, the Charter has been signed by 67 institutions, in addition to





Valore D

In 2023, the Banca Popolare di Sondrio Group joined Valore D, the first association of companies in Italy committed to promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talent by valuing and promoting diversity.

The association was founded in 2009 by twelve managers from twelve leading companies: AstraZeneca, Enel, General Electric, Johnson&Johnson, IKEA, Intesa Sanpaolo, Luxottica, McKinsey & Company, Microsoft, Standard&Poor's, UniCredit and Vodafone.

The Bank's participation in this important initiative has led to its involvement in working groups and the provision of training courses in the Diversity and Inclusion (hereinafter referred to as D&I) area, dedicated to issues such as gender-based harassment in the workplace and the unconscious development of prejudices. The goal for 2024 is to participate and add value to all the proposed activities, contributing to the creation of a shared culture and training to respect diversity.

valore^D

Forum per la Finanza Sostenibile

The Forum per la Finanza Sostenibile (Italian Sustainable Finance Forum) is a non-profit association founded in 2001 with the aim of promoting the inclusion of environmental, social and governance (ESG) criteria in financial products and processes. The Forum feeds an information and training network with its members, aimed at promoting exchange and cultural growth in the sustainable finance realm.

The Bank has been a member of the association since 2022: the intent is to share ideas through working groups and discussion initiatives, stay up-to-date on regulations and policies, and at the same time give greater visibility to its commitment, showcasing the initiatives, products and services implemented to foster change towards a fairer and more sustainable society.

 Forum per la
Finanza Sostenibile

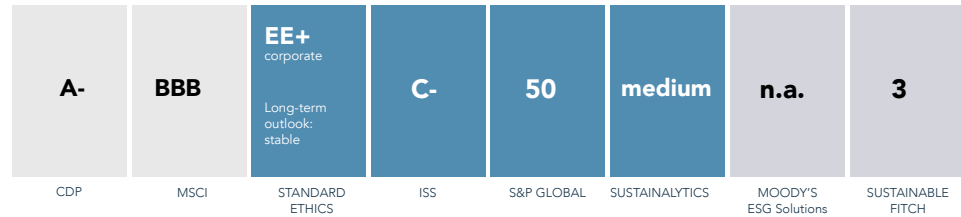


ESG ratings/scoring

Sustainability ratings/scoring are developed by the major players in the industry and are also used to compile and publish various sustainability indices, in a similar way to conventional benchmarks.

Some entities started out as financial raters and only later specialised in sustainability performance assessment; others were established to focus on ESG performance assessments.

Banca Popolare di Sondrio ESG rating/scoring overview



CDP

CDP is an international not-for-profit organisation that directs companies and governments to reduce their greenhouse gas emissions, conserve water resources and protect forests. It is considered the leading provider of climate reporting data, working with institutional investors whose total assets amount to approximately \$110 trillion.

In 2023, more than 23,000 companies disclosed their environmental impact through CDP. Banca Popolare di Sondrio has been participating in the initiative since 2020, through the completion of the CDP's Climate Change Questionnaire, demonstrating transparency and awareness – indispensable characteristics to embark on the path towards a prosperous and sustainable future. In 2023, the Bank achieved a score of A-.





Standard Ethics

The sustainability rating assigned by the independent agency Standard Ethics is a summary assessment of the level of compliance with international sustainability guidelines set by some of the major international institutions (European Union, United Nations, OECD). In April 2024, at the end of the annual review process, the Corporate Rating was upgraded to "EE+" from the previous "EE".

In their final report, which can be consulted on the Bank's corporate website in the section dedicated to Sustainability, Standard Ethics analysts highlighted the Bank's constant commitment to implementing the objectives set out in the Business Plan. In particular, the analysts appreciated how the Plan harmonises and integrates ESG-related elements within the Bank's activities.

The positive assessment also took into account that the Bank has further strengthened its ESG Risk Management safeguards and renewed its main governance tools – such as the Code of Ethics and the new Sustainability Policy –, providing explicit references to applicable UN, OECD and EU guidelines. Among others, this same approach characterises the most recently approved internal documents, for example in the investments and in the Artificial Intelligence areas.

Within the Report, emphasis is placed on how the integration of ESG-related factors – especially of an environmental nature – is also visible in risk governance systems in the context of customer relations and of the supply chain.



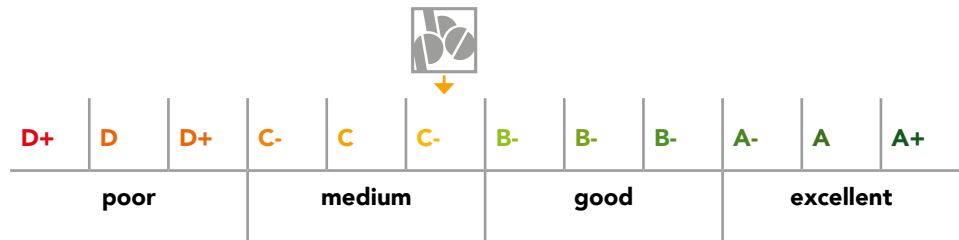


ISS

The ISS (Institutional Shareholder Services) group of companies was created as a proxy advisor and subsequently also began to provide ESG assessments, developing the “ESG Corporate Rating” and the “Quality Score”. The first indicator refers to a company’s ability to adequately manage material ESG-related risks, mitigate negative and positive social and environmental impacts, and exploit the opportunities offered by the transformation towards sustainable development.

The ISS Corporate Rating of Banca Popolare di Sondrio is C-.

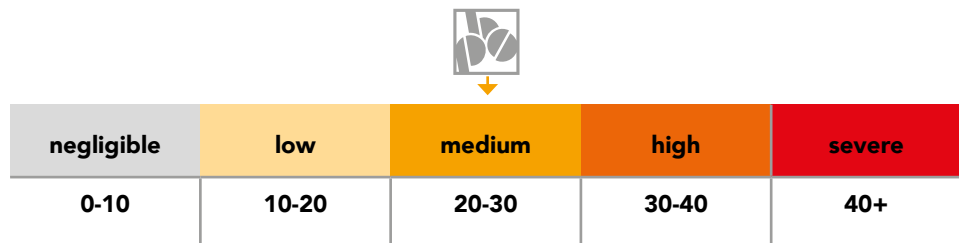
The Quality Score is a sustainability rating broken down according to the three pillars, by assigning a score between 1 (best) and 10 (worst). The results obtained by Banca Popolare di Sondrio are: 3 for the Governance area, 2 for the Environment area and 2 for the Social area.



Sustainalytics

Sustainalytics’ ESG Risk Ratings measure a company’s exposure to material, industry-specific ESG-related risks and its ability to manage those risks.

Banca Popolare di Sondrio achieved a risk rating of Medium.





The context of sustainable finance

During 2023, sustainable finance further established itself as a key pillar in the global financial ecosystem, reflecting a profound transformation in consumer and investor behaviour.

From the Global Sustainable Investment Alliance's Report, published in November 2023, it emerges that over \$30 trillion are managed through sustainable strategies, a significant share of the total assets managed worldwide. This confirms that interest in sustainable investments has grown significantly, with an increasing number of investors seeking investment opportunities that follow ESG criteria in companies with low social and/or environmental impact.

The inflation trend witnessed during the year, causing concern in various economic contexts, has pushed investors to look for more resilient alternatives and, in this context, sectors such as renewable energy, green technology and socially responsible initiatives have aroused considerable interest.

At the same time, regulatory pressure has played a key role in accelerating this paradigm shift. In particular, measures and incentives aimed at promoting sustainable investments have started to help create a favourable environment to support the growth of companies and projects aimed at mitigating environmental impact.

As regards the European financial sector, faced with a growing demand for "sustainable" financial products, an immediate response was seen, translating into the development of new investment tools and vehicles, expanding the options available to customers and investors.

The regulatory landscape five years after the European Action Plan for Sustainable Finance

Based on the recommendations of the High-Level Expert Group on Sustainable Finance, the European Commission published the Action Plan for Financing Sustainable Growth in March 2018, a roadmap with specific measures and related deadlines aimed at:

- directing capital flows towards sustainable investments;
- more effectively managing financial risks stemming from climate change, resource consumption, environmental degradation and social inequalities;
- improving transparency and encouraging a long-term approach to financial activities.

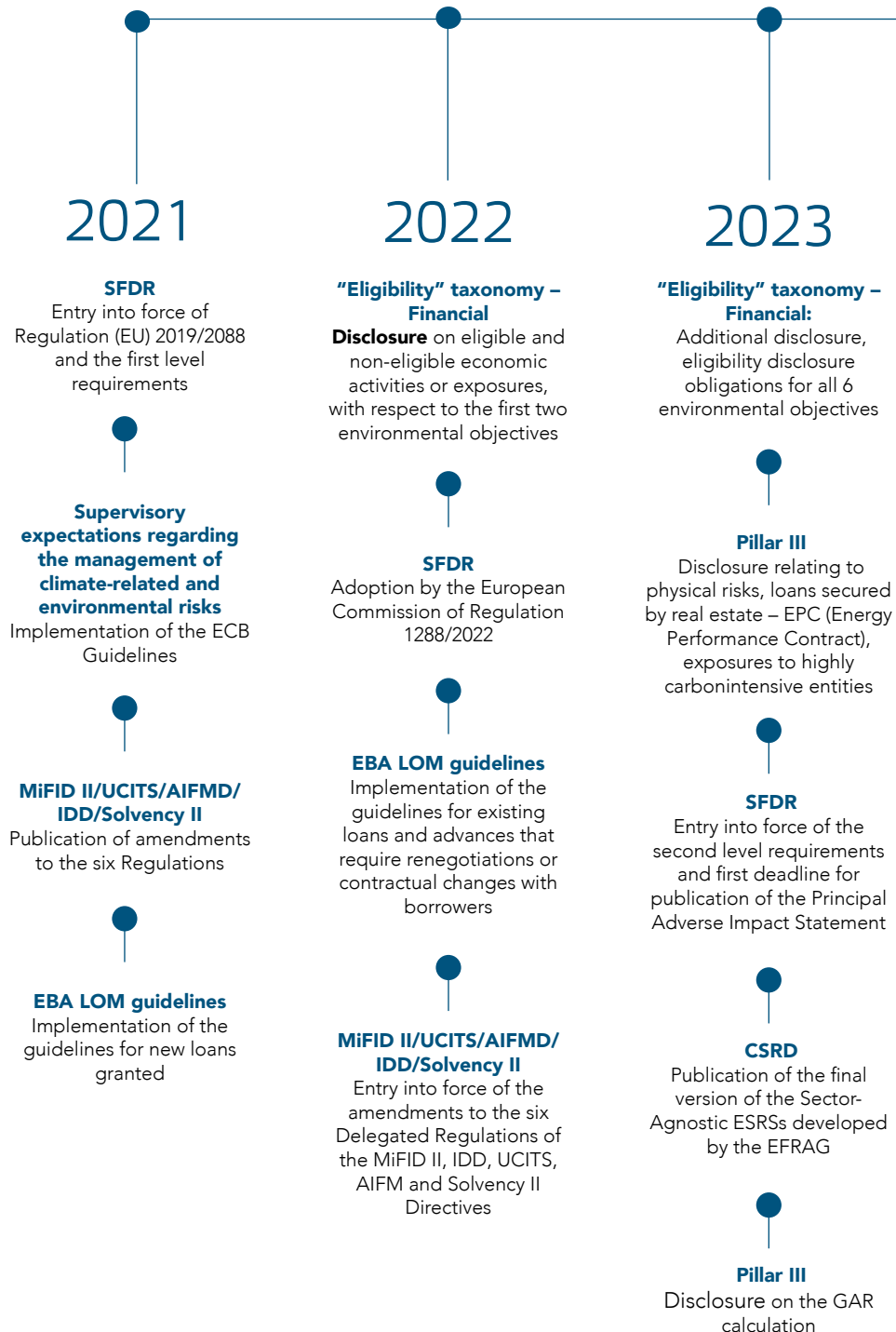
An appropriate regulatory framework is necessary to achieve these ambitious goals and to ensure the coherent involvement of the financial sector: in the three years since the adoption of the Plan, legislative and regulatory process at the European level has continued unabated. In implementing the provisions, the banking sector is required to carry out a thorough self-analysis, and continuous and progressive renewal of its business processes. Below we present a summary of the main regulatory initiatives and technical guidelines issued by the Supervisory Authorities at a European level in the sustainable finance area and a timeline of the main future implementation stages.



- Regulation (EU) 2019/2088 on transparency of information on sustainable finance (Sustainable Finance Disclosure Regulation or SFDR): requires financial operators and advisors to disclose how ESG risks are accounted for at the entity and product level. This regulation provides for specific disclosure requirements for products that promote environmental or social characteristics and for products that target sustainable investments. European supervisory authorities regulate implementation aspects by means of Regulatory Technical Standards (RTS) defined by Regulation (EU) 2022/1288.
- Regulation (EU) 2020/852 (Taxonomy): introduced a classification of activities considered sustainable based on their alignment with EU environmental objectives and compliance with certain social clauses.
- European Banking Authority – Guidelines on Loan Origination and Monitoring (EBA - LOM): define solid criteria within the credit decision-making and monitoring process, also taking into consideration ESG-related criteria and risks.
- Oversight expectations on the management of climate-related and environmental risks: in November 2020 the ECB published its "Guide on climate-related and environmental risks", containing 13 expectations that provide guidance for supervised entities on the integration of climate-related and environmental risks in corporate strategies, governance and control systems, risk management frameworks and disclosures.
- Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive – CSRD): the CSRD extends the obligation to prepare sustainability reporting to a wider range of companies, increases the amount of information required, to be defined on the basis of reporting standards issued by the EFRAG, and redefines the corresponding responsibilities. In particular, the scope of companies involved in the drafting of sustainability reporting is significantly expanded compared to the current NFRD (Non-Financial Reporting Directive): the EU estimates that the scope of companies that draft sustainability reporting will increase from approximately 11,700 to approximately 49,000, of which 4,000 in Italy alone.
- MiFID II/UCITS/AIFMD/IDD/Solvency II: on 21 April 2021 the EU Commission adopted a series of amendments to six Delegated Regulations of the MiFID II, IDD, UCITS, AIFMD and Solvency II Directives with the aim of increasing transparency on sustainability issues in financial services.
- Third Pillar Disclosure: aims to promote transparency on environmental, social or governance (ESG) risks, encouraging institutions to strengthen their reporting and management of such risks and promoting awareness of their key role in the transition towards a green economy.
- EU Green Bond Standard: the draft regulation published by the European Commission and approved on 5 October 2023 introduces a specific standard to which all issuers will be able to voluntarily adhere, certifying that the projects to be financed are in line with the Taxonomy and providing investors with greater rigour and transparency.



Because of the constantly evolving regulatory framework and the frequent changes associated with the adoption of implementing acts, a concise, non-exhaustive timeline is provided, which will be updated in due course.



2024

**“Alignment” taxonomy –
Financial**

Disclosure on aligned and non-aligned economic activities or exposures, through full reporting of the first KPIs, including all six environmental objectives

2025

CSRD

First disclosure for companies that already prepare the Non-Financial Statement (NFS)

2026

CSRD

First *disclosure* for companies that fall within the scope of the CSRD and do not prepare the NFS

2027

CSRD

First *disclosure* for SMEs

Pillar III

Disclosure relating to Scope 3, alignment measures and BTAR calculation

Supervisory expectations regarding the management of climate-related and environmental risks

“Significant” banks adapt to expectations





ESG risks

Sustainability-related risks, connected to the three ESG (Environmental, Social and Governance) dimensions, are the subject of constant and increasingly scrupulous monitoring within the corporate risk control and management system. This framework is based on the adoption of well-established models that are continuously refined, aimed at identifying, assessing, measuring, monitoring and mitigating potential risk events and consequent negative economic, financial, operational, strategic and reputational impacts.

With particular regard to risk factors linked to climate change and other natural events (hereinafter also referred to as "C&E risks"), it is now well known that working groups and initiatives have been underway for several years, in more and more European and international locations, with the aim of promoting and raising awareness of the importance of adequately managing these risks in the financial system, primarily through:

- a gradual evaluation and refinement of the approaches and methodologies used for identifying, measuring and managing such risks;
- identification of appropriate actions, tools and initiatives aimed at mitigating the intermediary's exposure to environmental factors and the financial effects of the climate transition, as well as the general increase in the Bank's resilience to such risks;
- an ongoing commitment to promoting the collection of increasingly more standardised and homogeneous information on the levels of exposure to these risk factors.

In Europe, in November 2020, the European Central Bank (hereinafter referred to as ECB) published its "Guide on climate-related and environmental risks", which set out 13 supervisory expectations regarding the integration of these specific risk factors in strategic processes and banking risk management systems. Specifically, as part of the work related to the alignment to the expectations of the ECB Guide, the Bank carried out a gap analysis and defined action areas with respect to the "Guidelines on non-financial reporting: Supplement on reporting climate-related information" issued by the European Commission.

Throughout this text, responses to these Guidelines are identified by this logo:



In the overall framework of the expectations and recommendations defined by the banking authorities in relation to environmental and social sustainability risks, credit institutions are required, **as part of their internal control system, to adopt an organisation-wide ESG risk management framework, in other words extended to all business divisions and internal units, including control functions.** In addition to current material risks, banks are urged to consider all types of ESG risks and all concentrations within those risks that may arise from the pursuit of their strategies or from material changes in the business environment. Intermediaries are therefore required to comprehensively analyse how risks related to ESG factors – and in particular, within these, climate-related and environmental risks – play a key role in determining the impact of the various risk areas to which they are or may be exposed, including liquidity, credit, operational, market, strategic and reputational, and any other risks relevant to credit institutions' capital and lending capacity, since they tend to manifest themselves in forms that are already known and regulated.

*In addition to the aforementioned ECB Guide on climate-related and environmental risks, the following publications from the European Banking Authority (EBA) are of particular importance: i) "Report on management and supervision of ESG risks for credit institutions and investment firms" (June 2021); ii) "Report on the role of environmental and social risks in the prudential framework" (October 2023); iii) "Draft Guidelines on the management of ESG risks" (consultation paper, January 2024).



In response to these expectations, institutions should therefore take a holistic and well-documented view of the impact of ESG risks on existing risk categories, implementing regular and solid processes aimed at the identification, measurement, management and monitoring of the same.

In light of these objectives, the Bank is constantly committed to implementing a systematic integration of ESG risks into its risk management systems, policies and processes, since these – with particular attention to climate-related and environmental factors – are likely to determine negative impacts on the exposure to traditional prudential risks.

With regard to the risk identification process, in accordance with the best practices of the European Banking Authority and the ECB, since 2020 the Bank has developed specific internal methodologies for assessing the risks associated with ESG aspects within its business management system, subject to ongoing enhancement and improvement measures over time.

As far as identification practices are concerned, the Bank worked on the recognition and examination of the potential impacts of the risks associated with climate-related and environmental factors, defining new processes aimed at carrying out more complex and in-depth assessments of the material nature of the exposure to these types of risks, applicable on a recurrent basis, accompanied by more advanced methodologies and analysis tools, as well as the availability of more granular and reliable data.

With regard to the tools used to measure these risks, evolving from the previous mapping and classification approaches of ESG risk to which the Bank is exposed, an internal methodology was developed for the construction of summary scores representing the ESG-related risks at the individual counterparties' level. This scoring system, initially developed to measure the individual exposure of a significant number of client companies (corporate portfolio, "non-financial companies" segment, with a current coverage level of around 80%) to climate-related and environmental risk factors, allows the potential financial impacts related to the exposure of financed counterparties to transition and physical risks to be estimated prospectively. In early 2024, this metric is expected to be extended to all non-financial companies that make up the credit portfolio, as well as to the "private" segment. The construction of an integrated score with the "S" and "G" dimensions is also being evaluated. The current indicator, calculated automatically, allows each debtor company covered by the scoring model to be ordered and classified with respect to its level of vulnerability to climate and physical transition factors. In addition to being a tool for monitoring the climate-related and environmental risk on an individual and aggregate basis, during the year this metric was also integrated into the investigation, disbursement and pricing processes of loans disbursed by corporate counterparties.

For the main financed companies, with priority given to those with the largest carbon footprint, the attribution of the aforementioned score was combined with a dedicated ESG due diligence process, with the aim of carrying out a more in-depth and timely check on the company and its sustainability characteristics, collecting information through a specific internal ESG questionnaire. The main goal of this additional analysis is to conduct a specific assessment of the environmental risk profile of a counterparty, of its commitment to sustainability-related issues and of the adherence of its activity to the main regulatory framework on the subject. A reputational risk assessment was also included in the due diligence system, which aims to investigate all three dimensions of ESG risk of a borrowing company (environmental, social and governance).



The monitoring of ESG risks associated with portfolios of credit risk exposures and investments in financial instruments is also supported by external IT tools and services (e.g. non-proprietary ESG rating systems for assessing the riskiness of investments and of issuers of financial assets in the portfolio). These enable the systematic determination of the degree of exposure to risks relating to the sustainability of counterparties, sectors, physical assets and geographical areas, through the adoption of appropriate tools, metrics and algorithms for measuring, capable of feeding the internal monitoring and reporting systems.

In relation to the schemes for defining risk appetite (Risk Appetite Framework), we note the consolidation of monitoring systems for the climate-related and environmental risks measurement parameter introduced at the end of 2022 in the context of exposure to credit risk of the “corporate” portfolio, based on the use of the aforementioned ESG profile scoring system at a counterparty level. We also highlight the definition of additional and more granular environmental and social sustainability risk indicators that aim to guarantee operational control over the trends in the exposure of credit and investment portfolios to ESG risk dimensions, with particular attention to the climate-related and environmental profiles of borrowers of funds and issuers of financial assets. Lastly, it should also be noted that new operational and reputational risk indicators linked to ESG factors have been defined.

Banking risks linked to material topics

Following the identification of the material ESG topics reported in this NFS, the Bank has carried out an activity to trace the traditional banking risks linked to the aforementioned topics.

This activity started from the synergy of the two directly concerned and relevant business areas: the Sustainability Office (Chief Financial Officer Area), which outlined the sustainability issues relevant for the Bank referring to the year 2023, and the Integrated Risk Office (Chief Risk Officer Area), which identified the banking risks associated with them. Through a dedicated process of recognition and analysis of interdependencies, the main potentially impacted traditional banking risks were traced back to each material topic, accompanied by a description of the ESG-related risk factors that most impact their exposure, as well as the necessary safeguards implemented by the Bank to ensure their mitigation (Corporate Policies, public and binding Commitments made by the Group, Internal Regulations, etc.).

Specifically, an “expert-based” internal evaluation process was carried out, which took as reference: i) the results of the identification, mapping and quantitative analysis processes of the materiality level of the current and prospective exposure to climate-related and environmental risk factors impacting the traditional risk types and ii) the categorisation of ESG-related risks that the Bank has formalised in its “ESG Risk Inventory”, based on a qualitative assessment, carried out by the different Bank business areas, of the possible negative impacts – current or prospective – that ESG factors may have on the Bank and/or the environment, people and society.





ESG Risk Governance

The Bank has been making significant progress in adapting its organisational and management systems to better address sustainability themes and the development of related risk profiles.

The Board of Directors, as the body with strategic supervisory functions, is responsible for defining Group guidelines, targets and strategies relating to sustainability issues and for ensuring that ESG risks are integrated into business strategies, governance systems, processes, procedures and in the control structure, overseeing the proper management of these topics.

Following the extension of its mandate, and with reference to ESG and related risks, the Control and Risk Committee is responsible for assisting the Board of Directors in determining the guidelines of the internal control and management system for these risk factors and for periodically reviewing its adequacy with respect to the Bank's characteristics and risk profile, as well as its effective functioning.

In this regard, it should be noted that, for the year 2023, the following were submitted to the Board of Directors and to the Control and Risk Committee:

- periodic alignments and in-depth analyses on the overall progress of the activities reported in the "intervention plan" aimed at guaranteeing – over a multi-year horizon – the gradual adaptation to the expectations defined by the ECB in its "Guide on climate-related and environmental risks" (a revised version of the plan was developed towards the end of the year on the basis of specific requests formulated by the Supervisory Body);
- updates to the quarterly reporting on the risk dynamics of credit and financial exposure portfolios (investments in securities) in terms of the impact of ESG factors;
- results and methodologies inherent to the activities of assessing the financial materiality of climate-related and environmental risks, conducted on an annual basis;
- approval of a new general Regulation dedicated to the governance and management of climate-related and environmental risk factors.





Among other things, the Sustainability Office oversees and monitors various sustainability-related activities, which are also relevant in terms of the Group's strategic positioning and for the consistent planning of related activities. To this end, in terms of ESG risk monitoring, a special synergy has been developed with the control functions that make up the so-called "second line of defence" of the internal control system (namely, the Compliance and Risk Management Functions).

It should be noted that, in addition to the existing Sustainability Management Committee (established during 2021 with responsibility for coordinating, at the top management level, the initiatives and activities carried out by the organisational structures of the Bank and of its subsidiaries in compliance with the sustainability guidelines defined by the Board of Directors, contributing to more robust monitoring of the associated risks), during 2023 a new Sustainability Board Committee was established. The Committee is responsible for carrying out specialist support functions to the Board of Directors, adopting an investigative, consultative and proactive role in evaluating the sustainability factors considered fundamental for the medium to long term strategy and their translation into the Bank's policies.

The Risk Control Service (Chief Risk Officer Area), within which the Integrated Risks Office operates, with the task of coordinating and overseeing the issue across the board, is responsible for identifying, assessing, measuring and monitoring exposures to ESG and associated risks. To these ends, it ensures their gradual integration into the relevant internal regulations, processes, procedures, support systems, data and senior risk reporting. Specifically, the Service supports and coordinates the gradual incorporation of sustainability risk factors – particularly focusing on risk profile relating to climate change and environment – in the corporate and Group risk management and reporting systems; it supervises and, for the aspects within its competence, oversees the performance of internal stress tests and those required by the Supervisory Authorities pertaining to ESG drivers; it also supervises the drafting of public disclosure, applying the ESG Pillar 3 regulations.


The Compliance and DPO Function supports the Sustainability Office in its efforts to monitor the applicable ESG regulations and to manage the associated compliance risks.

The Internal Audit Service, which has a third-level control role, is responsible for assessing the adequacy and functionality of the ESG risk management system adopted by the Bank and the Group as a whole.

The impacts on the organisation and on the operational and control processes on ESG-related risks are modulated in a coherent and proportional manner to the assessments made regarding their materiality. The important activities relating to the identification, management, control and mitigation of ESG risks support the allocation of responsibilities along the three lines of company defence and allow calibrating the appropriate ESG training activities, assessing the available capacity and human and financial resources, and determining any need to improve the various structures involved.





Risks associated with the topic

ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Environmental	Environment, climate change and C&E risks management	Credit and counterparty risk	<p>Credit risks in the short, medium and/or long term which could negatively impact the creditworthiness of the counterparty and/or the value of the real estate guarantees used to secure the loans. Such risks are associated with:</p> <ul style="list-style-type: none"> the granting of loans to parties operating in geographical areas/production sectors exposed to the risk of climate change due to the chronic nature of extreme weather events; the granting of loans to parties operating in geographical areas/production sectors exposed to the risk of climate change due to extreme weather events becoming increasingly serious; the possible financial loss, direct or indirect, as a result of the counterparty's adjustment process towards a low-carbon economy. This situation may be brought about, for example, by sudden or unexpected changes in climate-related and environmental policies, technological progress or changes in market confidence and preferences. 	<ul style="list-style-type: none"> ESG Credit Policy; Calculation of an internal quantitative scoring system for assessing the risk level of individual counterparties and implementation of the same within the credit granting process (pricing, escalation of the decision-making body); Implementation of a dedicated "ESG Due Diligence" process, in the context of credit granting, defined with the aim of carrying out a precise and timely assessment of the vulnerability of counterparty companies to C&E factors.
	Environment, climate change and C&E risks management	Real Estate Risk	Risk of incurring losses resulting from changes in the value of the real estate portfolio owned by the Group, following the occurrence of extreme weather events of an acute or chronic nature and following the issuing of "strict" regulations on the energy classes of buildings.	<ul style="list-style-type: none"> Property insurance policies; Improvement of energy efficiency of buildings.







ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Environmental	Environment, climate change and C&E risks management	Market / Liquidity risk	<p>Risks of a financial nature (market, liquidity and funding risks) which could affect significant portions of customers and/or issuers of financial instruments held in the Bank's portfolio resulting from:</p> <ul style="list-style-type: none"> the consequences of extreme environmental events, of an acute or chronic nature; the possible financial loss, direct or indirect, as a result of the counterparty's adjustment process towards a low-carbon economy. This situation may be brought about, for example, by sudden or unexpected changes in climate-related and environmental policies, technological progress or changes in market confidence and preferences. 	<ul style="list-style-type: none"> ESG Investment Policy; Use of a rating (acquired from an external provider) to evaluate the riskiness of issuers from a sustainability perspective.
	Environment, climate change and C&E risks management	Operational Risk	<p>Risks associated with:</p> <ul style="list-style-type: none"> exposure to operational losses deriving from legal disputes due to relationships with debtor or supplier companies that are highly polluting and/or poorly sensitive to the impacts of their operations on the climate and the environment (e.g. companies that do not adopt plans to contain greenhouse gas emissions, aimed at achieving global decarbonisation objectives); restoration costs incurred following extreme natural events that cause material damage to real estate and capital assets owned by the Group and/or any complaints and legal disputes linked to interruptions or disruptions in business operations as a consequence of such extreme natural events (including for damage caused to the production sites of third-party suppliers of critical services). 	<ul style="list-style-type: none"> Group Environmental Policy; Business continuity and disaster recovery plans pertaining to the bank and to third-party suppliers of critical services; Insurance policies on corporate properties and server farms.

ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Environmental	Environment, climate change and C&E risks management	Reputational risk	Risks associated with: <ul style="list-style-type: none"> • exposure to reputational damage due to: i) relationships with debtor or supplier companies that are highly polluting and/or poorly sensitive to the impacts of their operations on the climate and the environment; ii) complaints and legal disputes with customers resulting from extreme environmental events capable of causing interruptions in business operations and/or critical services provided by third parties; • the adoption of workplace organisation models that are poorly oriented towards promoting forms of mobility that are sustainable for the environment and/or remote working arrangements with a view to reducing energy consumption; • media coverage of legal actions or sanctions resulting from: a) failure to comply with laws, regulations, self-regulation codes, internal procedures and/or codes of conduct on environmental matters applicable to the Group; b) unfair and deceptive greenwashing commercial practices. 	<ul style="list-style-type: none"> • ESG Credit Policy; • Group Environmental Policy; • Home-work travel plan for the Sondrio (headquarters) and Milan (BPS and Factorit offices) offices, with the aim of promoting the reduction of the use of individual private vehicles, to the advantage of more environmentally sustainable travel methods.
	Environment, climate change and C&E risks management	Strategic and business risk	<ul style="list-style-type: none"> • Strategic and business risks potentially associated with the failure to offer products and services aimed, on the one hand, at counteracting customer exposure to risks deriving from climate change and, on the other, at supporting businesses in the transition towards climate neutrality; • Strategic and business risks potentially associated with the impact of the energy transition on the Bank's profitability. 	<ul style="list-style-type: none"> • Representation of the strategic guidelines for Sustainability in a dedicated section of the 2022-2025 "Next Step" Business Plan (e.g. joining the Net-Zero Banking Alliance); • Offer of sustainable "Next" credit products and provision of financing intended to provide financial support for projects/interventions/initiatives for adaptation to the energy transition and environmental rehabilitation; • Attention to environmental sustainability and climate change when offering financial investments to customers.







ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Environmental	Sustainable finance and responsible credit	Credit and counterparty risk	Credit risks related to the limited/ inadequate integration of ESG factors in credit management processes and the consequent granting of loans to entities operating in production sectors that are normatively/technologically/fundamentally affected by the transition towards a low-carbon economy.	<ul style="list-style-type: none"> • Sustainability Policy; • ESG Credit Policy; • Calculation of an internal quantitative scoring system for assessing the risk level of individual counterparties and implementation of the same within the credit granting process (pricing, escalation of the decision-making body); • Implementation of a dedicated "ESG Due Diligence" process, in the context of credit granting, defined with the aim of carrying out a precise and timely assessment of counterparties from a sustainability perspective; • Offer of sustainable "Next" credit products and provision of financing intended to provide financial support for projects/interventions/initiatives for adaptation to the energy transition and environmental rehabilitation; • Structured corporate processes aimed at the governance and control of credit products (product governance) with environmental sustainability characteristics; • Wide range of "ESG-oriented" banking and financial products/ services offered to customers (e.g. current accounts and financing for sustainable purposes, purchase/advance of tax credits from the Ecobonus/Sismabonus/Superbonus schemes).

ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Environmental	Sustainable finance and responsible credit	Market / Liquidity risk	Financial risks (market, liquidity and funding) deriving from the inability to retain investors/counterparties due to poor or irrelevant offer of financial products/instruments capable of combining economic returns with ethical, social and/or environmental/climate-related objectives.	<ul style="list-style-type: none"> • ESG Investment Policy; • Wide range of “green” products/services offered to customers (e.g. Fondi Etica Sgr, Green Bond, etc.); • Control instruments relating to sustainable or green emissions: certification through internal audits, Second Party Opinions and External Reviews; • Business conducted according to ethical principles of transparency and professionalism in order to ensure: (i) the adequate understanding of the products/services offered, taking into account the customer’s level of financial literacy, characteristics and risk profile; (ii) the provision of suitable products/services based on the customer’s characteristics and risk profile, as well as the preferences expressed by the latter, including in terms of Sustainability.







ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Social	Sustainable finance and responsible credit	Operational Risk	Operational risks of a compensatory nature, which could give rise to complaints and disputes connected to omissions, inadequacies, violations of obligations and information and transparency rules with reference to responsible finance and credit products/services offered to customers.	<ul style="list-style-type: none"> • Internal control system; • Business conducted according to ethical principles of transparency and professionalism in order to ensure: (i) the adequate understanding of the products/services offered, taking into account the customer's level of financial literacy, characteristics and risk profile; (ii) the provision of suitable products/services based on the customer's characteristics and risk profile, as well as the preferences expressed by the latter, including in terms of sustainability.
	Sustainable finance and responsible credit	Reputational risk	Reputational risks associated with: <ul style="list-style-type: none"> • the loans granted to companies operating in production sectors/countries perceived as inadequate by public opinion and customers to support the transition towards a low-carbon economy and/or loans to companies operating in countries/sectors controversial in terms of respect for laws and human rights; • the perceived deficient/untruthful/improper offer of financial products and/or instruments able to combine economic performance with environmental sustainability objectives (greenwashing) or ethical and social ones; • the lack of or inadequate promotion of financial economic training initiatives and/or consultancy support for customers in the context of the dissemination of ESG issues; • omissions, inadequacies, infringement of disclosure/transparency obligations regarding the products/services offered to customers. 	<ul style="list-style-type: none"> • Wide range of "ESG-oriented" banking and financial products/services offered to customers (e.g. current accounts and financing for sustainable purposes, purchase/advance of tax credits from the Ecobonus/Sismabonus/Superbonus schemes); • ESG Credit Policy; • ESG Investment Policy; • Adoption of an "Organisation, management and control model" and of a Code of Ethics pursuant to Italian Legislative Decree 231/2001; • Subject to periodic assessments by third-party agencies for the purposes of assigning solvency/sustainability ratings.

ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Social	Sustainable finance and responsible credit	Strategic and business risk	Strategic and business risks deriving from: <ul style="list-style-type: none"> the inability to attract new investors/ customers/counterparties due to poor or unrecognised (greenwashing) offer of financial products/instruments capable of combining economic performance with environmental sustainability targets and/ or ethical and social targets; the partial or complete lack of meeting customer needs in relation to responsible investments aimed at promoting transition towards a sustainable economy or supporting specific social issues. 	<ul style="list-style-type: none"> Representation of the strategic guidelines for sustainability in a dedicated section of the 2022-2025 "Next Step" Business Plan (e.g. joining the Net-Zero Banking Alliance); ESG Credit Policy; ESG Investment Policy.
	Support to the community and ties with the local area	Credit and counterparty risk	Credit-related risks associated with the financial support provided to local businesses facing with economic difficulties/ crises.	<ul style="list-style-type: none"> Definition of debt restructuring plans or activation of suspensions/ extensions of loan periods; Structured process for the granting and monitoring of credit based on timely analysis of the creditworthiness and solvency of the loan applicant and constant verification of requirements over time.
		Reputational risk	Reputational risks associated with:	<ul style="list-style-type: none"> Representation of the strategic guidelines for sustainability in a dedicated section of the 2022-2025 "Next Step" Business Plan; Sustainability Policy Adoption of economic support policies for local businesses, as well as promotion of environmental and social activities.







ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Social	Support to the community and ties with the local area	Strategic and business risk	Risk of a strategic and business nature deriving from the possible loss of customers following the erosion of the territorial link with the same and the lack of attention towards the availability of specific products satisfying the needs of one's reference/local territory.	<ul style="list-style-type: none"> • Representation of the strategic guidelines for sustainability in a dedicated section of the 2022-2025 "Next Step" Business Plan; • Sustainability Policy; • Adoption of economic support policies for local businesses, as well as promotion of environmental and social activities.
	Enhancement of human resources	Operational Risk	Operational risks involving compensation claims associated with: <ul style="list-style-type: none"> • failure/inadequate compliance with the applicable regulations on occupational health and safety, the agreements entered into with trade unions and/or the contractual/regulatory obligations envisaged regarding the employment relationship; • unfair conduct intended to create discomfort at work or compromise the psychophysical health of workers (e.g. demotion, deskilling, mobbing, straining). Operational risks involving organisation associated with: <ul style="list-style-type: none"> • lack of adequately trained and qualified personnel and/or lack of/inadequate promotion of training initiatives; • staff dissatisfaction with adverse effects on productivity levels; • inability to attract new "talent" or retain staff already hired, with a consequent increase in employee turnover and repercussions on productivity as well as on business competitiveness. 	<ul style="list-style-type: none"> • Sustainability Policy; • Adoption of suitable incentive mechanisms/policies; • Training and professional development programmes; • Adoption of corporate welfare measures designed to promote employee well-being; • Access to flexible forms of working (part-time, remote working, delocalisation) (HWTP); • Internal regulations on personnel management; • Full respect for the rights to exercise trade union freedoms and activities; maintaining smooth and cooperative relations with trade unions, as well as compliance with the applicable rules regarding the employment relationship.

ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Social	Enhancement of human resources	Risk of regulatory non-compliance	Risk of regulatory non-compliance associated with the failure/inadequate compliance with the applicable regulations on occupational health and safety, the agreements entered into with trade unions and/or the contractual/regulatory obligations envisaged regarding the employment relationship.	<ul style="list-style-type: none"> • Installation/maintenance of adequate physical devices compliant with current regulations on occupational health and safety (Italian Legislative Decree 81/2008); • Subscription of dedicated insurance policies covering occupational (and non-occupational) injuries; • Internal regulations on personnel management.
	Enhancement of human resources	Reputational risk	Reputational risks associated with: <ul style="list-style-type: none"> • inadequate/poor corporate welfare system for internal staff; • disputes initiated by employees and/or existence of specific cases with a negative impact on the bank published in the media (due to direct oppressive behaviour, failure to comply with regulations regarding employment relationships, occupational health and safety, trade union agreements, etc.). 	<ul style="list-style-type: none"> • Sustainability Policy; • Adoption of suitable incentive mechanisms/policies; • Training and professional development programmes; • Adoption of corporate welfare measures designed to promote employee well-being; • Access to flexible forms of working (part-time, remote working, delocalisation) (HWTP); • Internal regulations on personnel management.
	Diversity and Equal Opportunity	Credit and counterparty risk	Credit-related risks associated with the limited/inadequate integration of ESG factors in credit management processes and the consequent granting of loans to weaker/disadvantaged categories of the population because of their doubtful creditworthiness or excessive indebtedness.	<ul style="list-style-type: none"> • Reliance on “salary/pension-backed” and “payment delegation” products offered by the Banca della Nuova Terra subsidiary, aimed at social inclusion.







ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Social	Diversity and Equal Opportunity	Operational Risk	Operational risks involving compensation claims associated to: <ul style="list-style-type: none"> the adoption of practices that are discriminatory and harmful to equal opportunity rights (e.g. failure to respect the principles of inclusion/mobbing/harassment); the adoption of anti-union conduct; the application of unequal conditions (including wages). 	<ul style="list-style-type: none"> Guidelines on Diversity and Inclusion; Sustainability Policy; Internal reporting system (whistleblowing); Equal opportunities commission; Internal regulations on personnel management (provisions on the prevention of harassment, violence and abuse of power in the workplace); Regulation on diversity in the composition of the Board of Directors and the Board of Statutory Auditors.
	Diversity and Equal Opportunity	Reputational risk	Reputational risks associated to: <ul style="list-style-type: none"> the adoption of practices that are discriminatory and harmful to equal opportunity rights (e.g. failure to respect the principles of inclusion/mobbing/harassment); the adoption of anti-union conduct; the application of unequal conditions (including wages). 	<ul style="list-style-type: none"> Guidelines on Diversity and Inclusion; Sustainability Policy; Internal reporting system (whistleblowing); Equal opportunities commission; Internal regulations on personnel management (provisions on the prevention of harassment, violence and abuse of power in the workplace); Regulation on diversity in the composition of the Board of Directors and the Board of Statutory Auditors; The Bank's membership of the "Valore D" project and the signing of ABI's "Women in Banking Charter".

ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Social	Diversity and Equal Opportunity	Risk of regulatory non-compliance	Related risk of regulatory non-compliance: <ul style="list-style-type: none"> the adoption of practices that are discriminatory and harmful to equal opportunity rights (e.g. failure to respect the principles of inclusion/mobbing/harassment); the adoption of anti-union conduct; the application of unequal conditions (including wages). 	<ul style="list-style-type: none"> Adoption of an "Organisation, management and control model" and of a Code of Ethics pursuant to Italian Legislative Decree 231/2001.
	Human rights	Credit and counterparty risk	Credit-related risks associated with the granting of loans to parties operating in controversial sectors/countries in terms of their respect for laws and human rights.	<ul style="list-style-type: none"> ESG Credit Policy.
	Human rights	Operational Risk	Operational risks of a compensatory nature related to complaints, disputes and/or controversies concerning the adoption of discriminatory practices aimed at violating the human rights of the Bank's employees/collaborators/suppliers.	<ul style="list-style-type: none"> Sustainability Policy; Adoption of an "Organisation, management and control model" and of a Code of Ethics pursuant to Italian Legislative Decree 231/2001.
	Human rights	Reputational risk	Reputational risks associated with: <ul style="list-style-type: none"> the perceived deficient or untruthful offer of financial products/instruments able to combine economic performance with ethical and social targets aimed at guaranteeing the protection of human rights; the granting of loans to parties operating in controversial sectors/countries in terms of their respect for laws and human rights; the occurrence of events with a negative social impact caused by individuals to whom the bank makes donations. 	<ul style="list-style-type: none"> Sustainability Policy; ESG Credit Policy; ESG Investment Policy; Adoption of an "Organisation, management and control model" and of a Code of Ethics pursuant to Italian Legislative Decree 231/2001.
	Human rights	Risk of regulatory non-compliance	Risk of regulatory non-compliance connected to the adoption of discriminatory practices aimed at violating the human rights of the Bank's employees/collaborators/suppliers.	<ul style="list-style-type: none"> Sustainability Policy; Adoption of an "Organisation, management and control model" and of a Code of Ethics pursuant to Italian Legislative Decree 231/2001.







ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Governance	Integrity and fight against corruption	Operational Risk	Operational risks involving compensation claims associated to: <ul style="list-style-type: none"> • non-compliance or inadequate compliance with laws, regulations, self-regulation codes, internal procedures and codes of conduct; • disputes and/or controversies linked to crimes such as corruption, tax evasion, extortion, etc. and any other crime that may damage the reliability and credibility of the bank. 	<ul style="list-style-type: none"> • Internal control system; • Sustainability Policy; • Adoption of an "Organisation, management and control model" and of a Code of Ethics pursuant to Italian Legislative Decree 231/2001; • Internal reporting system (whistleblowing).
	Integrity and fight against corruption	Reputational risk	Reputational risks associated with: <ul style="list-style-type: none"> • non-compliance or inadequate compliance with laws, regulations, self-regulation codes and codes of conduct, also following employees' whistleblowing reports; • disputes and/or controversies linked to crimes such as corruption, tax evasion, extortion, etc. and any other crime that may damage the reliability and credibility of the bank. 	<ul style="list-style-type: none"> • Internal control system; • Sustainability Policy; • Adoption of an "Organisation, management and control model" and of a Code of Ethics pursuant to Italian Legislative Decree 231/2001; • Internal reporting system (whistleblowing).
	Integrity and fight against corruption	Risk of regulatory non-compliance	Risk of regulatory non-compliance involving compensation claims due to non-compliance/inadequate compliance with laws, regulations, self-regulation codes, internal procedures and codes of conduct.	<ul style="list-style-type: none"> • Internal control system; • Sustainability Policy; • Adoption of an "Organisation, management and control model" and of a Code of Ethics pursuant to Italian Legislative Decree 231/2001; • Internal reporting system (whistleblowing).

ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Governance	Privacy and IT security	Operational Risk	Operational risks of an IT nature which may cause disputes and requests for indemnity/compensation and possible recovery costs attributable to: <ul style="list-style-type: none"> fraudulent violations (also perpetrated through cybernetic attacks) of company systems, aimed at the theft/disclosure of confidential data (data breaches) or at the theft of codes/credentials for the execution of fraudulent payment orders; unavailability/malfunctioning of IT systems and/or the technological infrastructure supporting the distribution of products/services to customers; poor management and/or protection of customers' personal data. 	<ul style="list-style-type: none"> Adoption of structured risk management models attributable to IT system security profiles, and the management and protection of personal data (certified according to the ISO/IEC 27001:2013 and ISO/IEC 27701:2019 standards); Underwriting of insurance policies to cover cyber threats and risks associated with the loss of confidentiality of data managed during business operations.
	Privacy and IT security	Reputational risk	Reputational risks associated with: <ul style="list-style-type: none"> fraudulent violations (also perpetrated through cybernetic attacks) of company systems, aimed at the theft/disclosure of confidential data (data breaches) or at the theft of codes/credentials for the execution of fraudulent payment orders; interruption of services due to malfunctioning of hardware/software equipment, organisational procedures and/or malfunctioning caused by human errors; poor management and/or protection of customers' personal data. 	<ul style="list-style-type: none"> Awareness-raising activities in relation to customers on cyber threats and on the correct management and confidentiality of credentials for using internet banking services; Adoption of structured risk management models attributable to IT system security profiles, and the management and protection of personal data (certified according to the ISO/IEC 27001:2013 and ISO/IEC 27701:2019 standards).
	Privacy and IT security	Risk of regulatory non-compliance	Risk of regulatory non-compliance involving compensation claims attributable to the inadequacy of the operational/IT safeguards put in place to guarantee the processing and protection of confidential data.	<ul style="list-style-type: none"> Internal control system; Security and ICT risk analysis process; Adoption of structured risk management models attributable to IT system security profiles, and the management and protection of personal data (certified according to the ISO/IEC 27001:2013 and ISO/IEC 27701:2019 standards).





ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Governance	Financial solidity and economic performance	Reputational risk	Reputational risks associated with: <ul style="list-style-type: none"> • weaknesses in capital structure or economic/financial imbalances, with consequences in terms of inadequate profitability/remuneration of capital, also due to the failure to define and/or implement strategic guidelines inspired by sustainability-related aspects or not responding to stakeholder expectations; • publication in the media of denigrating information regarding the Group and its economic/financial solidity and performance. 	<ul style="list-style-type: none"> • Representation of the strategic guidelines for sustainability in a dedicated section of the 2022-2025 "Next Step" Business Plan; • Group's Policy.
	Financial solidity and economic performance	Strategic and business risk	Strategic and business risks associated with: <ul style="list-style-type: none"> • failure to/incorrectly define and/or implement strategic guidelines inspired by sustainability issues or which do not respond to stakeholder expectations; • incorrect business planning and management decisions with repercussions on the profitability and competitiveness of the bank, in particular when there is a lack of prompt reaction towards changes in the macro and micro-economic competitive context. 	<ul style="list-style-type: none"> • Representation of the strategic guidelines for sustainability in a dedicated section of the 2022-2025 "Next Step" Business Plan; • Adoption of an "Organisation, management and control model" and of a Code of Ethics pursuant to Italian Legislative Decree 231/2001; • Adoption of structured planning processes • CFO area overseeing the Group's financial activities.

ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Governance	Innovation and digital transformation	Operational Risk	Operational risks involving organisation associated with: <ul style="list-style-type: none"> the bank's entry into new areas of digital operation and/or the adoption of new distribution channels, also attributable to a lack of adequately trained and qualified personnel for the management of these new methods of contact with the public and customer support; the interruption of regular business operations for customers following dysfunctions or malfunctions of the online banking and internet banking channels; the interruption of employees' regular business operations following malfunctions of the management systems used and/or problems related to the operation of the corporate network. Operational risks associated with inadequacies of the infrastructure and technological resources used at a corporate level in terms of comparison with competitors and with current market best practices. Risks of compensation claims associated with the failure to apply/inadequate application of principles and techniques for the design, building, maintenance and update of digital systems (websites and mobile applications) aimed at ensuring accessibility, inclusiveness and usability for people with disabilities. 	<ul style="list-style-type: none"> Presence of "accessible versions" of websites and online services; Structured process for the advance approval of operational innovations; Adequate prior training of staff with regard to operational innovations; Adoption of a structured risk management system addressing unavailability and malfunctioning of IT systems; Adequate, clear and usable instructions and rules to follow, made available to customers for new digital services offered.
	Innovation and digital transformation	Reputational risk	Reputational risks associated with: <ul style="list-style-type: none"> the failure to apply/inadequate application of principles and techniques for the design, building, maintenance and update of digital systems (websites and mobile applications) aimed at ensuring accessibility, inclusiveness and usability for people with disabilities; unavailability/malfunctioning of IT systems and the technological infrastructure supporting the distribution of products/services to customers; the interruption of regular business operations for customers following dysfunctions or malfunctions of the online banking and internet banking channels; inadequacies of the infrastructure and technological resources used at a corporate level in terms of comparison with competitors and with current market best practices. 	<ul style="list-style-type: none"> Presence of "accessible versions" of websites and online services; Adequate, clear and usable instructions and rules to follow, made available to customers for new digital services offered.






ESG dimension (Environmental, Social and Governance)	Material topic	Type of traditional banking risk	Description of the risk factors	Risk factor management methods
 Governance	Innovation and digital transformation	Risk of regulatory non-compliance	Risk of regulatory non-compliance associated with the failure to apply/ inadequate application of principles and techniques for the design, building, maintenance and update of digital systems (websites and mobile applications) aimed at ensuring accessibility, inclusiveness and usability for people with disabilities.	<ul style="list-style-type: none"> • Presence of “accessible versions” of websites and online services; • Structured process for the advance approval of operational innovations; • Adequate prior training of staff with regard to operational innovations; • Adoption of a structured risk management system addressing unavailability and malfunctioning of IT systems; • Adequate, clear and usable instructions and rules to follow, made available to customers for new digital services offered.



Photo by: **Alessia Dell’Oca**, Integrated Risks Office  Lake Pirola, Valmalenco (Sondrio)

Methodological note

The Group's NFS is drafted in accordance with Italian Legislative Decree 254/2016 and the GRI Standards

Legal framework and reporting standards

The Group's NFS was drafted in accordance with Italian Legislative Decree 254/2016 concerning the disclosure of non-financial information of certain large and public-interest companies and the Global Reporting Initiative Sustainability Reporting Standards, updated in 2021 by the Global Reporting Initiative (hereinafter referred to as "GRI"), based on the "in accordance" option. Additionally, the Financial Services Sector Disclosures, defined by the GRI in 2013, were also adopted.

The GRI is an organisation established with the aim of helping both the public and private sectors to understand, measure and communicate the impact that any activity can have on the various ESG dimensions of sustainability and its various aspects.

The NFS was also prepared taking into consideration the publications of the European Securities and Markets Authority (ESMA) and Italy's financial markets supervisor (CONSOB).

The main purpose of the NFS is to ensure an understanding of the Group's policies, organisational model, risks and performance indicators and the related results, with particular regard for the social aspects associated with the management of staff, environmental protection, the fight against active and passive corruption, and respect for human rights.

Following the acquisition of the ESGeo software for monitoring and reporting on sustainability performance, and in light of the most recent organisational development, the Bank has updated the procedure formalising the NFS disclosure process.

This regulation places particular emphasis on certain key aspects:

- the corporate structures involved;
- the organisation of the data and information collection flow;
- the controls of the qualitative and quantitative data and information collected;
- the definition of the calculation methodologies used to analyse and present data in the NFS.

This Consolidated Non-Financial Statement was approved by the Board of Directors of Banca Popolare di Sondrio SpA on 15 March 2024 and is subject to limited review by EY SpA.



The results of the audits carried out pursuant to Article 3, paragraph 10 of Italian Legislative Decree 254/2016 and CONSOB Regulation no. 20267 are included in the "Independent Auditor's Report", which can be found at the end of this document. Audits are carried out on the basis of the "limited assurance engagement" procedure, in accordance with the criteria set out by ISAE 3000 (Revised).

With reference to the ESG Risks paragraph and the Environment section, the Bank has also taken into account the European Commission's Guidelines on non-financial reporting in relation to climate-related information published in June 2019.

In particular, in light of the November 2020 ECB "Guide on climate-related and environmental risks", the Bank considered the guidance in Annex I "Further guidance for banks and insurance companies".

Information related to the European Commission's Guidelines on non-financial reporting with respect to the management of the main risks in the field is clearly identifiable within the NFS through a specific infographic.

Moreover, in line with the targets set in its Business Plan, in 2023 the Bank supported the TCFD Recommendations, and on an annual basis it prepares its TCFD Report, published as an attachment to the NFS.

In defining the content and quality of its reporting, the Bank applies the following reporting standards, as defined by GRI 1:

- **Accuracy:** the reported information is correct and with sufficient detail to allow an assessment of its impacts;
- **Balance:** the reported data reflect both the negative and positive aspects of the Group's results, so as to allow for a weighted assessment of the overall performance;
- **Clarity:** data is made available both in paper format and on the Bank's website, in a way that is easily accessible, usable and understandable to the stakeholders who use it;
- **Comparability:** the information is selected, compiled and reported in a consistent manner to enable an analysis of changes in impacts over time and an analysis of these impacts relative to those of other organisations;
- **Completeness:** the data is sufficient to allow for an assessment of the impacts during the reporting period;
- **Sustainability context:** the information relating to impacts is reported in the wider context of sustainable development;
- **Timeliness:** the NFS is published annually at the same time as the financial reports and in a timely manner to ensure the reliability of the data, including any revisions of previous disclosures;
- **Verifiability:** the reported information can be examined to establish its truthfulness and to determine the extent to which the reporting standards have been applied.



In line with the previous year, this document includes additional information regarding the approach to the Taxonomy, required pursuant to Article 8 of Regulation (EU) 2020/852, clearly and separately identifiable in the “Taxonomy: eligibility disclosure pursuant to Article 8 of Regulation (EU) 2020/852”.

The data and information reported are validated by the managers of the relevant business functions, processed based on evidence that proves their existence, completeness and accuracy, and reviewed by the Top Management and shared with the Sustainability Committee.

Preparation for the implementation of the CSRD

Directive 2022/2464 (Corporate Sustainability Reporting Directive or “CSRD”) will bring about a fundamental revolution in non-financial reporting, significantly expanding the number of companies subject to this type of reporting and the amount of information to disclose. The legislation provides for the use of the European Sustainability Reporting Standards (ESRS), new common and mandatory standards at the EU level to ensure greater comparability of information, developed by the European Financial Reporting Advisory Group (EFRAG). The ESRS will be compatible with systems already widely used internationally, such as TCFD, GRI, SASB, IIRC and CDP. BPS has created a working group that involves all the business areas involved in this change in the world of reporting, with the aim of identifying the gaps to ensure the correct implementation of the legislation and of the ESRS, defining an action plan for the drafting of the first report according to the new requirements and reorganising the relative processes and internal regulations.





Reporting period and scope

The reporting scope coincides with that of the financial statements and includes the fully consolidated companies, thus allowing for an understanding of the Group's business, its performance and results. This scope does not include companies with non-material sustainability performance and impacts (assessed in terms of the number of employees and type of business carried out), such as: PopsoCovered Bond Srl, Sinergia Seconda Srl – for which the data relating to waste are reported –, Immobiliare San Paolo Srl, Immobiliare Borgo Palazzo Srl, PrestiNuovaSrl - Agenzia in Attività Finanziaria, Servizi Internazionali e Strutture Integrate 2000 Srl, Pirovano Stelvio SpA (for which only the data relating to the GRI 300 are reported) and Rent2go Srl.

Any additional scope limitations on specific indicators have been reported in the GRI Content Index at the end of this NFS, justified within the document, and they are due either to lack of relevance in terms of impact on the consolidated figure, or to the unavailability of information for certain Group subsidiaries. These limitations do not compromise the representative nature of the Group's results and activities, as required by Italian Legislative Decree 254/2016.

In this regard, it should be noted that, with reference to the information required by Article 3, paragraph 2, in view of the Group's business sector, water consumption was not considered significant for the purpose of ensuring an understanding of the business, since it only pertains to domestic use.

The reporting year to which this report refers is 2023 and, as required by GRI Standards, KPIs used are compared with the two previous years, 2022 and 2021.

This edition of the NFS is also available on the Bank's website, at <https://istituzionale.popso.it/en/sustainability/non-financial-report>.



The table below shows the correlation between the areas mentioned in Article 3, paragraph 2 of Italian Legislative Decree 254/2016 and the material topics that form the basis of this report.

Areas mentioned in the Italian Legislative Decree 254/2016	Material topics
Social	Support to the community and ties with the local area
	Financial solidity and economic performance
	Innovation and digital transformation
Personnel-related	Enhancement of human resources
Respect for human rights	Human rights
	Diversity and Equal Opportunity
Fight against active and passive corruption	Privacy and IT security
	Integrity and fight against corruption
Environmental	Environment, climate change and C&E risks management
	Sustainable finance and responsible credit





Reporting process

The process of collecting data and information, and drafting the NFS, formalised in a specific Procedure approved on 04/11/2021 and updated on 31/01/2024, is coordinated and managed by the Parent Company's Sustainability Office, in collaboration with the contact persons of the Group's offices and companies responsible for the various areas and directly involved in the document drafting process. The main steps involved in drafting the NFS are outlined below.



Materiality update and approval

■ Context analysis

Collection of information and understanding of the approach adopted by the main comparable companies, with reference to the management and communication of non-financial data. Specifically, sector research is carried out aimed at verifying whether and how the information available in non-financial reporting (latest version published online) allows the Bank to respond to the requirements set out by the Decree (business model, policies implemented, results, risks). In addition to the topics explicitly referred to in the Decree, the topics considered as “material” for the financial sector by international guidelines and reference standards are considered.

■ Identification of actual and potential impacts

Based on what is defined by the GRI Standards, in relation to the topics reported in the period prior to what emerged during the context analysis, the most recurring GRI topics are first identified and, subsequently, the main impacts are defined, namely the effects that the Bank has or may have on economic, environmental and social aspects, including human rights, as a result of its activities or business relationships.

The impact assessment is carried out first through a desk analysis and, subsequently, directly involving the Bank’s main stakeholders through questionnaires, one-to-one meetings, workshops and working groups.

■ Stakeholder engagement

Periodically the Group involves its stakeholders in an engagement activity aimed at evaluating and updating the scope attributed to each positive or negative, current or potential impact.

■ Impact prioritisation

Following the stakeholder engagement activities, the Bank assesses the significance of the impacts identified, ordering them from the most to the least important, thus establishing a minimum value – or threshold – to determine which of them will be the focus of reporting. To facilitate the prioritisation activity, the impacts are grouped into “topics”, coherently aggregating those related to the same subject. The topics are then ordered, based on their scope, from the most significant to the least significant, consequently determining which ones will be illustrated in the reporting, starting with those deemed to have the highest priority.

■ Preparation and validation of the materiality

Following the activities described in the previous points, the list of material topics that will be the subject of reporting is prepared, in line with the activities and targets defined in the Business Plan, as well as with the Sustainable Development Goals (SDGs).

In particular, information is first provided to the Sustainability Management Committee regarding the phases of the materiality analysis. Subsequently, the Sustainability Committee examines the material topics, assessing their consistency with the Business Plan and to the targets of the Bank’s sustainability strategy. Finally, the resulting list of material topics is submitted to the BoD for approval.

In 2023, for the first year, the list of material topics is approved by the Board of Directors



Definition of NFS contents (indicators and disclosures)

Based on the results obtained in the previously described stage, the Sustainability Office identifies and selects the indicators and disclosures to be included in the NFS in order to meet the requirements set out in Article 3 of Italian Legislative Decree 254/2016. After the contents of the NFS have been selected, a draft table of contents for the document is prepared.

Start of the data collection and approval process and NFS drafting

- For each material topic, the relevant contributors and approvers are identified from among the competent Offices, who will respectively be responsible for compiling and approving the data collection schedules:
 - after compiling the schedules, contributors perform a first-level check on the data and information collected;
 - the approvers carry out controls on the consolidated schedules, ask for clarifications where necessary, make changes where appropriate, and notify the Sustainability Office upon completion of the validation activity.
- The Sustainability Office collects all the received information, verify its consistency, and seeks clarification from the approvers where necessary.
- The Sustainability Office prepares the draft NFS.
- The Service Heads examine the draft NFS, evaluating its coherence and correctness for their areas of expertise.

Validation and approval of the draft NFS

The Sustainability Office prepares the draft of the NFS, which is also preliminarily shared with the legal independent auditors and draws up suitable documentation so that the Sustainability Management Committee, the Sustainability Committee and the Control and Risk Committee respectively can examine the information and formulate any relevant observations and suggestions.

Once the contents have been approved, it forwards the NFS to the BoD for approval, which is carried out within the same timeframe as the financial statements. The Bank's Directors are responsible for ensuring that the NFS is drafted and published in accordance with applicable regulations. Once approved, within the deadline for submitting the draft financial statements, the NFS is submitted to the Control Bodies (Board of Statutory Auditors and Independent Auditor).

Independent Auditor's Report







Subsequently, pursuant to Italian Legislative Decree 254/2016, the NFS is audited for compliance by an independent auditor. For this purpose, the Sustainability Office, in cooperation with contributors and approvers, provides documentary evidence where requested by the auditor.

Publication

Finally, the NFS is made available to Shareholders and the public within the same deadlines and in the same manner as the draft financial statements, notably through publication on the Bank's website, from which the document can be downloaded.




Roles and responsibilities for drafting the NFS

Corporate body or figure	Roles and responsibilities
 Board of Directors	<ul style="list-style-type: none"> • Approves the NFS; • annually approves the material topics covered by non-financial reporting; • guarantees that the NFS is drafted and published in compliance with the regulatory requirements.
 Board of Statutory Auditors	<ul style="list-style-type: none"> • Oversees compliance with the legal requirements for drafting of the NFS; • monitors the adequacy of the procedures and processes governing the drafting of the NFS.
 Independent Auditor	<ul style="list-style-type: none"> • Verifies that the NFS is prepared; • pursuant to Article 3, paragraph 10 of the Decree, certifies with a specific report the conformity of the information provided with the requirements of the Decree and the reporting standard used; audits are carried out on the basis of the limited assurance engagement procedure, in accordance with the criteria set out by ISAE 3000 (Revised).
 Sustainability Committee	<ul style="list-style-type: none"> • Reviews the NFS work plan; • closely examines the results of the materiality analysis, with the aim of assessing their consistency with the Business Plan and the objectives of the Bank's sustainability strategy; • examines the documentation for the approval of the list of material topics by the BoD prior to the latter receiving it; • examines the content of the NFS and of the TCFD Report attached to it, in light of the actions undertaken by the Group on the basis of the Industrial Plan and the results obtained during the fiscal year, before <ul style="list-style-type: none"> – the Control and Risk Committee, so that the latter can take it into account in carrying out its functions; – based on the subsequent submission to the BoD for the relevant decisions to be made.
 Sustainability Management Committee	<ul style="list-style-type: none"> • Coordinates the activities that lead to the identification of potentially relevant sustainability topics for the purposes of defining the material topics for the Group; • receives information from the Sustainability Office regarding the phases of the materiality analysis, examines the relevant documentation and provides ideas and recommendations for improvement; • examines the NFS and the TCFD Report attached to it, including through an appropriate summary prepared by the Sustainability Office, formulating any observations and suggestions, which are sent to the Sustainability Committee; • coordinates and monitors interface activities with relevant stakeholders and disclosure actions.
 Control and Risk Committee	<p>In line with its mandate, with reference to ESG and related risks, it assists the Board of Directors in the assessment of the compliance of the qualitative and quantitative information included in the NFS with the regulatory provisions and reporting standards, after consulting the independent auditor and the Board of Statutory Auditors.</p>






Corporate body or figure	Roles and responsibilities
 <p data-bbox="189 1219 340 1272">Sustainability Office</p>	<p data-bbox="389 480 756 506">On an annual basis, it is responsible for:</p> <ul data-bbox="389 512 1084 1938" style="list-style-type: none"> <li data-bbox="389 512 1084 591">• defining the work plan, ensuring that the timeframes for drafting the NFS comply with the provisions set out in the Decree, or are aligned with the financial reporting process; <li data-bbox="389 597 979 651">• bringing the NFS work plan to the attention of the Sustainability Committee; <li data-bbox="389 657 1059 757">• preparing and updating the materiality analysis, seeing to the active involvement of the main categories of stakeholders, in order to identify the positive or negative, current or potential impacts of the various sustainability issues; <li data-bbox="389 763 1084 863">• bringing the results of the materiality analysis to the attention of the Sustainability Committees (Managerial and Board), so that they can evaluate their alignment with the Business Plan and with the objectives of the Bank's sustainability strategy; <li data-bbox="389 870 1059 923">• preparing the documentation for the approval of the material topics by the BoD, previously examined by the Sustainability Committee; <li data-bbox="389 929 686 957">• defining the reporting scope; <li data-bbox="389 963 1059 1017">• representing the sustainability action lines of the Business Plan and the activities implemented in order to achieve the objectives set therein; <li data-bbox="389 1023 1068 1102">• coordinating the collection of information relating to the monitoring of ESG risks, with particular attention to climate-related and environmental risks; <li data-bbox="389 1108 1059 1187">• identifying, in line with the materiality analysis and with the GRI Standards, the KPIs and the non-financial information to be reported in the NFS and preparing a draft table of contents for the document; <li data-bbox="389 1193 1028 1293">• preparing and updating the data collection schedules developed within the ESGeo platform in line with the GRI Standards or with any independent indicators, interfacing with the managers of the IT infrastructure that supports the drafting of the NFS; <li data-bbox="389 1300 1007 1353">• preparing and updating the "List of contributors and approvers", attached to the Regulations for the NFS drafting process; <li data-bbox="389 1359 1044 1438">• initiating the process of collecting data and non-financial information, based on what is detailed in the "List of contributors and approvers", attached to the Regulations for the NFS drafting process; <li data-bbox="389 1444 1084 1544">• ensuring, by interfacing with the IT infrastructure managers, that access to the ESGeo platform is consistent with the contributors and approvers defined in the aforementioned Annex attached to the Regulations for the NFS drafting process, appropriately tracing their actions on the application; <li data-bbox="389 1551 1074 1604">• monitoring the insertion and approval of non-financial information within the ESGeo software; <li data-bbox="389 1610 1074 1689">• carrying out the function of directing and controlling the entire reporting process through appropriate periodic information flows to and from the approvers; <li data-bbox="389 1696 1074 1749">• collecting the data received from the approvers, carrying out a consistency check on the same, asking for clarifications where necessary; <li data-bbox="389 1755 643 1783">• preparing the draft NFS; <li data-bbox="389 1789 1068 1868">• submitting the NFS to the examination of the Sustainability Committees (Management and Board Committee) and the Control and Risk Committee and, subsequently to the approval of the BoD; <li data-bbox="389 1874 1059 1938">• providing the Independent Auditor, in collaboration with the approvers and contributors, with documentary evidence where required.



Corporate body or figure	Roles and responsibilities
 <p>Compliance and DPO Function</p>	<ul style="list-style-type: none"> • Identifies applicable standards; • verifies the compliance of corporate processes with internal and external regulations with the aim of preventing and containing legal and reputational risks; • evaluates the degree of exposure to pertinent risks through summary quantitative and/or qualitative indicators, representing the results of the surveys on the processes monitored; • prepares information flows dedicated to the corporate Bodies and structures involved in the process.
 <p>Internal Audit Service</p>	<ul style="list-style-type: none"> • Assesses the functionality and reliability of the organisational structures and components of the internal control system responsible for drafting the NFS; • verifies compliance with sustainability policies, as well as the functionality of the designed process and the procedures for their implementation; • reports to the corporate Bodies any inefficiencies, weaknesses or irregularities that emerge during its verification activities, formulating recommendations and bringing possible improvements to their attention.
 <p>Service Heads</p>	<ul style="list-style-type: none"> • Examine the draft NFS, evaluating its coherence and correctness for their areas of expertise; • provide the Sustainability Office with any ideas and recommendations for improvement, and changes.
 <p>Contributors</p>	<p>According to the timeframes set out in the work plan, they:</p> <ul style="list-style-type: none"> • file in the data collection schedules under their responsibility within the ESGeo software; • carry out a first level check on KPIs and qualitative information within the data collection schedules (e.g. checks on timely data, on the related calculations and on the correct source of the information collected); • attach the relevant documentation to support the verification and approval process by the approvers; • provide the auditor, in collaboration with the Sustainability Office and the approvers, with additional documentary evidence where required.



Corporate body or figure	Roles and responsibilities
 <p>Approvers</p>	<p>In line with the timeframes set out in the work plan, they:</p> <ul style="list-style-type: none"> • involve contributors in drafting data collection schedules on the ESGeo platform; • validate the first level check carried out by the contributors on the data and information within the data collection schedules (e.g. checks on the consistency and completeness of the scope); • approve the content of the schedules drafted by the contributors; • provide any clarifications requested by the Sustainability Office; • track the information collected and archive the supporting documentation within the ESGeo software; • provide the Independent Auditor, in collaboration with the Sustainability Office and the contributors, with additional documentary evidence where required.



Dialogue with the stakeholders

“ Stakeholders represent a wide range of different interests: establishing and maintaining strong and long-lasting relationships is crucial for shared and long-term value creation. ”

Sustainability Policy, Banca Popolare di Sondrio

The Group considers it fundamental to establish a constant and solid relationship with its stakeholders: a relationship based on continuous dialogue and active involvement provides valuable opportunities for mutual growth and enhancement, allows for consensus and trust, and reflects the Group's responsibility towards the context with which it interacts.

Properly identifying its stakeholders and organising the most effective communication channels, constantly monitoring expectations, needs and opinions, is therefore the starting point for establishing an effective engagement process.

The Bank identifies its stakeholders according to the criteria defined by the AA1000 Standard:

- Inclusiveness, by listening to all stakeholders;
- Materiality, by meeting their expectations;
- Compliance with legal regulations, standards, codes, principles, policies and other voluntary regulations.

On an annual basis, the Bank updates the list of the most relevant stakeholders, carrying out a specific mapping aimed at preparing the materiality analysis.

The main categories of stakeholders are reported below:

- Governance bodies
- Personnel
- Shareholders and investors
- Customers
- Suppliers
- Environment and Community
- Public Administration and Supervisory Authorities.





INTERNAL stakeholders

- GOVERNANCE BODIES**
- PERSONNEL**
- SHAREHOLDERS AND INVESTORS**

EXTERNAL stakeholders

- COMMUNITIES AND MARKETS**
- SUPPLIERS**
- ENVIRONMENT***
- PUBLIC ADMINISTRATION AND SUPERVISORY AUTHORITIES**
- CUSTOMERS**

* environmental associations, future generations, scientific community, environmental consultants

INTERACTION CHANNELS AND TOOLS

- Press conferences
- Shareholders' Meeting
- Media news
- Digital channels
- Materiality questionnaire
- Letter to the shareholders
- Web and mobile apps
- Social activities and community work
- Meetings with the Bank and the Networks
- Discussion tables with trade union organisations and workers' representatives
- Social support activities
- Periodic documents and detailed reports

Main channels and tools for interaction with Group stakeholders

- Internal stakeholders
- External stakeholders



Directors-Shareholders Dialogue

The Policy for the dialogue between Directors and Shareholders (<https://istituzionale.popso.it/en/investor-relations/dialogue-directors-shareholders>) sets out the rules adopted by the Bank in order to foster and regulate dialogue between the Board of Directors and its shareholders in general, on issues falling within the Board's oversight, defining the procedures for its implementation, identifying parties involved, topics to be discussed, methods, timing and interaction channels.

Corporate governance, as well as environmental, social and sustainability issues are among the topics discussed in the dialogue with investors. This form of dialogue should be understood as further and additional to the ordinary methods of engagement, through which the Bank interacts with shareholders, investors and the financial community through the competent corporate functions.





The materiality of the BPS Group

Materiality is a principle according to which companies must prepare their reports by taking into account information on aspects that significantly affect their ability to create value over time, identifying the most significant issues for their stakeholders, and also taking into consideration the impacts on the economy, the environment and people, including those on human rights, in the context of business activities and relationships.

The materiality analysis, as required by Italian Legislative Decree 254/2016, defines the relevant aspects to report (so-called Material Topics). A topic is considered "material" if it can influence the decisions, actions and performance of an organisation and its stakeholders. Creating constructive dialogue with all players is therefore essential in order to identify their needs and expectations, so that the most relevant topics for the Bank and its stakeholders can be defined.

During 2023, steps were taken to update and approve a new materiality, an activity that became necessary following the changes in the context and the evolution of national and international legislation.

The related process was developed following the methodological steps outlined below.

Context analysis

Analyses of internal and external context elements were carried out, in particular:

- Peer benchmark: mapping of the GRI topics included in the NFS of 6 peer companies;
- Analysis of trends in the banking sector: study of the main regulations applicable in the sustainability field, which influence or could influence the Bank's business operations;
- Media review: collection and analysis of the main news shared by newspapers and by BPS;
- Macro trends: examination of the sustainability guidelines of the main ESG ratings, national and international policies and the most influential institutions in the ESG world (for example London Stock Exchange and World Economic Forum).
- Aggregation of the relevant topics that emerge from the context understanding step and identification of the main relevant topics for the banking sector.

The materiality defined in relation to Risk Management is different from the materiality analysis performed for the NFS



Identification of actual and potential impacts

Following the activity described in the previous point, the Bank has identified the main positive and negative, actual and potential impacts.

The impact assessment was carried out first through a desk analysis and, subsequently, directly involving the Bank's main stakeholders through questionnaires, one-to-one meetings, workshops and working groups.

On account of the fact that the impacts can change substantially over time, due to the evolution of business activities and relationships, important changes in operations or in the operating context, the Bank carries out this analysis on an annual basis.

Stakeholder engagement

During 2023 the Bank involved its stakeholders in an engagement activity aimed at evaluating and/or updating the scope (or relevance) attributed to each positive or negative, current or potential impact.

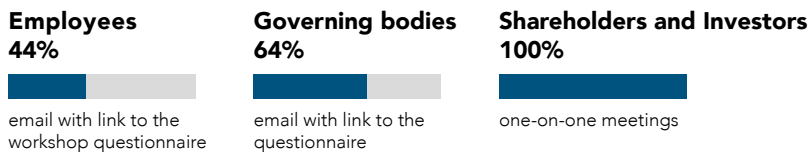
In particular, three different methods of engagement were organised, which made it possible to significantly increase the level of engagement:

- Online questionnaire
Dissemination of an online questionnaire via the SCRIGNO Internet Banking portal or link sent via email;
- One-to-one interviews
Meetings with a group of representatives of the main stakeholder categories, with the aim of ascertaining their opinion on the impacts related to ESG issues and better understanding their expectations regarding the Bank's work in the sustainability field;
- Workshops
Online meetings with the ESG contact persons of the main business areas of BPS and its subsidiaries, to evaluate the scope of the impacts and collect ideas for improvement;
- Engagement of Government Bodies
Considering the crucial role played by the Governing Bodies in defining the Sustainability strategy, the Bank has prepared an online questionnaire aimed at:
 - the Board of Directors of BPS and its Subsidiaries;
 - BPS's Board of Statutory Auditors;
 - BPS's Sustainability Committee;
 - BPS's Sustainability Management Committee.



The table below highlights the engagement methods of the various stakeholders and the percentage of responses obtained.

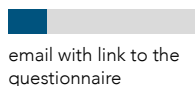
Internal stakeholders: % responses obtained



External stakeholders: % responses obtained



Public Administration and Supervisory Authorities 21%



It should be noted that the % refers to the share of stakeholders who responded to the interview, out of the total of those invited to participate in the engagement.

Impact prioritisation

Following the completion of the stakeholder engagement activities, the Bank took steps to aggregate the assessments relating to the scope of the impacts, weighting them by stakeholder type and engagement method.

Subsequently, the impacts were ordered according to a criterion of decreasing importance, establishing a minimum value – or threshold – to determine which of them to focus the reporting on. To facilitate the prioritisation activity, the Bank group the impacts into “topics”, coherently aggregating those related to the same subject. Finally, the topics were ordered from the most to the least significant, consequently determining those to be reported in the 2023 NFS.

Materiality update for 2023

The outcomes of the process described above led to an update of the materiality which, as described below, provides a comprehensive view of the priorities of all stakeholders and a representation of the Group’s contribution to sustainable development, through the impacts generated. The materiality analysis was examined by the Sustainability Management Committee and the Sustainability Board Committee in December 2023 and finally approved by the Board of Directors at the 21 December 2023 meeting.



SUMMARY OF THE IMPACT ANALYSIS

Sustainability Office Desk Analysis	Stakeholder engagement	Assessment by the Sustainability Office	Prioritization = significance
Following the benchmark and internal and external context analyses, positive and negative, actual and potential impacts are identified .	To evaluate the weight of the impacts, stakeholders are involved. Based on the type of stakeholder and the engagement method used, the Sustainability Office applies different "weights"/"weightings".	The scope of each impact is assessed by the Sustainability Office. If the impacts are negative , the Office also evaluates its irremediability . Weight, scope and irremediability constitute the severity of the impact .	The Sustainability Office multiplies the severity with the probability of the impacts occurring, to obtain the prioritisation or significance.(*)

Weight	Description	Scope	Description	Irremediable character	Description	Probability	Description
1	Low: the impact is negligible	1	Internal: the impact only has effects within the Group	1	Low: the Bank can launch recovery actions and is able to restore the pre-impact situation	0	Impossibility of occurrence
2	Low-moderate: the impact is limited	2	Value Chain: the impact has effects within the Group and on its value chain	2	Moderate: the Bank can adopt recovery actions, but is only partially able to restore the pre-impact situation	0.25	Low: impact unlikely to happen
3	Moderate: medium impact	3	Extensive: the impact has effects within the Group, on the entire Value Chain, on the community and on the environment	3	High: the Bank cannot launch recovery systems and is not able to restore the pre-impact situation	0.5	Moderate: moderately probable impact
4	Moderate-High: the impact is significant	N/A	Not assessable	N/A	Not assessable	0.75	High: the impact is very likely to happen
5	High: the impact is very high					1	Actual impact
N/A	Not assessable					N/A	Not assessable

(*) in case of a negative impact, the final significance is increased by 40%

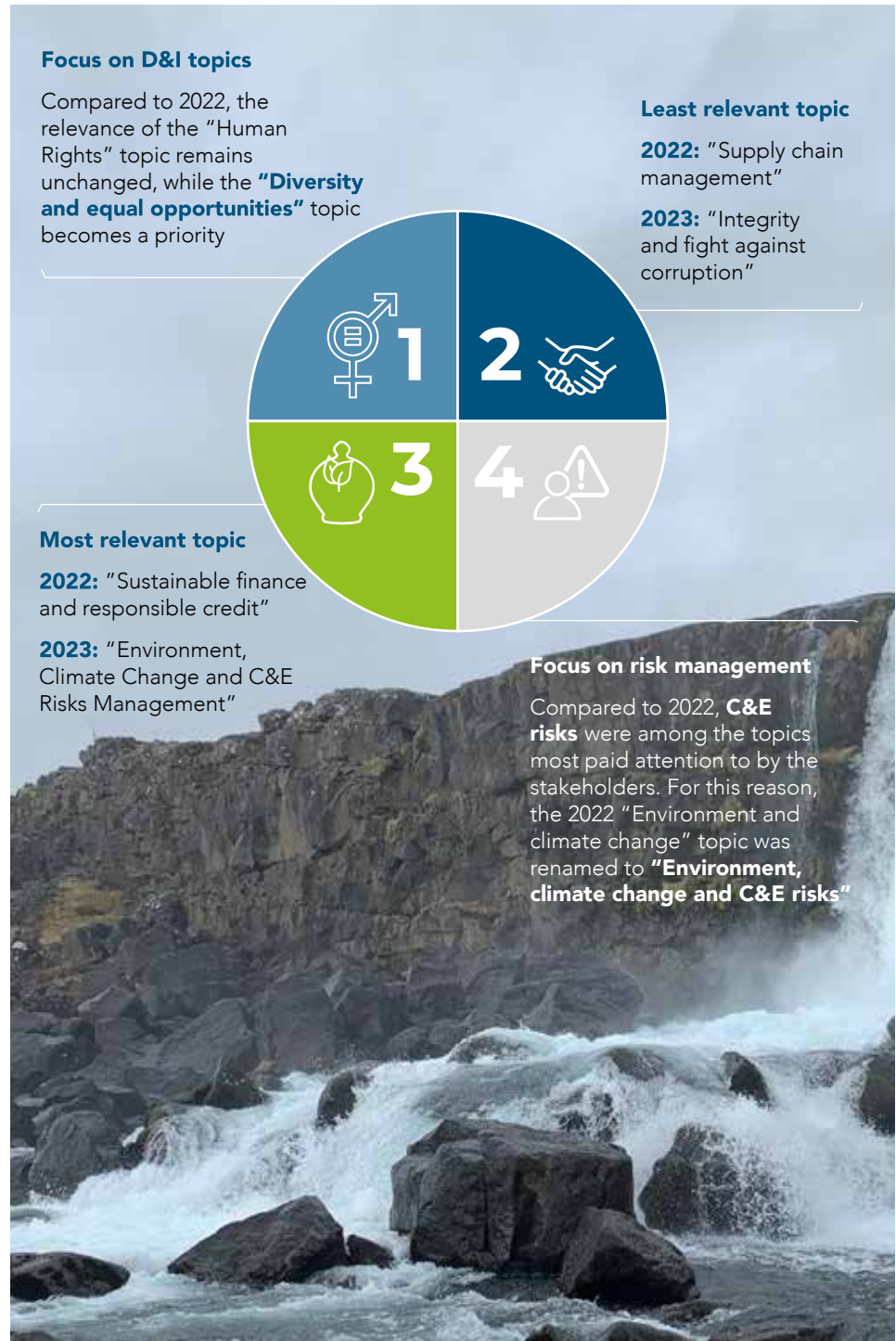


The list of material topics that emerged resulted in **changes compared to 2022**

	Material topics 2022	Material topics 2023	
1	Financial solidity and economic performance	Environment, climate change and C&E risks management	↑
2	Sustainable finance and responsible credit	Financial solidity and economic performance	↓
3	Enhancement of human resources	Enhancement of human resources	=
4	Environment and climate change	Sustainable finance and responsible credit	↓
5	Support to the community and ties with the local area	Diversity and Equal Opportunity	↑
6	Integrity and fight against corruption	Support to the community and ties with the local area	↓
7	Innovation	Innovation and digital transformation	=
8	Human rights, diversity and inclusion	Human rights	=
9	Privacy and IT security	Privacy and IT security	=
10	Supply chain management	Integrity and fight against corruption	↓



The main innovations that emerged from the materiality analyses carried out in 2023, compared to what was found in 2022, are shown below.





The main positive and negative impacts related to the material topics, as required by the GRI standard, are shown below.

Material topic	Type of impact	Description of the impact	Impacts on human rights	Stakeholder impacted	Correlation with the SDGs
Environment, climate change and C&E risks management	Positive	Investment and business financing: <ul style="list-style-type: none"> • renovation of buildings for energy efficiency • renewable energy • sustainable mobility with the aim of reducing CO₂ emissions financed in line with the decarbonisation path and ESG investment strategies 		<ul style="list-style-type: none"> • Shareholders and investors • Environment and community • Customers 	
	Positive	Better investment opportunities through an assessment of sustainability risks		<ul style="list-style-type: none"> • Shareholders and investors • Customers • Environment and community • Public Administration and Supervisory Authorities 	
	Negative	Increase in CO ₂ emissions (increase in temperature) due to changes in investment strategies		<ul style="list-style-type: none"> • Shareholders and investors • Environment and community 	
	Negative	More information requested from customers and investors for climate risk assessment		<ul style="list-style-type: none"> • Customers • Shareholders and Investors 	
	Negative	Increase in CO ₂ emissions linked to the business activities carried out by the BPS Group		<ul style="list-style-type: none"> • Personnel • Environment and community 	

Material topic	Type of impact	Description of the impact	Impacts on human rights	Stakeholder impacted	Correlation with the SDGs
Financial solidity and economic performance	Positive	Adequate remuneration of shareholders and creation of value for the entire community, contributing to the financial stability of all stakeholders	x	<ul style="list-style-type: none"> Shareholders and investors Environment and community 	
	Positive	Support to local Small and Medium Enterprises (SMEs) in the sustainable transition, through the provision of ESG products and services		<ul style="list-style-type: none"> Customers Environment and community Shareholders and Investors 	
	Negative	Possible reduction of access to financing for SMEs due to the scarcity of sustainability information provided by same		<ul style="list-style-type: none"> Customers Environment and community Shareholders and Investors 	
	Negative	Difficulty in providing financing following the interest rate policies implemented by the European Central Bank		<ul style="list-style-type: none"> Customers Environment and community Shareholders and Investors 	
Enhancement of human resources	Negative	Increase in the staff turnover rate due to the ineffectiveness of welfare policies and initiatives aimed at protecting employee well-being	x	<ul style="list-style-type: none"> Governance bodies Personnel 	
Diversity and Equal Opportunity	Negative	Reputational risk due to the limited presence of diversity within the Governing Bodies	x	<ul style="list-style-type: none"> Customers Suppliers Personnel Shareholders and Investors 	
	Negative	Reputational risk due to poor implementation of policies against discrimination for minority categories (e.g. wage inequality)	x	<ul style="list-style-type: none"> Customers Suppliers Personnel Shareholders and Investors 	





Material topic	Type of impact	Description of the impact	Impacts on human rights	Stakeholder impacted	Correlation with the SDGs
Privacy and IT security	Positive	Adoption of strategies to enhance the security of information and data managed by the BPS Group	x	<ul style="list-style-type: none"> Personnel Shareholders and Investors Customers Suppliers Public Administration and Supervisory Authorities 	 
	Negative	Potential risk of cyber attacks and consequent loss of customer data	x	<ul style="list-style-type: none"> Personnel Shareholders and Investors Customers Suppliers Public Administration and Supervisory Authorities 	
Sustainable finance and responsible credit	Positive	Mitigating risks related to sustainable investments by integrating ESG factors into the investment selection process		<ul style="list-style-type: none"> Shareholders and Investors Environment and community Public Administration and Supervisory Authorities 	      
Innovation and digital transformation	Negative	Difficulty for older customers segments in using the Bank's services due to digital innovations		<ul style="list-style-type: none"> Customers Environment and community 	 
	Negative	Potential risk of reducing the link with the local territory due to the increase in digitalised processes and consequent closure of branches		<ul style="list-style-type: none"> Customers Environment and community 	 
Support to the community and ties with the local area	Positive	Support for the economic development of families and Small and Medium Enterprises	x	<ul style="list-style-type: none"> Customers Environment and community 	 



Material topic	Type of impact	Description of the impact	Impacts on human rights	Stakeholder impacted	Correlation with the SDGs
Human rights	Negative	Increase in cases of human rights violations due to lack of information on the treatment of employees throughout the value chain	x	<ul style="list-style-type: none"> • Environment and community • Suppliers 	
Integrity and fight against corruption	Positive	Dissemination of a culture of correctness and fight against corruption thanks to training programmes provided to employees and the Board of Directors		<ul style="list-style-type: none"> • Shareholders and Investors • Governance bodies • Personnel 	
	Positive	Reduction of corruption and money laundering incidents thanks to ethical standards and organisational models in line with best market practices		<ul style="list-style-type: none"> • Shareholders and Investors • Governance bodies • Suppliers • Customers 	





Reconciliation between material topics, the 2022-2025 Business Plan and SDGs



A disclosure of some of the activities defined in the Business Plan to support the integration of sustainability and material topics is provided below. This list is not exhaustive of the activities that will enable effective implementation of the strategic plan.


Material topic	ESG targets defined in the Business Plan	SDGs
<p>Environment, climate change and C&E risks management</p>	<p>Activity completed in 2022</p> <ul style="list-style-type: none"> • Internal behavioural guidelines for the reduction of environmental impacts • Improvement of analyses concerning indirect emissions (Scope 3) • Intensification of the dialogue with providers • First set of portfolio CO₂ reduction targets 	
	<p>Activity completed in 2023</p> <ul style="list-style-type: none"> • Adhering to the TCFD and drafting of the TCFD Report • Commitment to the UN PRB and joining the NZBA 	
	<p>2025 targets</p> <ul style="list-style-type: none"> • ISO 14001 Environmental Management System • Sustainable mobility operational plan • Analysis of the environmental performance of real estate assets 	



Material topic	ESG targets defined in the Business Plan	SDGs
<p>Sustainable finance and responsible credit</p>	<p>Activity completed in 2022</p> <ul style="list-style-type: none"> • ESG Credit Policy • Integrated Risk Management • Expansion of ESG asset management lines • Integration of ESG topics into MiFID II questionnaire • Intensification of the dialogue with providers • First set of portfolio CO₂ reduction targets <p>Activity completed in 2023</p> <ul style="list-style-type: none"> • Definition of ESG Investment Policy • Own funds: 10% bond segment in ESG instruments • Definition of the ESG Score for the corporate segment • New Green Bond issuance • New ESG Bond Framework • Development of new Green Loans <p>2025 targets</p> <ul style="list-style-type: none"> • Development of Taxonomy-aligned products • Integration of counterparties' ESG Score with Taxonomy-alignment • Increase of the target on the ESG segment of the proprietary portfolio 	
<p>Enhancement of human resources</p>	<p>Activity completed in 2022</p> <ul style="list-style-type: none"> • Internal behavioural guidelines for the reduction of environmental impacts <p>Activity completed in 2023</p> <ul style="list-style-type: none"> • ESG training for all Group personnel • Strengthening of ESG Governance • Integration of ESG factors in Remuneration Policies • Joining Valore D and ABI's Women in Banking Charter <p>2025 targets</p> <ul style="list-style-type: none"> • Sustainable mobility operational plan • Operational plan on Diversity and Inclusion • Launch of the female leadership programme 	





Material topic	ESG targets defined in the Business Plan	SDGs
<p>Integrity and fight against corruption</p>	<p>Activity completed in 2022</p> <ul style="list-style-type: none"> • ESG compliance programme <p>Activity completed in 2023</p> <ul style="list-style-type: none"> • Strengthening of ESG Governance • Strengthening of Level II and III ESG checks • Integration of ESG factors in Remuneration Policies <p>2025 targets</p> <ul style="list-style-type: none"> • Operational plan on Diversity and Inclusion • Launch of the female leadership programme 	
<p>Support to the community and ties with the local area</p>	<p>Activity completed in 2022</p> <ul style="list-style-type: none"> • ESG Credit Policy <p>Activity completed in 2023</p> <ul style="list-style-type: none"> • Development of new Green Loans • Joining Valore D <p>2025 targets</p> <ul style="list-style-type: none"> • Strengthening of the ESG communication strategy • ESG brand identity • Definition of the giving strategy • ESG ratings for suppliers 	



Material topic	ESG targets defined in the Business Plan	SDGs
Innovation and digital transformation	<p>Activity completed in 2022</p> <ul style="list-style-type: none"> Integrated Risk Management ESG compliance programme <p>Activity completed in 2023</p> <ul style="list-style-type: none"> ESG compliance programme <p>2025 targets</p> <ul style="list-style-type: none"> ESG Data Governance 	  
Human Rights	<p>Activity completed in 2023</p> <ul style="list-style-type: none"> Integration of ESG factors in Remuneration Policies Joining Valore D <p>2025 targets</p> <ul style="list-style-type: none"> Sustainable mobility operational plan Operational plan on Diversity and Inclusion Launch of the female leadership programme 	 
Diversity and Equal Opportunity	<p>Activity completed in 2023</p> <ul style="list-style-type: none"> Integration of ESG factors in Remuneration Policies Joining Valore D <p>2025 targets</p> <ul style="list-style-type: none"> Operational plan on Diversity and Inclusion Launch of the female leadership programme 	 







02.

**ENVIRONMENT:
THE COMMITMENT TO
THE CLIMATE AND THE
ENVIRONMENT**



Environment: the commitment to the climate and the environment

The Group considers Sustainability topics as material and, among these, identifies environmental protection and the fight against climate change as priorities, viewing the role of the financial sector as fundamental in the path towards a transition economy.

In order to confirm the central role played by these issues, the initiatives of the 2022-2025 "Next Step" Business Plan include the integration of climate and environmental factors into business and operations, through the definition of quantitative targets and their monitoring using performance indicators selected from international best practices.

In particular, in 2023, the Bank has defined an ambitious path with respect to the reduction of its environmental and climate impacts, setting the challenging goal of adhering to the UN Principles for Responsible Banking (hereinafter referred to as "PRB") and joining the Net-Zero Banking Alliance (hereinafter referred to as "NZBA"). This goal was achieved at the end of the year.

Joining NZBA and PRB is one of the objectives defined in the "Next Step" Business Plan



It is necessary to underline the importance that the topics reported in the “E” perimeter have assumed this year in the materiality analysis. Specifically, based on the impact assessment, the “Environment and climate change” topic has been enriched with a section dedicated to climate-related and environmental risks (hereinafter referred to as “C&E risks”) and the “Sustainable finance and responsible credit” topic places particular attention on the integration of the “E” factor in the main banking processes, in other words the granting of credit and financial investments. This classification, however, is merely a “simplification” aimed at amplifying the urgency that the climate-related and environmental topic has at this historical juncture and, consequently, the focus of the Group’s strategies. Nonetheless, we do not want to neglect the “S” and “G” factors: the Bank is preparing itself to take action as soon as possible, so that these topics are the subject of development and in-depth analysis as described in the dedicated sections of the Report.

Following the adoption of the first ESG Credit Policy, during 2023 the Bank proceeded with the development of “next” sustainable credit products: a line of loans intended for individuals and companies that aim to reduce their energy consumption, ensuring more sustainable travel or investing in energy efficiency and renewable energy sources. Moreover, in December 2023 the Group approved the ESG Investment Policy, which identifies the Bank’s commitments and approach to integrating ESG factors into its investment processes.

Transparently reporting the direct and indirect environmental impacts of one’s activities is a fundamental prerequisite for doing business in a conscious and informed manner, setting improvement objectives from year to year. This is precisely why, in 2023, the Bank further extended the calculation scope of GHG emissions (climate-changing gases) deriving from its credit and investment portfolios, strengthening the analyses relating to the corporate component and integrating the data relating to emissions deriving from proprietary portfolio and asset management.

BPS is a member of the NZBA

The NZBA aims to accelerate the sustainable transition of the banking sector, through the commitment of member banks to align their credit and investment portfolios to achieve net zero climate-changing gas emissions by 2050. BPS’ membership, already a supporter of the “Task Force on Climate Related Financial Disclosure”, is a further important step in the fight against climate change.





The preparatory activities for joining the Net-Zero Banking Alliance

Among the initiatives of the 2022-2025 “Next Step” Business Plan, the Bank has included the integration of ESG factors into business and operations, through the definition of quantitative targets and their monitoring using performance indicators selected from international best practices.

In particular, the Bank has defined an ambitious path towards reducing its environmental and climate impacts, setting itself the challenging objective of joining, by 2023, the UN Principles for Responsible Banking (hereinafter referred to as “PRB”) and the Net-Zero Banking Alliance (hereinafter referred to as “NZBA”). This goal was achieved in December 2023. The activity of defining decarbonisation targets as required by the NZBA positions the Bank in line, in particular, with the Paris Agreement (2015) and the European Green Deal (2019) and with European and international best practices requiring greater commitment from the private sector in climate change mitigation actions.

The Bank is aware of the need to account for emissions along its value chain in order to comprehensively manage risks related to its carbon footprint: not only to meet the demands of the regulator and the expectations of the market, but above all to embark on a process of self-analysis aimed at defining new environmental and climate targets. During 2023, it therefore identified the main stages of the process aimed at defining the decarbonisation targets for the corporate credit portfolio, planning the activities necessary to identify a set of preliminary portfolio targets (so-called “pre-targets”), formulated based on the methodology published by the NZBA to support Governing Bodies in adopting a commitment to the initiative that was informed and consistent.

The pre-targets will be subjected to further analysis, which will be conducted after the commitment in 2024 and which will include more in-depth analyses to evaluate their relevance and to refine them, with the end goal of obtaining a first set of targets to be sent to the NZBA, according to the provisions of its methodology.

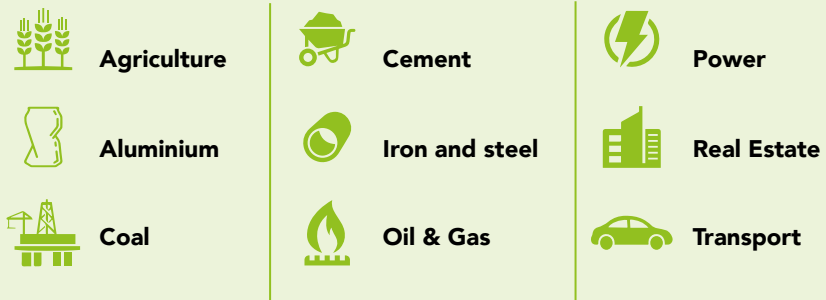
In fact, it should be noted that the Bank is aware that the decarbonisation targets subject to publication according to the NZBA commitment could undergo variations or updates compared to the pre-targets, following the analyses and in-depth analyses conducted on the methodology during 2024.

As explored in depth in the section dedicated to the “Environment, climate change and C&E risks” topic, to set solid decarbonisation targets based on a scientific methodology, the Bank has chosen to follow internationally recognised standards, both for the calculation of financed emissions (GHG Protocol and PCAF) and for the definition of the targets themselves (NZBA).



The methodology for setting targets recommended by NZBA is characterised by some key elements:

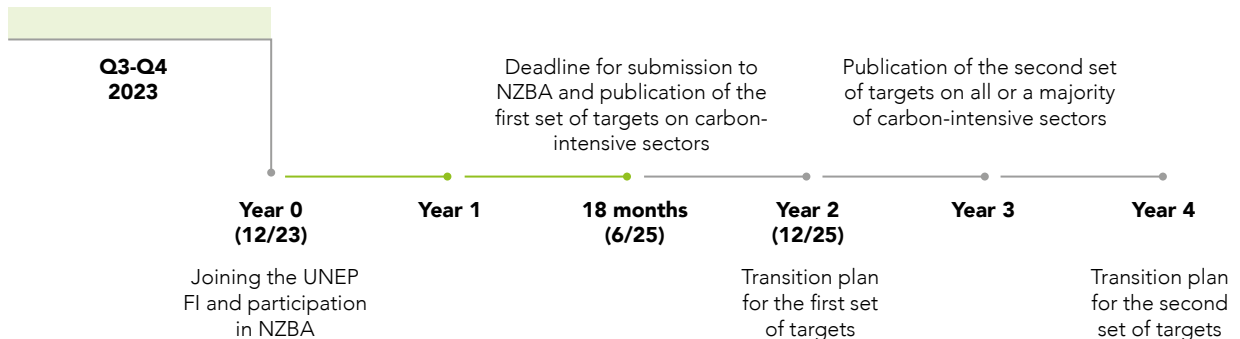
- the portfolio decarbonisation targets must be set for all or a substantial majority of carbon-intensive sectors, where data and methodologies allow it;
- alignment with the decarbonisation targets established by the Paris Agreement (1.5 °C) and with transition paths based on consolidated and internationally recognised scientific methodologies (IPCCC) is necessary;
- the targets must have two main time horizons, 2030 and 2050;
- in the first phase of defining the targets (within 18 months of joining the initiative), the publication of targets for priority carbon intensive sectors in terms of greenhouse gas emissions, emission intensity and/or financial exposure is expected:



- it is mandatory to include in the targets customer companies that derive more than 5% of their revenues from coal mining or electricity production activities.

Definition, testing and internal approval of NZBA pre-targets

Timeline of the main NZBA stages





In order to join the NZBA correctly and consciously, the Bank has launched the following projects:

- analysis of the corporate segment credit portfolio as of 31/12/2022 with particular focus on:
 - financed emissions;
 - emissions from customer companies, deriving from non-financial information or from data flows provided by external providers;
 - possible presence of corporate emission reduction targets, publicly communicated;
- sector categorisation of the companies included in the credit portfolio, dividing them between the carbon intensive and non-carbon intensive sectors according to the NZBA;
- reviewing and modifying, where necessary, the sector classification of some companies in line with the NZBA sectors;
- identification of a scope of companies to be included in the pre-targets, in order to comply with NZBA requirements;
- identification of sectoral decarbonisation scenarios in line with NZBA requirements, in compliance with methodological best practices and the evidence extrapolated from benchmark studies, leading to the selection of those reported below:
 - NZE2050 Scenario, International Energy Agency, 2021, classified as a SSP2 scenario according to the IPCC, IEA NZ2050 Scenario;
 - One Earth Climate Model (OECM) Net Zero Pathway, 2022, classified as a SSP1 scenario according to the IPCC, referred to in presentations as the UNEPFI Scenario;
 - SBTi 1.5 °C pathways to Net Zero, Science-Based Targets Initiative, referred to in presentations as the SBTi scenario;
- implementation of the scenarios on the companies included in the scope, to guarantee the definition of sectoral reduction objectives with time horizons of 2030 and 2050, in line with NZBA requirements, identifying the specific decarbonisation percentages for each sector;
- finalisation of a set of portfolio pre-targets, with a baseline of 31.12.2022, presented, each with respect to their areas of expertise, to the:



Sustainability Management Committee;



Sustainability Board Committee;



Control and Risk Board Committee;



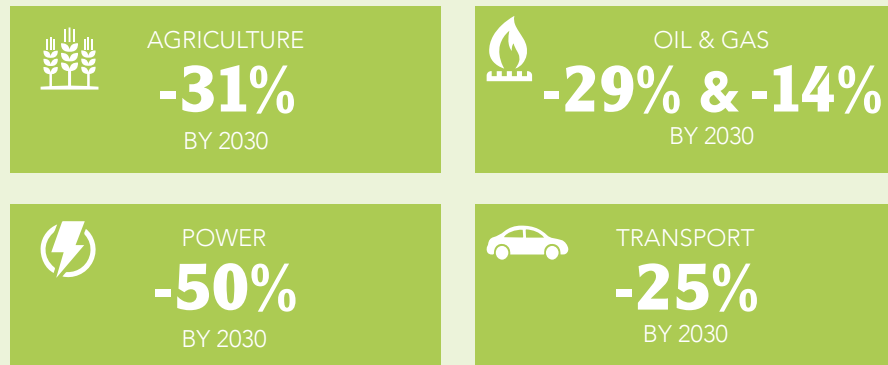
Board of Directors.

To allow the Board of Directors to make a conscious and informed decision regarding joining the NZBA, the Bank carried out a **preliminary analysis** defining a set of pre-targets

Following the resolution by the Bank's Board of Directors to join the NZBA, in December 2023 the Bank sent a Commitment Statement, signed by the Managing Director, to declare its commitment to:

- align credit and investment portfolios with Net-Zero scenarios by 2050;
- within 18 months of its Commitment, set targets for 2030 and 2050 with 5-year intermediate targets from 2030 onwards;
- identify targets for 2030 that focus on the priority sectors of the portfolio (carbon intensive);
- integrate the other sectors within 36 months;
- communicate, on an annual basis, the progress of the targets and the transition strategy approved at Board of Directors level;
- define a high-level Transition Plan within 12 months of submitting its objectives to the NZBA.

Some "pre-targets" on carbon intensive sectors used to evaluate joining the NZBA



Note: Preliminary analysis carried out on the credit portfolio as of 31/12/2022 (baseline), in which Scope 1, 2 and 3 emissions were included and the UNEP FI or IEA scenarios were primarily applied. Definition of pre-targets for absolute reduction of CO₂, defined through the identification of a mix of companies, on carbon intensive sectors indicated by the NZBA, to cover the majority of financed emissions.



The Group has also adopted solid internal regulations to implement its commitment to environmental protection and the fight against climate change in its business and operations: the Sustainability Policy and the Environmental Policy.

The former describes the steps taken to reduce the impact that its operations generate, both directly and indirectly, on the environment and the climate.

The Environmental Policy, on the other hand, reinforces the commitment to ensure that its activities and relationships with customers, suppliers, collaborators and partners are conducted in light of a cost-benefit balance assessment that also takes into account the environmental impacts, in order to minimise the negative effects that might impact the environment and climate quality.

BPS supports TCFD Recommendations

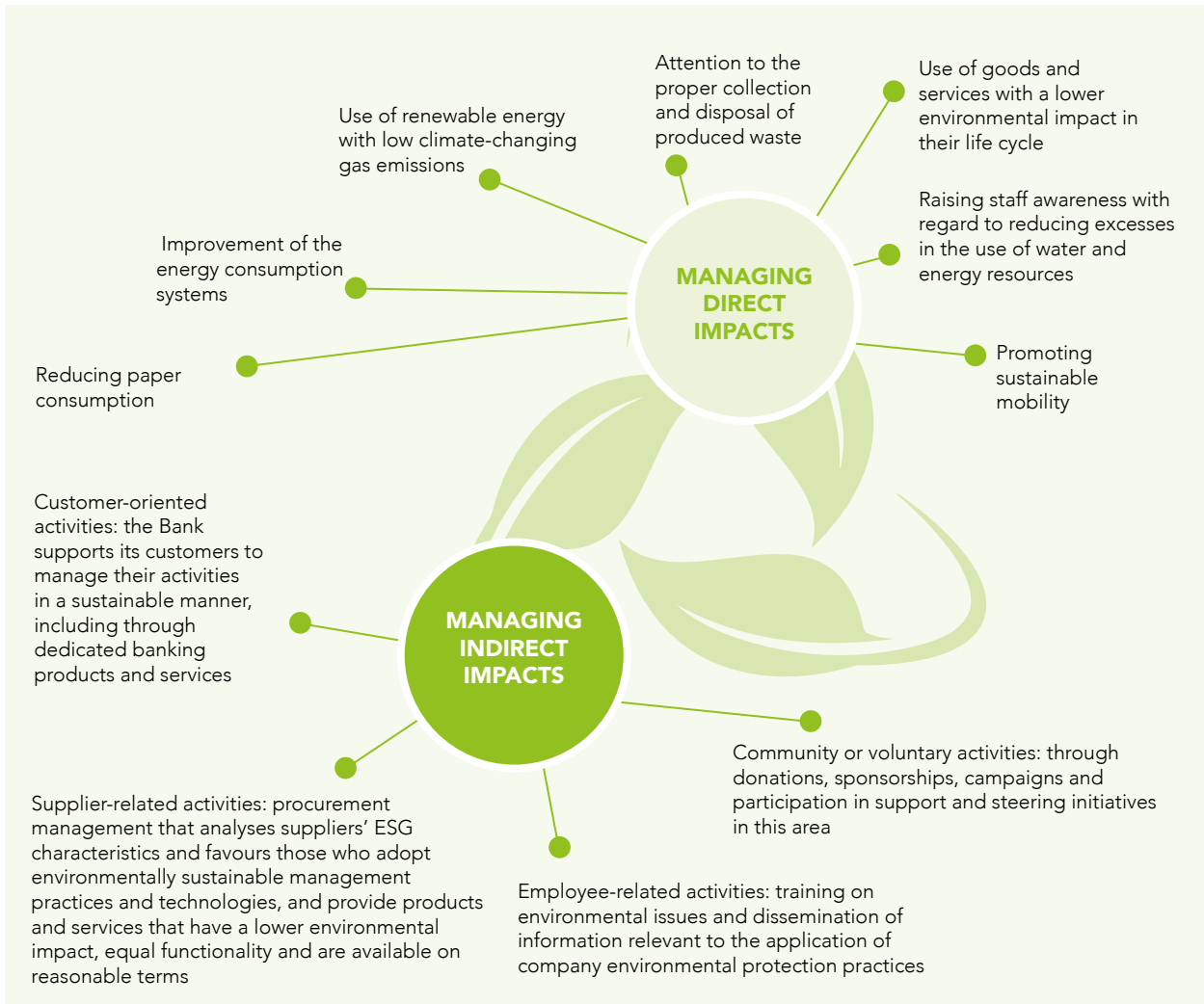
Since 2023 BPS has been participating in the Task Force on Climate-related Financial Disclosures (hereinafter referred to as "TCFD"), an international organisation aimed at encouraging companies to be more transparent on the financial risks and opportunities associated with climate change.

The Bank has therefore undertaken to report – within the TCFD Report attached to the NFS – the risks and opportunities, as well as the environmental and climate targets, thus aligning itself with international best practices. In particular, the TCFD recommends the use of a scenario analysis precisely in order to assess the risks related to climate change, so as to ensure a clear direction towards a reduction of direct and indirect impacts. The guidelines drawn up by the TCFD aim to measure the adequacy of the climate strategy of member companies and to support them in communicating the relevant aspects relating to the climate promptly and transparently.

The following figure summarises the measures and actions planned to reduce direct and indirect impacts, which are fully disclosed in the TCFD Report and in the Environmental Policy, available on the Bank's website (<https://istituzionale.popso.it/en/sustainability/environment>).



The Environmental Policy



2023 saw the continuation of the work initiated in 2021 with reference to the promotion of sustainable mobility: by defining Home-Work Travel Plans (hereinafter referred to as "HWTPs") using the Mobility Manager software, the Bank was able to draw a detailed picture of the mobility habits of its employees, the starting point for rationalising corporate mobility, improving the quality of life of employees and reducing pollution.





With regard to the reduction of direct environmental impacts and, in particular, those connected to the everyday actions carried out by Group employees, in 2023 the Bank's updated the "BPS Handbook of responsible and sustainable behaviour", i.e. the list of virtuous behaviours addressed to personnel, enabling them to adopt simple measures in their everyday activities, helping to reduce environmental impacts and, at the same time, obtain economic savings. The document contains both advice for employees and a list of activities that the Bank has undertaken in order to reduce its environmental footprint through, for example, making paper, electricity and energy consumption more efficient.

As far as checks on energy consumption are concerned, an important project has been launched regarding the mapping and analysis of the energy efficiency of the properties owned by the Group, with the aim of understanding which specific properties to begin an efficiency programme on first.

These activities form the basis of the Sustainability process along which the Group will define further actions to improve its impact on the environment and the climate, thus contributing to the achievement of the 17 Sustainable Development Goals of the United Nations.



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Environment, climate change and C&E risks management

“ There’s nothing like environmental protection, beyond political and geographical divisions, that today brings people together into a global community, whose life and destiny are inextricably linked to the survival and health of the planet. ”

Mario Alberto Pedranzini, Managing Director and General Manager of Banca Popolare di Sondrio

The consequences of climate change affect the financial system in various respects: the materialisation of physical and transition risks can cause damage to real estate and businesses, including from an economic point of view. The potential negative effects of climate change are the main reason why central banks and Supervisory Authorities have long included environmental Sustainability in their work programmes. Moreover, by ensuring adequate management of these risks, the financial system can make a key contribution to channelling the resources necessary for the transition towards a Sustainable economy. This evolution therefore requires a careful analysis of the climate-related and environmental risks to which the financial sector may be exposed in the medium to long term, in order to determine how the sector and its assets will be impacted by the effects of climate change. As requested by the ECB in the “Guide on climate-related and environmental risks” (November 2020), each bank must define and implement the most suitable climate adaptation strategy for the context in which it operates. The assessment of climate-related and environmental risks, both physical and transitional, on the banking business can be strengthened through an activity of climate scenario analysis in the medium-long term. In its latest “Global Risks Report 2023”, the World Economic Forum once again highlights how global risks (environmental, social, economic, geopolitical and technological) are deeply interconnected. The major concern in the medium term (10 years) is the failure of climate change mitigation. However, environmental aspects are also strongly present in the analysis of short-term risks (2 years), where we find extreme climate events, environmental degradation and the loss of biodiversity. The same concept was also reiterated by the countries that took part in COP 28 in Dubai, in the United Arab Emirates (November 2023), which renewed their commitment to limit the rise in global temperature to within 1.5 °C compared to pre-industrial levels, accelerate the energy transition and define climate-focused finance, placing full inclusiveness at the basis of all initiatives.





The Banca Popolare di Sondrio Group aims to undertake concrete actions to contribute to the fight against climate change and environmental protection, as essential prerequisites for sustainable development in the long term. It is precisely in this perspective that the Bank's commitment to the implementation of a solid climate strategy and, consequently, joining of the Net-Zero Banking Alliance (NZBA), as a climate accelerator for the identification of useful targets for reducing emissions financed by the Bank, are placed.

Climate change generates new risks, but also new opportunities that the Group intends to seize with the intention of improving its impact, supporting its customers in the ecological transition process.

More in-depth information on governance, strategy, C&E risk management, metrics and objectives related to climate-environmental issues can be found in the TCFD Report attached to the NFS.

The Bank operates in line with the 2030 Agenda, and in particular it supports SDG 7 "Ensure access to affordable, reliable, sustainable and modern energy for all", SDG 12 "Ensure sustainable consumption and production patterns" and SDG 13 "Take urgent action to combat climate change and its impacts".

The drive of the European regulator in the study of climate-related and environmental risks

In November 2020, the ECB published a "Guide on climate-related and environmental risks", which sets out a number of supervisory requirements regarding the integration of assessment of these specific risk factors in relation to banks' business and strategic models, governance arrangements and risk appetite framework, risk management system, and internal and external reporting.

The document aims to provide a framework of guidelines and good practices to define a common approach to the governance of C&E risks and to strengthen the preparedness of European intermediaries to deal with possible effects on economic activities. The banking system is required to consider the consequences of climate change and environmental degradation, identifying these areas as being of primary interest in terms of definition, management, measurement, and mitigation of C&E risks.

In the context of the dialogue with the supervised entities, the ECB carried out initial investigations aimed at verifying the level of the alignment of the banking system with its expectations and defining an intervention plan aimed at ensuring gradual adaptation to "good practices". Following this initial assessment, the Bank planned the actions aimed to ensure, over a multi-year period, the development and implementation of a series of organisational, procedural and methodological solutions through which to achieve progressive alignment with supervisory expectations.

During 2022 and for the first half of 2023, the Bank updated its Intervention Plan based on the various discussions held with the Supervisory Authority as part of its participation in the thematic review, launched by the ECB at the beginning of 2022, also in light of a growing awareness of the importance that attention to environmental issues has for the sustainability of a company's business model.



At the end of 2023, the Bank developed and submitted to the ECB a new and more organic programme of activities aimed at strengthening the central role of C&E risk management for future corporate strategies and their integration into key policies and decision-making processes. This, taking into account, within an broad-planning framework, some observations received by the Supervisory Body regarding the identification and monitoring of the impacts of risk profiles linked to the environment, the climate transition and the possible manifestation of adverse natural events linked to climate change.

Within this framework, the Bank has defined a complex project structure organised into various "work sites" involving a broad spectrum of the main organisational and management areas, with the aim of including all possible activities able to contribute to a healthy and correct management of C&E risks and the definition of long-term climate strategies. The initiatives of each project site, governed by a steering committee made up of top management, were planned analytically, clearly indicating the intermediate and final objectives, the business areas responsible and the implementation timeframes, in order to facilitate timely execution of the work. The Board of Directors, assisted by the relevant board committees, is directly responsible for supervising the Action Plan, through dedicated information relating to specific areas of activity and quarterly reporting on the overall progress of implementation of the initiatives scheduled.

Gap Analysis on EU Commission Guidelines

The ECB requires credit institutions to report material climate risks in their NFSs, taking into account the European Commission's "Guidelines on non-financial reporting: Supplement on reporting climate-related information" (hereinafter referred to as the "Guidelines"). This document supplements the recommendations of the TCFD, incorporating, albeit in a non-binding manner, the contents of Directive 2014/95/EU on non-financial reporting.

The Guidelines were developed in line with the five core reporting areas referred to in the Directive:

- business model;
- policies and due diligence process;
- outcome of those policies;
- principal risks and their management;
- key performance indicators.

For each area, the Guidelines identify a number of pieces of information that should be disclosed within the Non-financial Statement. Furthermore, the Commission has developed Further guidance for banks and insurance companies to facilitate the adoption of recommendations by institutions that are both providers and users of climate-related information.



No climate strategy can be defined as effective if it is not preceded by an accurate analysis of the carbon footprint, namely the calculation of the emissions of climate-changing gases or greenhouse gases (hereinafter referred to as "GHG") attributable to a product, an organisation or an individual.

The most commonly reported emissions are those of carbon dioxide (hereinafter referred to as "CO₂"), which, however, only constitute one type of climate-changing gas emission. For this reason, carbon dioxide equivalent (hereinafter referred to as "CO₂e") is typically used as a measure that represents all greenhouse gases by converting them into the equivalent quantity of CO₂.

Emissions are classified by Scope, which defines whether the emissions were generated by the organisation itself or were produced by activities or subjects connected to it, such as the energy supplier, waste production, corporate travel, etc. In particular:

- Scope 1 = Direct GHG emissions
- Scope 2 = Indirect GHG emissions from energy consumption
- Scope 3 = Other indirect GHG emissions

An effective corporate strategy to combat climate change requires a detailed understanding of the Company's own climate-changing emissions, through an accurate GHG inventory.

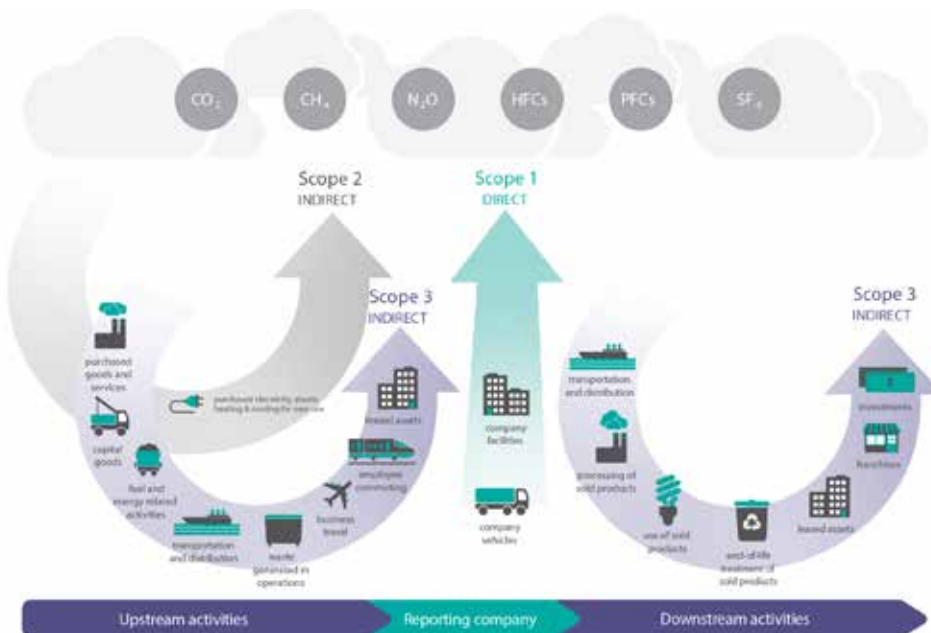


Image source: GHG Protocol – Technical Guidance for Calculating Scope 3 Emissions – Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard, World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).



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Direct environmental impacts

Direct (Scope 1) GHG emissions

Scope 1 shows the CO₂ equivalent emissions directly generated by the Group, mainly resulting from the consumption of fuel used for heating, for own vehicle fleet and refrigerant gas leakage. In particular, direct greenhouse gas emissions from combustion heat generators are periodically inspected and combustion-tested in accordance with Italian Presidential Decree 74/2013. All interventions carried out on building systems by third parties are recorded through an "Intervention Report" document according to the Ordinary Routine Maintenance Procedure: the Technical and Safety Prevention Office requires a series of checks, based on the type of system and the time frequency.

	UoM	2023	2022	2021
Total direct emissions	t CO₂e	3,413	3,383	4,368
Heating oil	t CO ₂ e	1,209	1,214	1,293
Diesel for motor vehicles	t CO ₂ e	187	220	196
Petrol	t CO ₂ e	54	51	30
LPG (liquefied petroleum gas)	t CO ₂ e	6	6	0
Natural gas	t CO ₂ e	1,957	1,885	2,736
Fluorinated greenhouse gases (F-gas)	t CO ₂ e	0	0	113

Source of emission factors: ISPRA (Italian Institute for Environmental Protection and Research) with transformation into CO₂e according to the procedure set out in the "Guidelines on the application of the GRI (Global Reporting Initiative) Standards on environmental issues in banks" published by ABI Lab. The gases included in the calculation are CO₂, CH₄, N₂O.

Biogenic emission are not calculated since they are not material for BPS.

In order to calculate the equivalent tonnes of CO₂, the GWP (Global Warming Potential) is used as indicated by the reports produced by the IPCC specified by the ABI Guidelines.



Energy consumption within the organisation

	UoM	2023	2022	2021
Heating	GJ	49,543	48,708	64,476
Natural gas	GJ	33,258	32,346	46,964
Diesel	GJ	16,199	16,273	17,404
LPG (liquefied petroleum gas)	GJ	86	89	109
Electricity consumed (withdrawn + self-produced)	GJ	65,667	68,830	66,999
Electricity purchased	GJ	64,274	66,430	64,972
of which from renewable sources (purchased)	GJ	62,691	63,533	63,810
Electricity from renewable sources, produced and consumed	GJ	1,393	2,400	2,028
District heating*	GJ	6,797	6,428	12,845
Non-renewable district heating purchased	GJ	2,061	2,897	5,804
Renewable district heating purchased	GJ	2,874	2,271	4,500
Non-renewable air cooling purchased	GJ	596	117	1,374
Renewable air cooling purchased	GJ	1,266	1,143	1,168
Total energy consumption	GJ	122,007	123,967	144,321
Renewable energy	GJ	68,224	69,347	71,505
% renewable of the total		56%	56%	50%
Non-renewable fuel consumption – Diesel	GJ	2,517	2,960	1,909
Non-renewable fuel consumption – Petrol	GJ	729	677	666
Total non-renewable fuels (including car fleet)	GJ	52,789	52,345	67,569

Source of conversion factors: "Guidelines on the application of the GRI (Global Reporting Initiative) Standards on environmental issues in banks" published by ABI Lab.

*The data relating to district heating, aligned to 2022, does not include condominium district heating consumption.

The data relating to BNT's fuel consumption are partial and therefore have not been reported. As regards Sondrio (SUISSE) SA, information relating to district heating has not been included due to lack of data.

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98% of the electricity purchased comes from renewable sources



Analysis of BPS real estate assets and energy audit

During the month of December 2023, pursuant to and by effect of Article 8 of Italian Legislative Decree no. 102/2014, the Bank has prepared and sent on ENEA's dedicated Audit 102 portal a total of 5 Energy Audit documents, drawn up in accordance with the UNI CEI EN 16247 Standard and signed by independent Auditors.

The properties subject to an energy audit were selected based on an algorithm for defining the most representative consumption centres, according to a cluster representation of consumption ranges, applied to all properties owned by the Banca Popolare di Sondrio SpA Group, including those belonging to our investee.

The activity made it possible to highlight the state of efficiency of the building/installation systems of the examined properties, offering evaluation ideas for new energy improvement interventions according to consolidated cost/benefit analysis criteria.

The results were included in a broader summary of interventions, which also includes other intervention opportunities highlighted in previous Audit documents, or in internal Energy Analyses referring to other buildings in the existing real estate assets portfolio.

The corporate policies for reductions in direct emission factors (Scope 1), with reduction targets that will be defined later at the Group level, can take inspiration from the numerous opportunities highlighted to broaden the evaluations in terms of obtainable environmental benefits.

With a view to more transparent sharing of climate-related and environmental information concerning the Group's real estate assets, the Bank has also launched a project for the management and processing of the main data relating to the properties. This data will be made available to the offices concerned using a dashboard accessible at any time on the corporate Intranet, updated on the basis of information available from time to time.





Materials used and waste produced

The Group seeks to reduce the impact of waste disposal by maximising the proportion of waste that can be sent for recycling and reuse, by extending separate waste collection for all types of produced waste and by constantly checking the correct disposal of waste that cannot be sent for recycling and reuse.

Materials used by weight or volume*

	UoM	2023	2022	2021
Total weight of materials used	kg	444,735	445,415	469,487
Total FSC-certified paper	kg	11,016	60,962	149,863
Total certified recycled paper	kg	249,699	0	-
Total paper used (non-certified)	kg	171,266	370,724	305,338
Toners and cartridges	kg	12,754	13,729	14,286
Paper consumption per employee	kg	120.66	124.90	135.19
Toner consumption per employee	kg	3.56	3.97	4.24

* From the current financial year, the classification of the type of paper used has been carried out also considering recycled paper as certified.

The amount of paper used by BPS was calculated on the basis of the quantities of material ordered by our central warehouse, as well as on the basis of the quantity of material (e.g. envelopes, sheets) reported by the company to which we outsourced the printing and delivery of periodic bank statements to customers.

In 2023, total consumption is in line with previous financial years, but with a considerable decline compared to the use of white paper (-96% compared to 2022) in favour of recycled paper.

99% recycled paper on total consumption

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GRI 301-2

Compared to previous years, the data show a slight decrease (-6%) mainly attributable to the dematerialisation measures implemented by the Bank, including:

- digitalisation of bank statements and all customer communications using the SCRIGNO Internet Banking service;
- graphometric signature of almost all receipts of transactions carried out at the counter;
- graphometric signature of contracts, underwriting and sale of financial instruments; this activity will hopefully be extended to all types of contracts signed with customers, resulting in further paper and toner savings.

Paper	UoM	2023	2022	2021
Total office paper used	Kg	431,981.00	431,686.00	455,201.00
Total FSC-certified paper	Kg	11,016.00	60,962.00	149,863.00
Total FSC-certified paper	%	2.5%	14%	33%
Total certified recycled paper	Kg	249,699.00	N/A	N/A
Total certified recycled paper	%	58%	0	0
Total paper used (non-certified)	Kg	171,266.00	370,724.00	305,338.00
Total paper used (non-certified)	%	39.5%	86%	67%





Waste generation and significant waste-related impacts

Waste produced by the Group's activities mainly consists of used paper, cardboard and toners, as well as, to a lesser extent, hazardous (such as used batteries and neon lights) or bulky waste, as residues from structural work carried out at its sites.

Disposal of the waste produced by the Bank is entrusted to Alfa Maceri SpA, a company operating across Italy with the following certifications:

- ISO 9001 – Quality Management Systems certification since 2010
- ISO 14001 – Environmental Management System certification since 2014
- ISO 45001 – Occupational Health and Safety Management Systems certification since 2014.

During 2023, some extraordinary waste disposal activities, attributable to the emptying of some warehouses located at the Berbenno di Valtellina Service Centre, were entrusted to two Valtellina companies specialised in the sector: Seval Srl and Valtellina Ecoricicli Srl.

Collected and managed waste is subjected to the recovery operations provided for by Italian and European regulations in force and classified according to Italian Legislative Decree 152/2006 (Consolidated Law on the Environment) as recovery operations classified R1 to R13.

Overall, the amount of waste produced during 2023 amounted to approximately 292,000 kilograms, with a reduction of approximately 28,000 kilograms compared to the previous year. This reduction is attributable to the quantity of paper and cardboard currently entrusted to local disposal services. In fact, thanks to the purchase and distribution of document shredding machines across our entire network, paper waste is now sent to municipal waste collection, with consequent economic savings and a reduction in the environmental impact deriving from the wheeled vehicles used by third-party companies previously appointed by us for the collection and transport of waste.

Management of waste produced by Pirovano Stelvio SpA is instead entrusted to the municipality of Bormio, through the company SECAM SpA. In particular, the Municipality of Bormio initially covers the payment of the service provided by the disposal company and subsequently divides the costs among all the structures operating at the Stelvio Pass, including Pirovano Stelvio SpA. The distribution is carried out in proportion to the volumes of the various structures and is defined during the month of June of the year following the reference one. In this regard, the value for 2023 is an estimate, based on data from 2022. The waste generated by Pirovano Stelvio is typical for activities in the hotel sector; specifically, about 24,000 kilograms of waste were produced, of which almost 6,000 kilograms of recyclable waste (paper, plastic, glass) and 110 kilograms of hazardous waste (used cooking oil).

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GRI
306-2

100% paper
waste sent for
recovery

Management of significant waste-related impacts

For some years now, the Group has undertaken several initiatives aimed at reducing the use of paper and toners, including:

- the online printouts service, which can be accessed by customers via the SCRIGNO Internet Banking platform, enabling customers to view and download in digital format all the documentation relating to their dealings with the Bank (bank statements, information sheets, etc.);
- the graphometric signature, an initiative that makes it possible to dematerialise part of the bills relating to cash transactions, as well as other forms relating to transactions signed by customers (investment funds, subscription and redemption of securities, current account contracts, etc.).

In 2023, both of the above-mentioned initiatives recorded an increase in use by customers of 7% and 13%, respectively.

In 2022, as already mentioned, all branches and some headquarters were equipped with a document shredding machine, thanks to which paper waste can be handled directly with the municipal waste collection, thereby limiting the amount of waste collected, and consequently generating savings and reducing the environmental impact.

With regard to Factorit SpA, the progressive dematerialisation of documents continued in 2023, as did the disposal of paper waste generated in past years and reaching the legal deadline required for its storage in archives.

The suppliers of waste disposal services provide the Group with an annual report summarising their collection and disposal activities: this shows that the waste produced has been correctly subjected to the recovery actions required by the regulations in force (understood as both material recovery and energy recovery – Code R1 to R13 of the Consolidated Law on the Environment).





Waste generated

	UoM	2023	2022	2021
Total waste produced	kg	302,943	320,876	300,976
Of which hazardous	kg	1,380	630	2,949
of which neon	kg	347	165	780
of which spent batteries	kg	313	15	1,966
of which dangerous electronic components	kg	610	-	-
other (Pirovano)	kg	110	450	200
Of which non-hazardous	kg	301,563	320,246	298,030
of which spent printer toners and cartridges	kg	6,044	11,960	10,188
of which paper and cardboard	kg	175,908	281,866	232,695
of which corrugated cardboard	kg	6,470	930	850
of which plastic packaging and plastic in general	kg	239	210	100
of which wooden packaging and wood in general	kg	3,465	2,860	155
of which mixed-material packaging	kg	7,195	2,045	1,750
of which non-hazardous electronic equipment	kg	12,930	1,390	1,120
of which bulky waste	kg	36,210	340	1,250
of which iron and steel	kg	6,200	0	0
of which unsorted municipal waste	kg	12,511	-	-
of which tiles and ceramics	kg	9,880	-	-
of which non-hazardous electronic equipment components	kg	450	0	0
of which waste from Subsidiaries	kg	24,061	49,922	

The total quantity of waste produced and sent for recovery in 2023 was reduced by 6% compared to 2022.

In addition, it should be noted that the presence of some types of waste not typically deriving from banking activities is due to some extraordinary warehouse cleaning operations.

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Indirect environmental impacts: Scope 2 and Scope 3 emissions

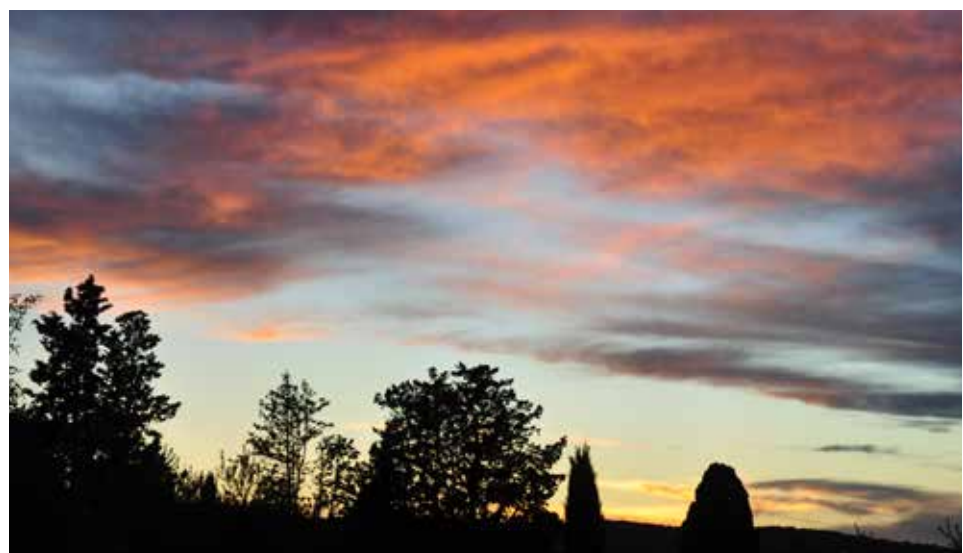
As defined in its Sustainability Policy, the Group is aware of the impact that its activities generate both directly and indirectly on the environment. Accordingly, it aims not only to reduce the effects on the environment generated by the consumption of resources, the production of waste and other activities considered to have a direct impact, but above all to manage the effects deriving from activities with an indirect impact, associated in particular to its proprietary portfolios, to products and to services intended for customers.

In the Business Plan, the definition of one or more targets relating to climate change (climate-related) is indicated as a priority, in particular aimed at reducing greenhouse gas emissions and, consequently, the reporting of the progress made in achieving these objectives through specific functional indicators to evaluate the environmental impact associated with the Bank's activities.

As illustrated in the "Sustainable Finance and Responsible Credit" section, joining the NZBA will play a fundamental role in identifying the path to reduce indirect environmental impacts deriving, first and foremost, from the credit portfolio.

The Bank, adhering to the TCFD Recommendations, intends to evaluate the adequacy of its climate strategy and communicate externally – in a transparent and timely manner – the relevant aspects relating to climate: the TCFD Report details the climate-related metrics, targets and strategy, as well as all activities aimed at the correct management of C&E risks.

Furthermore, as defined in the Environmental Policy, the Group aims to take a precautionary approach to major environmental issues and the fight against climate change, with the dual purpose of mitigating risks related to commercial transactions and seizing new business opportunities in all strategic areas.





Scope 2 emissions

Scope 2 refers to indirect emissions of CO₂e deriving from the consumption of purchased electricity and heat: BPS carries out specific energy analyses to determine the consumption benchmarks of the various buildings every six months or yearly; generally, this data is compared with the average sector data collected by the ABI Energia Group, as well as with best practices, with the aim of targeting specific actions or undertaking different energy management measures.

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Indirect emissions (Scope 2)	UoM	2023	2022	2021
Total indirect emissions – “Location-based” method	t CO ₂ e	5,201	5,231	5,502
Total electricity purchased (renewable and non-renewable) (national grid average emission factor)	t CO ₂ e	4,805	4,854	5,126
Total district heating purchased (renewable and non-renewable)	t CO ₂ e	396	377	376
Other (specify)	t CO ₂ e	0	0	0
Total indirect emissions – “Market-based” method	t CO ₂ e	479	576	592
Non-renewable electricity purchased	t CO ₂ e	201	199	216
Electricity purchased from renewable sources	t CO ₂ e	0	0	0
Total district heating purchased (renewable and non-renewable)	t CO ₂ e	278	377	376
Other (specify)	t CO ₂ e	0	0	0

Source of emission factors: “Guidelines on the application of the GRI (Global Reporting Initiative) Standards on environmental issues in banks” published by ABI Lab.

In order to calculate the equivalent tonnes of CO₂, the GWP (Global Warming Potential) is used as indicated by the reports produced by the IPCC specified by the ABI Guidelines.

The data relating to consumption from District heating purchased (renewable and non-renewable) – “Market-Based” method are the subject of restatement, following the use of a different emission factor.



The GRI standard provides for two different approaches to calculating Scope 2 emissions: “Location-based” and “Market-based”. The “Location-based” approach involves the use of average emission factors relating to the specific national energy mixes for the production of electricity; the emission coefficient used for Italy is equal to 267.94 gCO₂/kWh for 2023, 260 gCO₂/kWh for 2022 and 278.02 g CO₂/kWh for 2021 (source of emission factors: ISPRA (Italian Institute for Environmental Protection and Research) with transformation into CO₂ according to the procedure set out in the “Guidelines on the application of the GRI Standards on environmental issues in banks” published by ABI Lab). The “Market-based” approach, instead, involves the use of emission factors defined on a contractual basis with the electricity supplier. In the absence of specific contractual agreements between Group companies and the electricity supplier, for this approach the emission factor relating to the national “residual mix” was used, which for Italy is equal to 457.15 g CO₂/kWh for 2022, 459 g CO₂/kWh for 2021 and 466 g CO₂/kWh for 2020 (source of emission factors: AIB, 2020 and 2019 European Residual Mixes for 2021 and 2020 data respectively, with transformation into CO₂ equivalent according to the procedure set out in the aforementioned document).





Scope 3 emissions

The term “Scope 3 emissions” refers to emissions of climate-changing gases (or GHGs) generated along the value chain of an organisation, upstream and downstream, thus from sources not owned or controlled by the organisation itself. These emissions include those related to the production of purchased material and fuel used by vehicles not owned by the organisation, as well as the end use of products or services and investments made. Until recently, companies have focused on calculating emissions within Scope 1 and 2: “The time to Green Finance” report, published by CDP, notes that only a small number of credit institutions report their Scope 3 emissions and states that the ratio of indirect GHG emissions of financial institutions (associated with investment, lending and underwriting activities) to direct GHG emissions is 700 to 1. The direct GHG emissions of financial undertakings should be considered residual compared to what is generated by the companies they finance or invest in. The Bank is aware of the need to account for emissions along its value chain in order to comprehensively manage risks related to its carbon footprint: not only to meet the demands of the regulator and the expectations of the market, but above all to embark on a process of self-analysis aimed at defining new environmental and climate targets. For this reason, starting in 2021, the Bank has undertaken a study of its Scope 3 emissions, beginning with an exercise to analyse the emissions of its credit portfolio.

The data collection methodology follows two key literature references:

- GHG Protocol – Technical Guidance for Calculating Scope 3 Emissions – Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard, World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD);
- PCAF – Partnership for Carbon Accounting Financials, the Global GHG Accounting and Reporting Standard for the Financial Industry, Second edition and the Financed Emission Standard.



Scope 3 emissions: credit portfolio

The tables below show the emissions connected to the Bank’s credit portfolio, in line with the Pillar 3 disclosure (so-called Pillar 3 pursuant to Regulation (EU) 2013/575, Capital Requirements Regulation, of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms and public disclosure requirements).

The information used to calculate financed emissions derives from:

- “info provider” databases, containing statistical data and information relating to emissions per individual counterparty and NACE sector. Specifically, the methodology used by the “info provider” to estimate GHG emissions adopts a “bottom-up” approach, which starts from the estimate of emissions for each branch office, subsequently aggregated at the company level. The estimate for each branch office is carried out considering its size and the emission characteristics of the sector in which it operates, taken from recognised institutional sources such as, for example, the *European Environmental Agency and Eurostat*. In the event that the branch office in question is included in institutional databases such as the E-PRTR (European Pollutant Release and Transfer Register), the emissions data retrieved directly from this source is used. Finally, a subsequent aggregation is carried out starting from the information for each individual branch office to determine emissions at a company level. For companies belonging to a group whose amount of Scope 1, Scope 2 or Scope 3 GHG emissions has been reported in the Consolidated Non-Financial Statement, the company’s estimated emissions are recalibrated to obtain an estimate of emissions consistent with the reported data.
- Reported data databases, containing the GHG emissions reported on the Non-Financial Statements or Sustainability report published by groups and companies.
- BPS financial statements repository, containing information on customers’ individual or consolidated reclassified financial statements.
- FINREP standardised reporting, from which, specifically, information relating to the degree of customer indebtedness towards the Bank is collected.

According to the PCAF, financial institutions are required to report the absolute Scope 1 and 2 emissions of their counterparties; meanwhile, as for the reporting of Scope 3 emissions of customers, the PCAF follows a gradual introduction.

List of sectors for which Scope 3 emissions reporting is required, as defined by the EU TEG.

Phase in period	Sectors considered by NACE L2
For reports published from 2021 onwards	Sectors: energy (oil & gas) and mining (NACE L2: 05-09, 19, 20)
For reports published from 2023 onwards	Sectors: transport, construction, real estate, materials and industrial activities (NACE L2: 10-18, 21-23, 41-43, 49-53, 81)
For reports published from 2025 onwards	All sectors

Source: PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.





Starting from the 2022 NFS, BPS provides the calculation of its emissions related to the corporate loan portfolio; specifically, the sum of Scope 1, 2 and 3 emissions (Goods and Services Upstream component only) of the financed entities is indicated, according to an attribution factor of the emissions produced by the customer. This attribution factor is calculated based on the ratio between the amount financed (numerator) and the value of the financed company (denominator).

For loans to businesses and equity investments in private companies, the denominator is understood as the sum of the company's total equity and debt, as per the available company financial statements:

$$\text{Attribution factor} = \sum_c \frac{\text{Outstanding amount}}{\text{Total equity} + \text{Debt}}$$

As regards loans to companies listed on the stock exchange, the denominator is given by the EVIC:

$$\text{Attribution factor} = \sum_c \frac{\text{Outstanding amount}_c}{\text{Enterprise Value Including Cash}_c \text{ (EVIC)}}$$

Finally, once the attribution factor has been obtained, the emissions of the portfolio considered are calculated as follows:

$$\text{Financed emissions} = \sum \text{Attribution factor}_c \times \text{Company emissions}_c$$

(with c = borrower or investee company)

In addition, portfolio emissions for 2023 are presented according to the following PCAF metrics:

Metric	Description	Target	2023 Value	2022 Value
Financed Emissions	Emissions relating to the corporate loan portfolio	Evaluate the emission intensity of the financed activities	7.7 m tCO ₂ e	6.6 m tCO ₂ e
Weighted average carbon intensity (WACI)	Quantity of emissions of a given company per Euro of turnover	Evaluate the emission intensity of the portfolio (or parts of the portfolio) per monetary unit. It enables the assessment of the degree of pollution that different companies produce, for the same turnover	101 tCO ₂ e/€m	114 tCO ₂ e/€m

It should be noted that the Bank, for the publication of the data relating to the 2023 financial year, improved its calculation of the financed emissions, making important developments in the calculation of the attribution coefficient and specifically:

- integrating information from consolidated financial statements for GHG Scope 1, 2, 3 emissions declared by the counterparties at a group level;
- including further debts in addition to financial ones in the Total equity + Debt component (Denominator);
- integrating the Scope 1, 2, 3 GHG emissions obtained during the due diligence process;
- improving the process of breaking down Scope 1, 2, 3 GHG emissions declared by customers at a consolidated level and redistributing them among individual investee, with particular regard to corporate group holdings.



Due to these important methodological developments, the Bank proceeded with the restatement of the information relating to the FY 2022 financed emissions in order to guarantee the comparability of the information.

A representation of exposures, financed emissions and emission intensity by macro-sector is provided below. Specifically, the sectors have been sorted in descending order on the basis of the portfolio WACI.

Macro-sector	% exposure	% financed emissions	WACI
B – Mining and quarrying	0.5%	0.4%	477
D – Electricity, gas and steam supply	5.5%	1.8%	375

C1 – Manufacturing (high energy intensity)	13.0%	62.2%	225
E – Water supply	1.4%	0.4%	175
A – Agriculture, forestry and fishing	1.6%	0.2%	101
H – Transportation and storage	2.8%	0.8%	98
F – Construction	7.9%	4.8%	95

C2 – Manufacturing (other)	19.1%	26.0%	89
M – Professional, scientific and technical activities	5.7%	0.3%	69
Q – Human health and social work activities	1.5%	0.1%	40
G – Wholesale and retail trade	17.3%	2.3%	36
S – Other service activities	0.3%	0.0%	32
L – Real estate activities	11.1%	0.1%	28
I – Accommodation and food service activities	5.2%	0.1%	26
N – Administrative and support service activities	2.2%	0.2%	23
R – Arts, entertainment and recreation	1.2%	0.0%	22
P – Education	0.2%	0.0%	18
J – Information and communication	2.5%	0.0%	17
K – Financial and insurance activities	1.1%	0.0%	9
O – Public administration and defence	0.0%	0.0%	-



Scope 3 emissions: asset management

	2023	2022
GHG emissions (Scope 1 + 2 + 3)	220,874 tCO ₂ e	252,454 tCO ₂ e
WACI	309 tCO ₂ e/€m	350 tCO ₂ e/€m

For the first year the Bank reports the CO₂e emissions deriving from its asset management portfolios. The information is calculated through the use of data from a primary info provider.

Scope 3 emissions: proprietary portfolio

	2023			
-	GHG emissions tCO ₂ e	GHG emissions tCO ₂ e/€m(EVIC*)	C WACI tCO ₂ e/€m (turnover)	G WACI tCO ₂ e/€m(GDP**)
Corporate	84,781	52	52	0
Funds	7,704	106	134	195
Government	0	0	0	220
Total	92,485	158	186	415

	2022			
-	GHG emissions tCO ₂ e	GHG emissions tCO ₂ e/€m (EVIC*)	C WACI tCO ₂ e/€m (turnover)	G WACI tCO ₂ e/€m(GDP**)
Corporate	77,262	65	94	0
Funds	27,061	109	174	209
Government	0	0	0	225
Total	104,323	174	268	434

* EVIC, Enterprise Value Including Cash

** GDP, Gross Domestic Product

For the portfolio of corporate and sovereign issuers' securities and funds, the carbon footprint and emission intensity (WACI) are analysed. The data shown above refers to the consolidated scope (BPS, BPS (SUISSE) SA and BNT).



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Other indirect GHG emissions (Scope 3)

	UOM	2023	2022	2021
Total other emissions	tCO₂e/000	7,990	6,937	0.658
Purchased goods and services (paper)*	tCO ₂ e/000	0.362	0.372	0.395
Business travel (public transport)*	tCO ₂ e/000	0.451	0.303	0.263
Cat. 15: investments and loans	tCO ₂ e/000	7,989	6,937	-

* Source of emission factors: "Guidelines on the application of the GRI (Global Reporting Initiative) Standards on environmental issues in banks" published by ABI Lab.

Biogenic emission are not calculated since they are not material for BPS.

In order to calculate the equivalent tonnes of CO₂, the GWP (Global Warming Potential) is used as indicated by the reports produced by the IPCC specified by the ABI Guidelines.





Sustainable mobility

In Europe, almost a third of greenhouse gas emissions are caused by transport and, of this, the majority comes from road transport: for this reason, Sustainable mobility is one of the main ESG objectives of the European Union. Moreover, Sustainable mobility is also linked to the concept of territorial Sustainability: it sees a reduction in risks to people's health, enhances the protection of public space and makes it possible to benefit from the vehicle's energy savings.

As such, it also contributes to the achievement of the United Nations Sustainable Development Goals, and in particular: 7 – Affordable and clean energy and 11 – Sustainable cities and communities.

For a company present throughout the national territory, one of the main causes of environmental impacts is employees' travel and commuting. Consequently, mobility management and the identification of Sustainable routes and modes within cities and their surrounding areas are of major importance.

Urban mobility is one of the main topics of interest to institutions and companies: better organisation can help reduce the levels of traffic congestion and, at the same time, those of air pollution, with consequent benefits at both a social and economic level. The Italian Ronchi Decree issued on 27 March 1998, alongside the obligation to clean up and protect the air quality, introduces the figure of the corporate Mobility Manager, with the aim of engaging companies in the management of alternative solutions.



The Ronchi Decree recognises Home-Work Travel Plans (hereinafter referred to as "HWTP") as one of the tools to reduce the use of individual private vehicles by encouraging Sustainable forms of transport. Subsequently, the Italian Relaunch Decree, converted into Law no. 77 of 17 July 2020 and including "Measures to encourage Sustainable mobility", confirmed the lowering of the minimum threshold for the appointment of the Mobility Manager and the consequent drafting of the HWTP from 300 to 100 employees in companies located in metropolitan cities, regional and provincial capitals and, in general, in municipalities with more than 50,000 inhabitants. This law aims to further increase the Sustainability of travel and to favour alternative means to traditional ones, both for the protection of the environment and for limiting the spread of Covid-19 infections.

Moreover, with the introduction of the Italian Interministerial Decree no. 179 of 12 May 2021, containing "Methods for implementing the provisions relating to the figure of the Mobility Manager", the figures, functions and requirements of the corporate Mobility Managers and area Mobility Managers are defined.

In November 2021, the Bank appointed an internal corporate Mobility Manager.

The Group falls within the scope of application of the legislation for the Sondrio offices (Head Office) and Milan offices (BPS Headquarters and Headquarters of the Factorit subsidiary). Therefore, for 2023, it has again drawn up the HWTPs using an online survey aimed at investigating the forms of mobility used by the employees of the offices concerned.

Specifically, the HWTPs identify measures to steer the employees' home-work travel habits towards Sustainable forms of mobility as an alternative to the individual use of private motor vehicles, based on an analysis of the modes that are currently used, mobility needs and the state of the public transport services available in the relevant area.

Below we show the most significant steps of the HWTPs and some initiatives which, as suggested by the analyses of the plans and the answers to the survey, can contribute to reducing the environmental impact of home-work travel and to creating a corporate culture more sensitive to the topic.



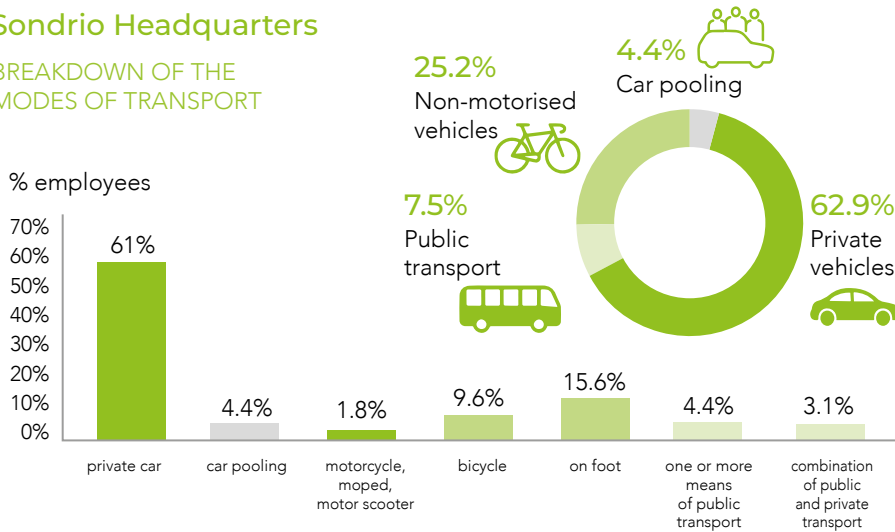


■ **Sondrio**

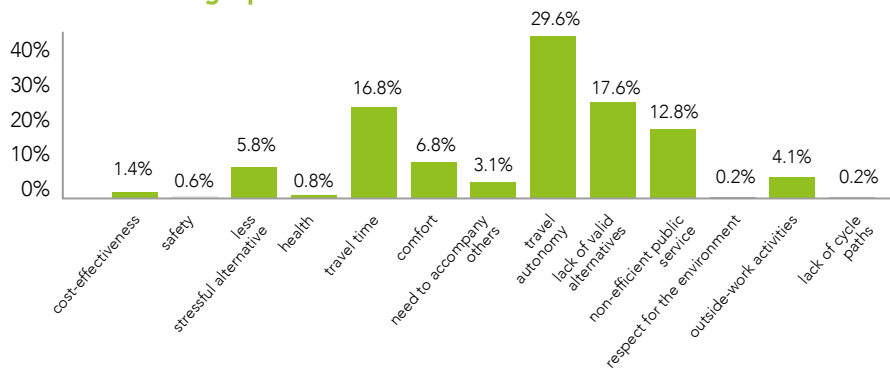
Of the total colleagues interviewed, more than 60% indicated that they use their own private vehicle to go to work. For almost 30% of those interviewed, the main reason behind this choice is dictated by the greater autonomy of movement provided by private transport. Next, the choice is also due to the lack of alternatives and to saving travel time, respectively for 17.6% and 16.8% of employees.

Sondrio Headquarters

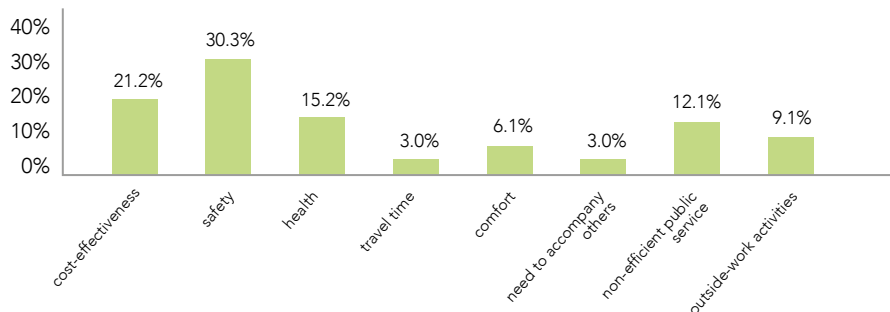
BREAKDOWN OF THE MODES OF TRANSPORT



Reason for choosing a private car to commute



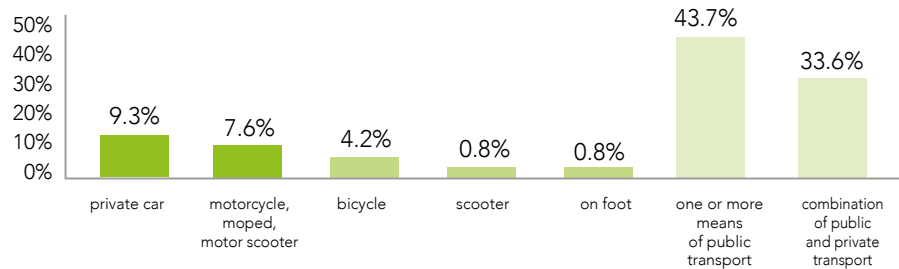
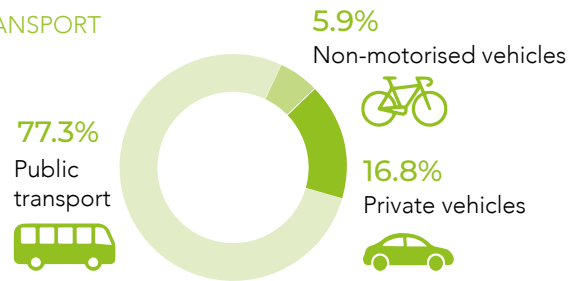
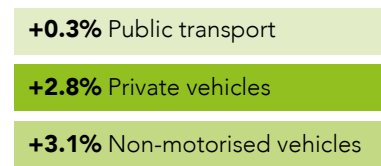
Reason for choosing public transport to commute



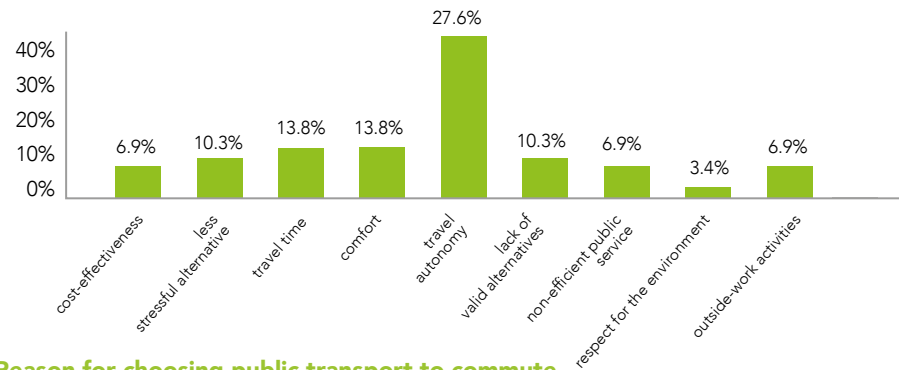
■ Milan

77.3% of employees at the Milan offices use public transport to reach their workplace. For 28.3% of those interviewed, the main motivation lies in the greater cost-effectiveness of local public transport compared to private vehicles, while the lower amount of related stress, the reduction in travel times and not having to look for parking were indicated respectively by 17.7%, 15% and 16.8% of respondents.

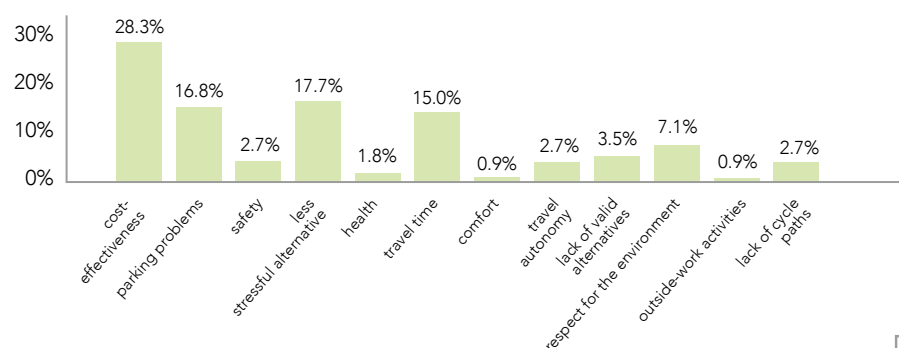
BREAKDOWN OF THE MODES OF TRANSPORT
COMPARISON WITH 2022



Reason for choosing a private car to commute



Reason for choosing public transport to commute





The HWTPs also define the benefits that can be achieved through the implementation of the measures they envisage, assessing the advantages for the employees involved, for the Bank adopting them and for the community from an environmental, social and economic standpoint.

Moreover, the extension of the scope of application of the survey to metropolitan urban areas, where the Bank's offices and branches are located, is being developed and evaluated: this would be a non-obligatory survey, in other words an investigation to better understand what the mobility needs of colleagues are in the presence of particularly congested traffic situations.

The final goal is to have accurate data to formulate alternative proposals which, primarily take into consideration the containment of the emission of polluting substances, but also the comfort and safety of employees.

Focus on remote working

Remote working is not only an effective measure to guarantee a better work-life balance, but also a real tool to reduce the causes of emissions and contribute to the reduction of air pollution generated by travel. Traffic, in fact, is one of the main sources of air pollution in the regions where BPS operates.

The table illustrates the total values of the emissions produced during working days in remote working mode, highlighting the potential savings in terms of GHG emissions, compared to office work, for an entire year. The data reported refers to the remote working days relating not only to the three offices examined by the HWTPs, but to those of all Banca Popolare di Sondrio employees.

	EMIS. of CO (kg/y)	EMIS. of NO _x (kg/y)	EMIS. of VOC (kg/y)	EMIS. of CH ₄ (kg/y)	EMIS. of PM ₁₀ (kg/y)	EMIS. of CO ₂ (kg/y)
2023	8,500	2,077	3,313	163	189	1,098,458
2023 WITHOUT RW	10,398	2,541	4,053	200	232	1,343,789
SAVINGS	1,898	464	740	37	43	245,331

CO= Carbon Monoxide

NO_x = Nitrogen Oxide

VOC= Volatile Organic Compounds

CH₄= Methane

PM₁₀= Particulate Matter

CO₂= Carbon Dioxide



Car pooling

A pilot project was launched during 2023 to promote carpooling between colleagues, in other words the sharing a private car to go to work.

Using a smartphone application, colleagues who decided to join the initiative were able to offer and take advantage of car trips shared with other colleagues, benefiting from substantial savings on fuel costs and helping to reduce the number of cars on the road to the workplace.

This first trial was concluded in January 2024 and evaluations are currently underway on the possible extension and re-proposal of the project.

Next products

During 2023 Banca Popolare di Sondrio expanded the offer of products with a positive environmental impact. As envisaged in the Business Plan and following numerous reports of interest from colleagues, a credit line has been developed dedicated to companies that want to reduce polluting emissions from their means of transport and an agreement has been launched for employees to purchase environmentally sustainable means of transport.

The Sustainable Mobility line for businesses enriches the "next" product package, which already offers a mirror product for the family sector, aimed at financing the purchase of low or zero emission means of transport.

The two lines of financing – at a low rate – designed for all Group employees who intend to purchase hybrid or electric cars and motorbikes, muscle or electric bicycles and electric scooters, also fall within this scope.

Interreg OmniBUS 4.0

Among the various local Sustainable mobility initiatives, the Interreg OmniBUS 4.0 pilot project promoted by the Bank with the Sondrio Basin Local Public Transport Agency (*Agenzia per il Trasporto Pubblico Locale del Bacino di Sondrio*) deserves mention, thanks to which, during the months of March, April and May 2023, individual monthly passes to public transport services in the province of Sondrio were offered free of charge to employees residing in the province and working in the Municipality of Sondrio.

Among those who took part in the initiative, many already used public transport to go to work, but the offer of a free pass helped promote this option with employees who had not taken it into consideration in the past. Almost all trips (93%) involved taking the train, with employees leaving their cars near the station and then using public transport. Only 3% used the bus.

On a general level, the experience of using public transport was overall welcomed and considered an option to be used again for the majority of participants, also as an alternative to private transport.



BPS (SUISSE) SA

Among the initiatives adopted by the BPS (SUISSE) SA subsidiary, it is worth noting the promotion of contributions for employees for the purchase of passes for the Swiss Federal Railways (FFS SBB) network. FFS SBB also provided BPS (SUISSE) SA with a report illustrating the emissions avoided by train travel and the related economic savings.

In 2023, a project was also carried out in collaboration with the city of Lugano and the Territorial Department of the Canton of Ticino to think about alternative mobility solutions for all employees: through the Mobalt platform it is, in fact, possible to plan trips with public transport, by car pooling, shuttles and slow mobility.

Moreover, corporate policies on mobility have led to an increase in the number of electric cars, today reaching 60% of the entire car fleet.

Finally, we also wish to highlight the project on employee home-work mobility which guarantees 30% discounts on annual local public transport passes, thanks to the 15% corporate contribution and the 15% contribution by the Arcobaleno integrated fare network – Ticino and Moesano.



Taxonomy: alignment disclosure pursuant to Article 8 of Regulation (EU) 2020/852

INTRODUCTION AND RELEVANT REGULATIONS

Regulation (EU) 2020/852 introduced the so-called European taxonomy of environmentally sustainable activities, in other words a system of economic activity classification, based on their contribution to the achievement of 6 specific environmental objectives, in accordance with scientific criteria and metrics (hereinafter referred to as "EU Taxonomy").

Five Delegated Regulations are connected to Regulation (EU) 2020/852:

- **Delegated Regulation (EU) 2021/2178** concerning the methods for calculating the KPIs for disclosure pursuant to the Taxonomy;
- **Delegated Regulation (EU) 2021/2139** concerning the technical screening criteria for the activities included in the Climate Change Mitigation and Climate Change Adaptation targets;
- **Delegated Regulation (EU) 2022/1214** relating to the integration of Delegated Regulation (EU) 2021/2139 regarding Gas and Nuclear activities;
- **Delegated Regulation (EU) 2023/2485** which modifies the technical screening criteria for the first two climate objectives present in the Delegated Regulation (EU) 2021/2139;
- **Delegated Regulation (EU) 2023/2486** which modifies Delegated Regulation (EU) 2021/2178, integrating the technical screening criteria for the remaining 4 environmental objectives.

The EU Taxonomy identifies six environmental objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

In line with the requirements of the Delegated Regulation (EU) 2021/2178 and the Delegated Regulation (EU) 2023/2486, second level implementing rules of the EU Taxonomy, starting from the 2023 financial year the Bank is required to report the alignment percentage, in other words the green asset ratio on the total exposures present in its financial statements (so-called Green Asset Ratio or "GAR"). The Delegated Regulations also define the specific data to be shown in the non-financial reporting, providing entities with an obligation to report such data with specific standard templates aimed at supporting the comparison of segment information. The templates relating to the calculation of the GAR can be consulted at the end of this NFS. In particular, the KPIs indicated in the templates are defined as reported in the Commission Implementing Regulation (EU) 2021/451 as of 31 December 2023.



COMPLETION OF THE EU TAXONOMY TEMPLATES

For the reporting relating to the period from 1 January to 31 December 2023, the Taxonomy requires the completion of six distinct templates, a brief description of which is provided below:

TEMPLATE 0 Summary of KPIs	Summary of the KPIs that credit institutions must communicate pursuant to Article 8 of the EU Taxonomy.
TEMPLATE 1 Covered assets	Information relating to the Bank's exposures in absolute terms, divided by counterparty category, type of financing provided and classification into eligible and aligned exposures.
TEMPLATE 2 Sector	Breakdown of exposures by sector based on the relevant NACE code.
TEMPLATE 3 GAR KPIs Stock	Information on the eligibility percentages and alignment of the Bank's exposures (stock), starting from the data communicated in Template 1.
TEMPLATE 4 GAR KPIs Flow	Information on the eligibility percentages and alignment of the Bank's new exposures (flows).
TEMPLATE 5 FinGar, AuM KPIs	Information on the eligibility and alignment percentages for off-balance sheet exposures (financial guarantees and managed financial assets) from the data reported in Template 1.



METHODOLOGY FOR CALCULATING THE GAR AND MAIN EVIDENCE FOR COMPLETION OF TEMPLATES

The GAR is an indicator aimed at synthetically illustrating the relationship between the Bank's overall activities and those considered environmentally sustainable according to the EU Taxonomy. In particular, it indicates the percentage of environmentally sustainable assets on the total balance sheet assets, as defined by Regulation (EU) 2023/2486. The denominator of the indicator, in fact, refers to the Bank's total assets, excluding exposures to governments, institutions, central banks and supranational issuers, and trading book assets. The indicator is calculated in Template 1, which classifies the assets into four main sections:

1. Assets included in the numerator for GAR calculation;
2. Assets excluded from the numerator for GAR calculation (included in the denominator);
3. Exclusions from KPI calculation;
4. Off-balance.

A summary description of the four different sections is presented below.

1. Assets included in the numerator for GAR calculation

An asset is considered to be environmentally sustainable when it represents an investment in assets considered aligned with the EU Taxonomy, whose analysis metrics include the classification of exposures based on the counterparty category and the type of financing provided and the identification of eligible and aligned exposures, as shown below:



a. Exposures to counterparties falling within the scope of application of Directive 2014/95/EU (so-called Non-Financial Reporting Directive or "NFRD counterparties");

- overall GAR for financing activities aimed at financial undertakings, for the mitigation and adaptation to climate change targets (valued starting from the 2024 financial year);
- overall GAR for financing activities aimed at non-financial undertakings, for the mitigation and adaptation to climate change targets.



b. Exposures to households

- GAR for exposures relating to residential property, including loans for home renovation, for the climate change mitigation, climate change adaptation and circular economy targets;
- GAR for retail loans for the purchase of cars for the climate change mitigation target.



c. GAR for proceeds used to finance local public administrations, for all environmental targets.



d. GAR for residential and commercial real estate guarantees repossessed and held for sale, for all environmental targets.



a. Exposures to NFRD counterparties

These exposures can be divided into two categories, depending on the use of the proceeds for which the loan was granted:

- **in the case of generic loan**, the data on eligibility and alignment are found in the company's Non-Financial Statement (hereinafter referred to as "NFS"), consisting of percentages, repeated both on the basis of Capex and Turnover, by which the Bank's exposure to the specific company is multiplied*;
- **in the case of targeted loan**, the following technical screening criteria must be complied with, pursuant to Delegated Regulation (EU) 2021/2139:
 1. Substantial contribution criteria;
 2. Do Not Significant Harm (hereinafter referred to as "DNSH");
 3. Minimum safeguards.

If the activity underlying the loan complies with the technical screening criteria, it is considered aligned pursuant to Regulation (EU) 2020/852. Moreover, it should be noted that care must be taken not to double count. Therefore, if an exposure from specialised loans can be considered aligned in relation to two environmental objectives, credit institutions must assign it to the most relevant objective.

For the purposes of this reporting, no loans aimed at NFRD counterparties were identified. The analysis therefore focused on generic loans and was based on the data obtained from the 2022 NFS of the non-financial companies to which the Bank is exposed. However, as regards financial companies, the absence of information relating to alignment should be noted, as these entities were not required to provide for disclosure relating to alignment, but only to that of eligibility with reference to the 2022 financial year.

As regards this category of subjects, in line with what is required by the applicable legislation and as mentioned above, the calculation is carried out on the basis of the Capex (capital expenditure) as well as the Turnover, providing the following evidence respectively:

- at a Capex level, €1,228 million of eligible exposures, of which €532 million aligned;
- at a turnover level, €938 million of eligible exposures, of which €317 million aligned.

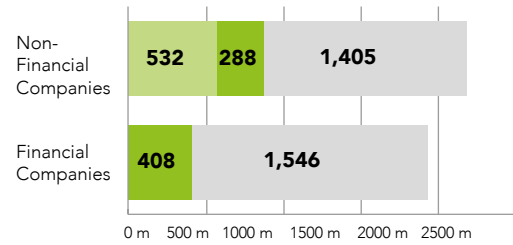
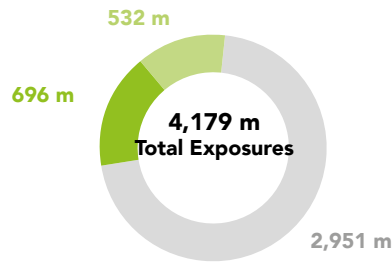
* In the case of groups of companies, the eligibility and alignment percentages of the Parent Company are also applied when the exposure refers to a subsidiary, subject to verification of the consolidation of the same within the scope of the Parent Company's financial statements



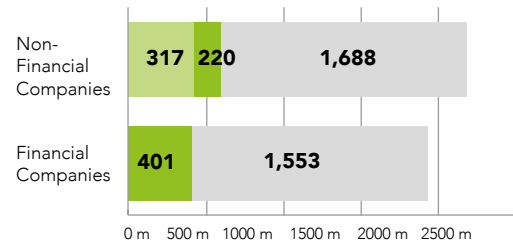
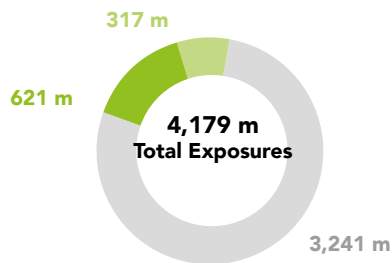
Exposures to Companies subject to the NFRD

Gross balance | €m

CALCULATION ON CAPEX	29.4% ELIGIBILITY	12.7% ALIGNMENT
-----------------------------	------------------------------	----------------------------



CALCULATION ON TURNOVER	22.5% ELIGIBILITY	7.6% ALIGNMENT
--------------------------------	------------------------------	---------------------------



Not eligible
 Eligible, but not aligned
 Aligned





b. Exposures to households

In this context, we analyse how many of the loans to households guaranteed by real estate are eligible and/or aligned with the EU Taxonomy. Pursuant to Delegated Regulation (EU) 2021/2139, exposures to households are divided into:

1. loans collateralised by residential property;
2. building renovation loans;
3. motor vehicle loans.

It should be noted that, with regard to the minimum safeguards, these are not considered for the reporting period in question, as the relevant application procedures have yet to be determined by the Regulator.

In carrying out the analysis, the Bank traced part of its exposures to households to the following activities described by the EU Taxonomy:

- 6.5 – Transport by motorbikes, passenger cars and light commercial vehicles;
- 7.1 – Construction of new buildings;
- 7.2 – Renovation of existing buildings,
- 7.6 - Installation, maintenance and repair of renewable energy technologies; in this specific case, loans for the purchase of photovoltaic panels fall into this category;
- 7.7 – Acquisition and ownership of buildings; new constructions are excluded, for which the requirements associated with activity 7.1 must be complied with.

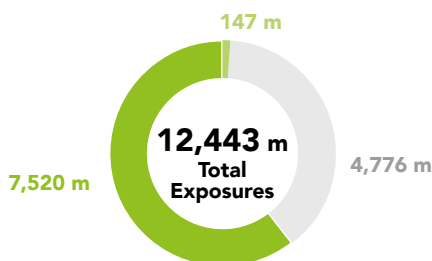
In line with the information currently available, for the current year the Bank was able to carry out the alignment check only for the exposures related to activity 7.7.

In light of this, €7,667 million of eligible exposures were recognised, of which €147 million were aligned.

Exposures to households

Gross balance | €m

61.6% ELIGIBILITY	1.2% ALIGNMENT
-----------------------------	--------------------------



Not eligible
 Eligible, but not aligned
 Aligned





c. Exposures to local governments

These refer to assets supporting projects related to the public authority, divided into:

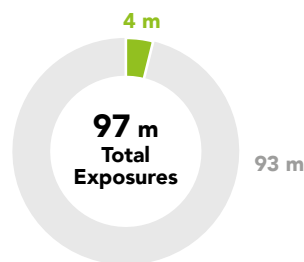
1. **financing of public housing**, which in particular includes loans granted by credit institutions to local governments to finance the purchase of the place of residence of households in the municipality;
2. **other local administration financing**, which includes loans granted to local governments for the purpose of financing any activity other than the purchase of the place of residence of households in the municipality.

The Bank has €97 million in exposure to this category of entities, of which €4 million qualify as eligible for the Taxonomy. There are no aligned assets.

Exposures to Local Public Administrations
Gross balance | €m

4.1%
ELIGIBILITY

0.0%
ALIGNMENT



Not eligible
 Eligible, but not aligned
 Aligned



d. Collateral obtained by taking possession: residential and commercial property

We calculate the ratio between commercial and residential real estate collateral – for which the Bank exercises a right on the mortgaged property, becoming the owner of the property (so-called repossessed collateral), and which comply with the technical screening criteria (referred to in Annex I, point 7.7 of Delegated Regulation (EU) 2021/2139) – and the total commercial and residential repossessed real estate collateral.

The alignment of this type of collateral with the EU Taxonomy is verified according to the same process used for “Loans collateralised by residential property”, as compliance with the criteria set out in activity 7.7 “Acquisition and ownership of buildings” is required.

For this Report, the Bank noted that there were no gross exposures to this type of collateral.





2. Assets excluded from the numerator for GAR calculation (included in the denominator)

The following is a list of the types of assets that are excluded from the numerator in the calculation of the GAR, even though they are included in the denominator.

Exposures to non-NFRD counterparties

Exposures to companies not subject to the NFRD are not included in the numerator of the GAR and are divided, pursuant to Delegated Regulation (EU) 2021/2178 and Delegated Regulation (EU) 2023/2486, into:

1. **Financial companies, SMEs and other non-financial undertakings** (other than SMEs) not subject to the NFRD disclosure requirements, to which the Bank has exposures totalling €22,313 million;
2. **Non-EU counterparties** not subject to the NFRD disclosure requirements, to which the Bank has exposures totalling €488 million.

Exposures to other asset classes

Exposures to other asset classes are also excluded from the numerator of the GAR calculation, which, pursuant to Delegated Regulation (EU) 2021/2178 and Delegated Regulation (EU) 2023/2486, are divided into:

1. Derivatives: exposures totalling €2 million;
2. On-demand interbank loans: exposures totalling €164 million;
3. Cash and cash-related assets: exposures totalling €176 million;
4. Other categories of assets (property, plant and equipment, intangible assets and other assets): exposures totalling €847 million.

Being included in the denominator but not in the numerator in the calculation of the GAR, the aforementioned exposures are not eligible, nor consequently aligned, with the EU Taxonomy.

3. Exclusions from GAR calculation

Delegated Regulation (EU) 2021/2178 provides that exposures to central governments, central banks and supranational issuers are excluded from the calculation of the numerator and denominator of key performance indicators. In particular:

1. Exposures to Central Governments and Supranational Entities totalling €13,353 million;
2. Exposures to NFRD Central Banks totalling €4,514 million;
3. Exposures related to the Trading Portfolio totalling €150 million.



4. Off-balance

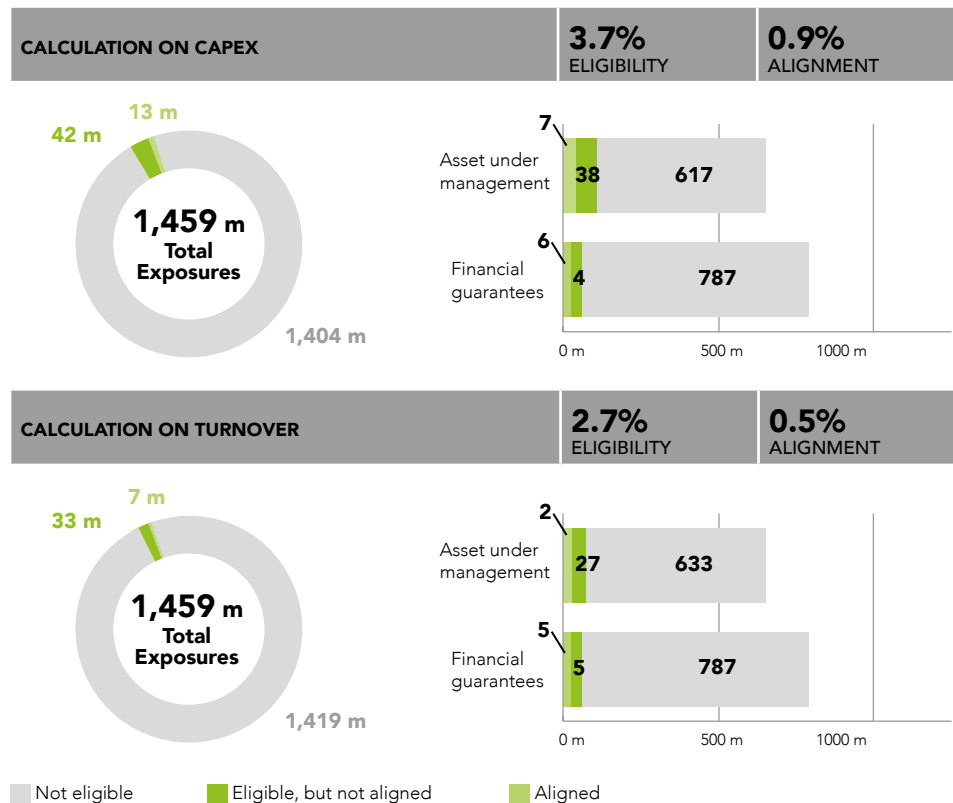
A complementary analysis is carried out concerning the level of association with economic activities aligned with the EU Taxonomy of the off-balance sheet exposures that the Bank manages, which direct or contribute to directing capital flows towards economic activities whose environmental Sustainability can be assessed as compliant with the EU Taxonomy, including:

1. Financial guarantees, for which the GAR corresponds to the ratio of the financial guarantees supporting debt instruments that finance economic activities aligned with the EU Taxonomy, to the set of financial guarantees supporting corporate debt securities;
2. Financial assets under management³, for which the GAR corresponds to the ratio of financial assets under management (debt instruments and equity instruments), which finance economic activities aligned with the EU Taxonomy, to total financial assets under management (debt instruments and equity instruments).

For this type of exposure, the Bank focused the eligibility and alignment analysis on the data obtained from the NFS of NFRD counterparties, carrying out the exercise on both Capex and Turnover, leading to the following findings:

Off-Balance Sheet Exposures

Gross balance | €m



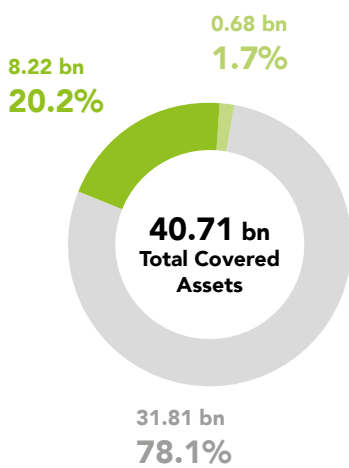
With regard to financial assets under management, the market value of the asset management portfolio net of cash and government securities is shown.



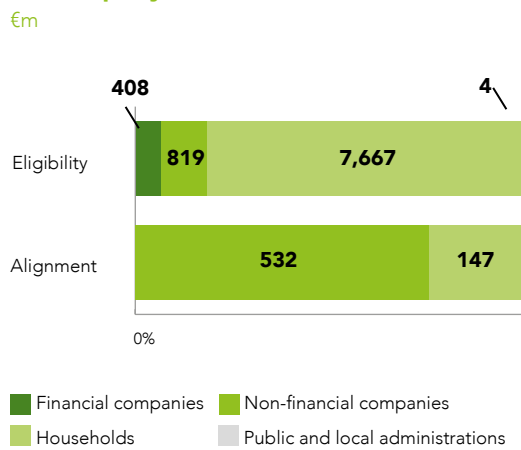


Overall GAR

For the current year, the Bank achieved a total GAR of 1.7%, calculated as the ratio between assets included in the numerator (Capex) and total assets on the balance sheet net of exposures excluded from the calculation of the GAR, based on the logic set out in the previous points.



Distribution, Alignment and Eligibility by Counterparty



Not eligible
 Eligible, but not aligned
 Aligned



The same calculation made with respect to Turnover shows an alignment percentage of 1.1%.

TEMPLATE 2. GAR – SEGMENT INFORMATION

This template requires the sectoral breakdown of exposures according to the NACE code to which they belong. It depicts the exposures and indicators of eligibility and alignment with respect to the two objectives of mitigation and adaptation to climate change, both on a Turnover and Capex basis.

TEMPLATE 3. GAR KPIs (STOCK)

This template summarises the stock of the Bank's exposures at the reporting date: it provides for the calculation of the percentage of assets aligned with the EU Taxonomy on the basis of the Template 1 structure, both on a Turnover and Capex basis.

TEMPLATE 4. GAR KPIs (FLOW)

This template outlines the information on the flows of new assets⁴ that the Bank has carried out during the reporting period: it provides for the calculation of the percentage of new assets aligned with the EU Taxonomy on the basis of the Template 1 structure, both on a Turnover and Capex basis.

TEMPLATE 5. KPIs FOR OFF-BALANCE SHEET EXPOSURES

Template 5 summarises the KPIs for off-balance sheet exposures (financial guarantees and financial assets under management) calculated as a percentage from the data reported in Template 1. This template is also duplicated to report stocks and flows for off-balance sheet exposures. Therefore it is respectively shown on a Turnover and Capex, Stock and Flow basis.

TEMPLATE 0. SUMMARY OF KPIs TO BE DISCLOSED BY CREDIT INSTITUTIONS UNDER ARTICLE 8 OF THE TAXONOMY REGULATION

This section of the template provides a summary of the mandatory KPIs for credit institutions, divided into the Capex and Turnover components. The data reported in the zero template is gradually looked at in more detail in subsequent models.

The reference date used for the valuation of the scope of new assets is the date of disbursement of the loan, which is considered most appropriate. In the event that the loan disbursement date is not available, the opening date of the credit line or the date of initiation of the relationship with the counterparty were considered.



OBJECTIVES AND NEXT STEPS

Information shared here represents the most complete possible interpretation of what is currently made available by the European authorities and intends to satisfy as best as they can the requirements of the Delegated Regulations and the guidelines and communications of the European Commission.

The Group understands the relevance of this exercise in developing new Sustainable strategies and products, both in terms of credit and investment, and it is committed to recognising the Taxonomy and future related regulatory provisions as an essential reference in defining its Sustainability targets.

In addition, through the 2022-2025 Business Plan, the Group continues to create Sustainable value, further strengthening its positioning in ESG issues and supporting the acceleration towards a net-zero economy by 2050, with the aim of net zero emissions for loan and investment portfolios, confirming the commitment made when joining the NZBA. The Bank also directly supports the green and circular economy, as well as the ecological transition, through the provision of new credit and the offer of new green "next" products.

The Bank is aware of the role that the EU Taxonomy plays in assigning the banking system the decisive task of stimulating the real economy, with the goal of pursuing the European Union's ambitious strategy for Sustainable development and climate transition.



DISCLOSURE OF ECONOMIC ACTIVITIES RELATED TO NUCLEAR AND FOSSIL GAS

Delegated Regulation (EU) 2022/1214 amends Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards the public disclosure of specific information relating to such economic activities. In addition, it lays the foundations for the reporting of economic activities related to the production of energy from nuclear sources and fossil gases, which can be included in the EU Taxonomy Regulation.

Given the lack of targeted loans of this kind in the Bank's assets, the required templates were filled in exclusively on the basis of generic loans to non-financial counterparties that published eligibility percentages related to nuclear and fossil gas activities in their NFS. The templates have been filled out on a Turnover and Capex, Stock and Flow basis.



The BPS Handbook for responsible and sustainable behaviour

In 2023, the Bank updated its "Handbook" of eco-tips to support responsible and Sustainable behaviour: a document shared with all permanent employees through online training, encouraging the adoption of simple measures to achieve a reduction in one's environmental impacts and, at the same time, to obtain economic savings starting from the work environment.



What can employees do

PAPER



- Print and photocopy only if really necessary
- Use email to send documentation
- Print on both sides
- Always use recycled paper, which today has the same aesthetic and functional characteristics as non-recycled paper
- Encourage customers to use SCRIGNO and to communicate online

COMPUTERS AND OTHER ELECTRONIC EQUIPMENT



- Turn off all electronic devices at the end of the day
- Set monitors to turn off after three minutes of inactivity

LIGHTING



- Always prefer sunlight to artificial light
- Turn on the lights only in offices that are used

HEATERS AND AIR CONDITIONERS



- Set the temperature to suitable levels, avoiding extremes
- Turn off the heat or air conditioning in seldom used rooms

WASTE



- Carry out separate collection correctly and mandatorily
- Use metal water bottles to reduce the consumption of single-use plastic bottles

TRANSPORT



- Carpool with colleagues who share a similar journey route
- Favour the use of alternative means of transport to cars (public transport, bicycle, scooter, etc.)



What the Bank is committed to doing by 2025

PAPER



- Digitisation of printouts
- Smart printing
- 100% recycled paper
- Replacement with duplex printers
- Digital signature of mortgage contractual documentation

LIGHTING AND ENERGY SAVINGS



- Replace high consumption lights during renovations and, where possible, also in other cases
- Equip all signs with solar light detection systems (twilight sensors) to rationalise the number of hours they are switched on
- Provide for automatic shutdown of PCs in the evening

WASTE



- Start plastic reduction initiatives by providing reusable water bottles
- Equip all offices and branches with bins for separate waste collection

HEATERS AND AIR CONDITIONERS



- Preset, where possible and where not yet done, heating and cooling to suitable temperatures
- Efficiency improvement of cooling systems by replacing obsolete external units with higher performance one, in the event of a system failure

TRANSPORT



- Renew the car fleet with less polluting vehicles
- Develop a Mobility management operational plan





Sustainable finance and responsible credit

The Parent Company has started a process aimed at integrating ESG risks into strategic mechanisms, risk management systems and key processes that characterise its business model, including credit granting and monitoring processes, as well as the provision of investment services and proprietary security portfolio management.

The Bank operates in line with the 2030 Agenda, the United Nations document aimed at protecting human rights, and in particular it supports SDGs: 1 "End poverty in all its forms everywhere", 7 "Ensure access to affordable, reliable, sustainable and modern energy for all", 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", 9 "Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation", 11 "Make cities and human settlements inclusive, safe, resilient and sustainable", 12 "Ensure sustainable consumption and production patterns" and 13 "Take urgent action to combat climate change and its impacts".



ESG credit

With the 2022-2025 Business Plan, the Group has defined specific actions in the Sustainability sphere and has started, in line with the European “sustainable finance” regulations and market trends, the integration of ESG factors in all of the main credit processes and procedures.

In 2022 the Bank has developed the ESG Credit Policy, a document which identifies the approach and general principles for the formulation of a credit process attentive to ESG factors, in accordance with the EBA’s Guidelines on credit grating and monitoring.

In particular, the Policy:

- identifies the objectives pursued by the Group and the scope of application;
- defines the main technical terms and lists the relevant regulations and principles;
- establishes the general guidelines for the integration of ESG factors in the credit process, providing details on the sector and counterparty ESG assessment methods;
- identifies sensitive sectors and activities;
- provides information on the development of ESG credit products;
- defines roles and responsibilities;
- indicates the supervision, monitoring, sharing and dissemination methods.

The Policy is inspired by international principles, initiatives and documents, such as:



UN Global Compact (2000)



UN Sustainable Development Goals (2015)



Paris Agreement on Climate Change (2015)



European Central Bank’s Good practices for climate-related and environmental risk management (2022)



Task Force on Climate-related Financial Disclosures’ Recommendations (2017)



UNEP Finance Initiative Principles for Responsible Banking (2019)










EIB eligibility, excluded activities and excluded sectors list (2022)





In line with the Group's values and the commitments undertaken to integrate ESG factors into its business and operations, the Policy identifies a list of sensitive sectors from an ESG perspective, including:

	Coal mining		Electricity production from non-renewable sources
	Manufacturing and trade of arms		Mining (other than coal)
	Gambling		Tobacco
	Oil & Gas		

The operations relating to the following are added to the aforementioned sectors:
i) counterparties located in countries with preferential taxation and ii) counterparties located in countries subject to embargo/assets restriction.

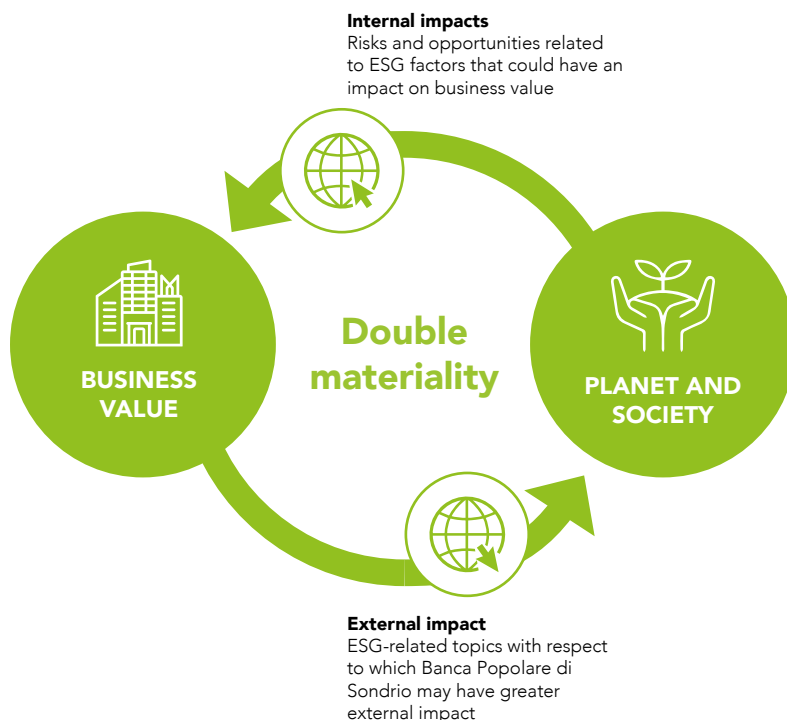


The integration of ESG factors in the credit process

As with all the key processes characterising its business model, Banca Popolare di Sondrio has defined an ESG risk management framework, including through proprietary scoring systems.

The ESG risk assessment methodologies and the related tools comply with the so-called “double materiality” principle, according to which the Bank may be simultaneously subject to the negative influence of ESG factors (“outside-in” perspective) and have – itself or through the economic and financial activities of its counterparties or investment activities – a negative impact on ESG factors (“inside-out” perspective).

Based on this dual perspective, the Parent Company has defined an ESG risk assessment system through the counterparty ESG score, calculated using a proprietary model and relying on both internal and external data. The ESG score identifies climate-related and environmental risk factors (transition and physical) and estimates their impact on counterparties from a forward-looking perspective through the use of forecasted scenarios of a climate-related nature and taking into account the financial size of the companies analysed. Where unavailable, a sectoral ESG score is used instead, which allows exposure to potential ESG risk to be identified and quantified based on association to a given economic sector.





These methodologies are integrated into the Bank's Credit Policies, which consist of the definition of loan allocation strategies aligned with the goal of ensuring an adequate balance between the risk profile assumed and the level of return achieved, also taking due account of the attractiveness of the sector. For the 2023 financial year, the sectoral ESG Score has been integrated into the calculation of the attractiveness of economic sectors as an adequately weighted variable capable of determining the degree of ESG-related risk at the economic macro sector level of Credit Policies.

In addition, during the financial year, the Bank promoted an evolution of the Credit Policy framework, in force from 2024, with the main objective of further enhancing the climate and environmental component, also in line with its joining the Net-Zero Banking Alliance initiative. Specifically, the new approach consists of the integration of the counterparty ESG Score when defining the credit strategy at the individual customer level and refining the development of sector attractiveness aimed at making the climate component more incisive.

In addition, again with reference to the key credit processes, the Bank has taken steps to strengthen the credit assessment and granting processes through:

- integration of the counterparty's ESG Score into the Loan Electronic Practice to support a focus on Sustainability aspects in credit assessments. This instrument currently covers around 80% of the "non-financial undertaking" segment, with the level of coverage expected to be maximised during 2024;
- activation of a specific due diligence on the counterparties most exposed to ESG factors, in order to refine clients' Sustainability assessment, requiring companies considered most relevant in terms of ESG impact to complete a short questionnaire aimed at incorporating environmental, climate, social and governance information;
- inclusion of the ESG Score as an additional determining factor by the decision-making body;
- enrichment of the pricing procedure through the inclusion of an additional charge for counterparties with a high ESG Score;
- implementation, with reference to the assignment practices subject to resolution by the Board of Directors, of a dedicated analysis to create a more in depth Sustainability profile for a subset of counterparties selected on the basis of specific criteria, through the drafting of a specific Sustainability report, which integrates a comment referring to the ESG Score and aims to position the company with respect to the sector to which it belongs, with a view to a prospective evolution towards a low-emission economy.

The actions described above characterise the Bank's efforts to integrate ESG factors into its credit processes, enabling it to better integrate Sustainability-related aspects in creditworthiness assessments.





In 2023, there were 378 extreme events in Italy (+22% compared to 2022) with billions of Euros in damage to the local areas, businesses and households. Northern Italy in particular is confirmed as the country's most affected area, with 210 extreme weather events*.

Over the past year, about five million Italians have suffered damage to their homes caused by bad weather or natural disasters**. The most common damaging phenomenon was hail, followed by wind and flood damage.

In this context, in 2023 the Bank continued to integrate methods for assessing and managing physical climate risks into its credit granting and monitoring processes.

In particular, in collaboration with Climate Chartered, it has launched a project aimed at the gradual reduction of risks related to climate change within its portfolio of energy-efficient mortgages, identifying customers exposed to significant climatic events in the short, medium and long term and identifying the most suitable interventions for the reduction of damage related to such events (so-called "adaptation solutions"). These analyses are also preparatory to the assessment of the compliance of the loan with the Do No Significant Harm (DNSH) principle introduced by the EU Taxonomy***.

In fact, in addition to actively promoting the transition to a low greenhouse gas emissions economy, the Bank is looking to tangibly accompany its customers in the process of securing (or adapting) their assets and properties in the context of a changing climate in which extreme events are increasingly more frequent and intense.

With a view to gradually adapting to the oversight expectations of the ECB on climate-related and environmental risk, the LOM Guidelines and the EU Taxonomy, the Bank thus intends to provide the local network with tools to support the prudent assessment and management of the physical risk of customers and prospects, facilitating an analysis of the climate vulnerability of assets and properties, and the identification of the best adaptation solutions during the granting phase.

This path is in line with the Bank's business strategy and with the 2022-2025 Business Plan, as it further strengthens the direct relationship with customers and allows branches to respond to the renewed needs of customers, looking for new products and services dedicated to supporting the climate resilience of activities and offering insurance coverage against damage related to extreme events.

* Legambiente, 2023, Osservatorio Nazionale Città Clima, 2023 Budget. <https://cittaclima.it/wp-content/uploads/2024/01/Bilancio-CittaClima-2023.pdf>.

** mUp Research, 2023, Research commissioned by Facile.it on climate damage. Home: 5 million Italians suffered damage from bad weather | Facile.it.

*** Delegated Regulation (EU) 2021/2139, Appendix A – Generic criteria for DNSH to climate change adaptation.





Sustainable products and services

The Group offers a range of banking products and services designed to express environmental, solidarity and social inclusion goals for weaker or disadvantaged members of the population, together with investment solutions that can create return opportunities. They benefit the real economy and reward businesses that adopt virtuous practices.

In this regard, the credit policies adopted by the Group, inspired by the principles of financial inclusion and the pursuit of social goals, are particularly important, ensuring positive returns in terms of recognition and perception of the Company's reputation.

BNT Banca, the subsidiary specialised in the offer of salary-backed or pension-backed loans and delegation of payment aimed at customers far from the traditional financing circuits, plays a major role in this respect.

Special attention is given to analysing the qualitative profile of the loan applicant and the product sector concerned, working in full compliance with corporate and EU regulatory requirements and the principles defined in the Code of Ethics.

During 2023, in line with the commitments made in the 2022-2025 Business Plan, the Bank also enriched its offer of sustainable investment solutions, in other words classified pursuant to Articles 8 and 9 of Regulation 2019/2088 (SFDR), through the signing of distribution agreements with two leading investment houses (J.P. Morgan Asset Management and Pictet Asset Management).

This new offer complements the solutions already available to customers, which include the other UCIs and the seven ESG asset management lines.

The "next" line: Sustainable Credit Products

In the 2022-2025 Business Plan, Banca Popolare di Sondrio outlined specific lines of action with regard to the Group's Sustainability strategy, including the launch of ESG products. The Bank aims to support customers that, in turn, are engaged in the ecological transition, enabling Sustainability to become a key value for households and businesses.

The expanded range of ESG-focused credit products offered by Banca Popolare di Sondrio was created to meet the needs of consumers who, today, are increasingly more attentive to the environmental and social impact of the products and services they purchase, as well as to help companies invest in innovative business models, increasing their level of competitiveness on the market in compliance with European environmental protection regulations.

During this first phase, the expansion of the financing product offer is focused on credit lines that support investments protecting the environment. Specifically, the Bank has developed "next – Sustainable Credit Products", a loan package designed to assist individuals, professionals and businesses looking to invest to reduce their "carbon footprint" through, for example, the installation of systems for the production of energy from renewable sources, the purchase of ecological means of transport or by enhancing the efficiency of their homes or workplaces.

With reference to private individuals, these are personal loans; as far as businesses are concerned, the "next" offer includes medium- and long-term mortgage and/or unsecured loans, that can also be disbursed according to the progress of the specific works. The complete range of ESG products is available on the Bank's commercial website at www.popso.it/next (Italian version only).

The Group is active in the development and offer of ESG-focused products to support customers



ESG Network Specialists

In 2023, the Bank identified ESG Network Specialists, a figure appropriately trained on ESG issues and specialised in managing sustainability initiatives with customers. Its function is also to support the Network, in particular in carrying out ESG due diligence, as well as to identify ESG business opportunities and facilitate dialogue with the Central Offices.

	Loan		Green Energy	
			Sustainable mobility	
	INDIVIDUALS	Mortgage		Green Buildings
	Mortgage or unsecured loan		Renewable Energy	
			Energy efficiency	
			Sustainable mobility	
			Circular economy	2024
			Green Buildings	2024
			S-loans	2024



Green Bonds: Sustainable credit

A Green Bond is a debt security associated with financing projects with a positive environmental impact. Activities that can be financed include, for example, energy production from renewable sources, investments to increase the energy efficiency of buildings or business facilities, waste reprocessing and sustainable land use.

To date, the Bank, in line with the other Green Bond issuers, mainly follows the guidelines set forth by the ICMA (International Capital Market Association): to align with these principles, a document – the Green Bond Framework – must be made public at the time of issuance, wherein the so-called 4 pillars are defined:

- how the proceeds, which must be linked to green projects or businesses, will be used and allocated;
- the process of selecting and evaluating companies or projects, which must meet environmental eligibility requirements;
- the proceeds management;
- the reporting which, through the use of defined metrics, provides information on the allocation and environmental impact of the projects for which the proceeds are used (to be published at least once a year until the bond expires). By way of example, the amount of CO₂ emissions avoided thanks to the implementation of the financed projects and the production of clean energy from the financed systems may be reported.



Moreover, the following activities are planned:

- a Second Party Opinion (SPO), in other words an opinion issued by an independent external organisation with expertise in Sustainability;
- a subsequent assurance audit carried out by an independent third party.



Last September, the Bank successfully placed a new Senior Preferred Green bond issue, for an amount of €500 million and reserved for institutional investors. The transaction was part of the EMTN (Euro Medium Term Notes) programme and follows the first issue of this type and for the same amount, which took place in July 2021.

The decision to undertake these initiatives is based not only on the economic/financial opportunity, but also on the awareness of having within its customer portfolio numerous virtuous businesses, that are attentive to the local area and the well-being of the community. These receive the proceeds of the transaction.

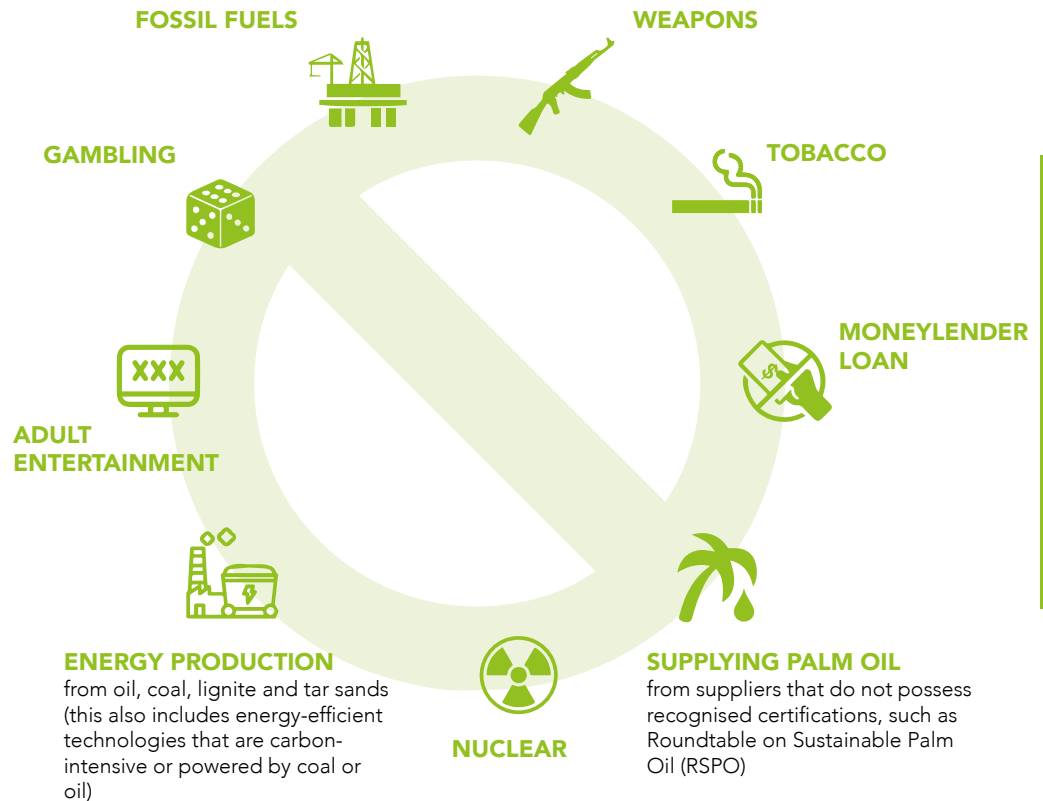


Proceeds are exclusively used to finance or refinance activities that meet the following eligibility criteria:

- **Green Building:** loans or assets related to the purchase, construction and renovation of residential and/or commercial energy-efficient building.
- **Renewable Energy:** loans for the acquisition, development and management of infrastructure for the production of energy from renewable sources.
- **Clean Transportation:** loans related to low-carbon transport activities and the purchase, construction and management of infrastructure dedicated to low-carbon transport.
- **Energy Efficiency:** loans for assets that contribute to a reduction in energy consumption (e.g. energy-saving lighting).
- **Environmentally sustainable management of living natural resources and land use:** loans for activities that contribute to the sustainable management of natural resources and land use (e.g. investments in protected areas such as regional nature parks).
- **Pollution prevention and control:** loans for activities that contribute to the prevention, collection, disposal and recycling of waste.
- **Sustainable Water and Wastewater Management:** loans for activities that improve the quality, efficiency, distribution and conservation of water.



Sectors excluded from Green Bonds



The assessment and selection of projects financed by the Green Bond is a key process to ensure compliance with the criteria set out in the Green Bond Framework, a document developed in 2021 in conjunction with the Bank's first Green issue and updated in September 2023. The Bank has established a Sustainability Management Committee, which, among other duties, is responsible for overseeing Green Bond activities.

In particular, the Committee:

- approves the "Green Bond Framework" and, from time to time, any updates to the same;
- reviews and validates the set of eligible assets, in other words assets that can be financed or refinanced through the proceeds obtained from the issue;
- reviews and evaluates new assets for inclusion in this set during the bond life;
- oversees the internal tracking of bond issue proceeds and monitors the management of collected and temporarily unallocated funds;
- monitors developments in the market environment and regulations for ESG bonds;
- reviews and approves the allocation and impact reporting related to the bond ("Green Bond Report") prepared from time to time.



Green Bond Report

Two years after the issue of the first Senior Preferred Green Bond, the Bank has published the second Green Bond Report, a document through which it provides its stakeholders with complete and timely information on the allocation of the financial resources raised and on the positive environmental impacts deriving from the financed activities.

The Report underlines the characteristics of the virtuous companies included in the so-called "Green Portfolio": over 2,300 loans disbursed by the Group to Corporates, SMEs and Individuals in Italy and to a lesser extent in Switzerland.

A little more than half of the proceeds raised with the bond issue, amounting to approximately €310 million, were used to finance the purchase of high energy class properties and for the renovation of less efficient ones. Approximately €130 million were disbursed to counterparties operating in the renewable energy production sector. The rest of the proceeds went to companies operating in the water management, waste management, organic agriculture, sustainable mobility and energy efficiency sectors.

In line with what was included in the first Green Bond Report, in 2023 emphasis was again placed on a set of virtuous companies that pay particular attention to environmental protection in their business operations and adopt policies and strategies attentive to the production of positive impacts on the environmental and climate context of reference.

The Bank has completed an accurate data collection activity relating to all counterparties and financed activities and, despite the complexity of the portfolio, as far as the information relating to the environmental impact is concerned, it was able to calculate the greenhouse gases avoided relating to 90% of the portfolio, equal to approximately 63,000 tons of CO₂e.

The allocations and environmental impacts included in the Report were subject to an external verification by the Independent Auditor EY SpA.

The Bank's Green Bond Report can be consulted in the section of the website dedicated to financial transactions (EMTN programme section), as well as on the Sustainability page, where further information and documents relating to ESG strategies are also available (istituzionale.popso.it/en/sustainability/green-bond).

Over 63,000
tons of CO₂
avoided thanks
to the activities
included in the
Green Bond
portfolio

Acquisition of tax credits (Italian Relaunch Decree-Law 34/2020)

With the conversion into law on 17 July 2020 of the Italian Decree-Law 34/2020 (the so-called Relaunch Decree), new urgent measures have been implemented to support economic and employment policies. Article 121 of this Decree, entitled "Option for transfer or for discount, instead of tax deductions", has extended the possibility of opting, as an alternative to the direct use of tax deductions, for the application of a discount on invoices and for the transfer of certain tax credits to all subjects, including banks and financial intermediaries, with the option of subsequent transfer.

As of 15 October 2020, thanks to the innovative scope of the Decree, those incurring expenses relating to building redevelopment and plant engineering interventions on buildings for residential use or similar have had the opportunity to transform their building deductions into a "transferable" tax credit, through a communication to exercise the credit transfer/invoice discount option to the Italian Revenue Agency.

In addition to the possibility of transferring these credits, the new feature introduced by the provision concerns the increase in the tax deduction rate, raised to 110% of the expenditure incurred, in relation to energy renovation of buildings, reduction of seismic risk, installation of photovoltaic systems or infrastructure for charging electric vehicles at buildings. Paragraph 1, letters a) and b) of Article 9 of the *quater* Aid Decree, containing "Amendments to energy efficiency incentives", amended paragraph 8-*bis*.1 of Article 119 of the Relaunch Decree and introduced paragraph 8-*bis*.1, providing for the gradual lowering of the rate for supported interventions, for different categories of taxpayers (in 2023 to 90%, in 2024 to 70% and in 2025 to 65%).

Through the purchase of these tax credits, the Bank allows its customers to monetise the latter, as an alternative to using them to offset their tax debts over several years. For businesses and professionals, in particular, the transfer of tax credit to the Bank allows to eliminate tax credits from financial statement items and improve liquidity. The Bank has also made itself available to support – through so-called "bridge" loans – works that qualify for the tax bonuses, to help guarantee the necessary liquidity for carrying out such works.

In 2022, in order to perfect the mechanisms and prevent fraud, the legislator made a series of changes and adjustments to the regulation of the transfer of tax credits introduced by the Relaunch Decree. Among these, the introduction of the prohibition of partial transfers, the limitation on the maximum number of transfers that can be carried out and the consequent assignment of a unique identification number to each tax credit. During 2023, new amendments were made by the legislator aimed at modifying the ability to assign credits (Italian Law-Decree no. 11/2023 converted into Law no. 38/2023): starting from 17 February 2023, the possibility of transmitting communications concerning credit transfer options and invoice discounts to the Italian Revenue Agency was disabled for the majority of building interventions, with a few specific exceptions.

As part of these activities, the Bank has assisted around 17,000 customers (both individuals and businesses) in the transfer of tax credits deriving from the "super/eco-bonus" procedure, thus supporting the improvement and energy efficiency enhancement of properties in the geographical areas where it operates.

During 2023, sales of purchased credits to third parties were launched. As at 31 December 2023, the tax credits acquired, net of compensations and sales made, were recorded in the balance sheet for a value of approximately €2 billion.

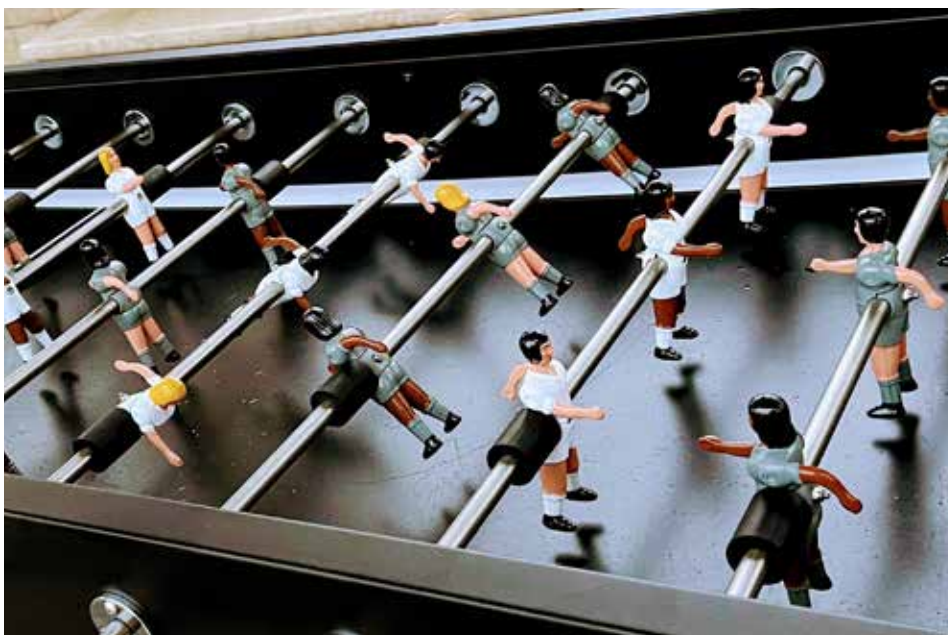


Monetary value of products and services designed to deliver a specific environmental benefit

The scope of loans with environmental objectives refers to activities developed by the Parent Company and by BPS (SUISSE) SA and, in the financial statements, it is represented within the overall item relating to customer instalment loans (measured at amortised cost). The data shown as at 31 December 2023 includes the values of the loans underlying two Senior Preferred Bonds issued by the Bank, as well as those eligible according to the criteria defined within the Green Bond Framework and potentially usable for the future issue of Green Bonds.

	UoM	2023	2022	2021
Total loans to customers (gross balance)	€m	22,824	21,536	19,319
Loans with environmental objectives (gross balance)	€m	1,594	949	506
Percentage of total loans with environmental objectives to total loans granted	%	6.99%	4.41%	2.62%
Loans under the Superbonus 110% regime	€m	900	455	210
Percentage of total loans under the Superbonus 110% regime to total loans granted	%	3.94%	6.55%	1.10%

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Policies for the fair design and sale of financial products and services

As stated in the Code of Ethics, each Bank operator strives to safeguard the rights and interests of customers, in particular by working to reduce any information asymmetries regarding the products and services offered to customers or requested by them. As a matter of fact, the Bank considers the customers' independent choice to be one of its values. Each operator also strives to comply with the internal rules and objectives established by the Bank, in the knowledge that – in all cases – no exceptions are tolerated, not even when trying to achieve the planned budgets.

The Group has traditionally adopted commercial policies aimed at establishing correct, transparent and therefore long-lasting relationships with customers, aimed at supporting the correct and careful management of their savings. Consistent with this approach, during the provision of the investment services and, in particular, the offer of financial products and services, simple solutions, free from forms of structuring, are mainly recommended in line with the customers' risk profile and preferences.

In particular, the Bank traditionally issues the following financial instruments:

- senior bonds and preferred and non-preferred green bonds (at a fixed rate, variable rate and mixed rate);
- securitisations and covered bonds;
- tier II subordinated bonds;
- shares and rights.





The range of products issued, distributed or recommended by the Bank is constantly updated and monitored, without excluding the possibility of extending the offer to other types of financial instruments, subject to authorisation by the Board of Directors.

During customer meetings, the Bank makes recommendations intended to guide and optimise the composition of their portfolios over the medium-long term, in a manner consistent with the customer's knowledge, experience and investment objectives communicated to the Bank via the Financial Questionnaire. In 2022, the latter was already updated to include questions aimed at identifying Sustainability preferences and, during 2023, it was further enriched to map customer preferences with reference to Sustainable, environmentally sustainable products and that take the Principal Adverse Impacts (PAIs) on Sustainability factors into account.

Employees are required to confirm, in the manner established by law, the identity of the persons who contact them. Customers may be requested to collaborate in this regard, both in their own interests and to prevent improper use of the banking and financial system, in compliance with current legislation. Customers are given appropriate assistance in order to improve their use and understanding of the products and services provided or commercialised by the Bank, as well as suitable information about their economic conditions. Transactions are carried out using specific procedures that protect the confidentiality of the data and information requested or received.

“ESG
Integration of
the Financial
Questionnaire”



The importance that BPS attaches to a correct relationship with customers also plays a key role in the chosen distribution strategies. In fact, the Bank has aimed to expand the offer of the portfolio advisory service as much as possible and has decided to also carry out the adequacy assessment for transactions requested by customers on their own initiative, with the sole exception of orders relating to shares (except those issued by the Bank) and orders placed via Trading On-Line. Thanks to this approach, in line with ESMA's indications, the Bank can use all the information provided by customers to carry out an in-depth assessment of the compatibility of their profile with the target market assigned to any financial product.

In order to ensure that the policies and principles governing the interests of the Bank and its employees are aligned with the interests of customers, the Board of Directors has established a Management Committee responsible for financial products, the functioning, composition and duties of which are governed by a specific regulation. The purpose of the Committee is to analyse each financial product based on the general criteria defined by the Board and to monitor the choices already made.

Specifically, the Committee:

- evaluates any proposals for the placement of new products, including complex ones, presented by the Finance Service and the Commercial Service;
- establishes the reference market for each financial product and, where appropriate, identifies those groups of customers whose needs, characteristics and objectives are not compatible with that product (negative target market);
- establishes the procedures based on which the Bank must verify to which of the various reference financial product markets customers belong, also depending on the distribution services/channels;
- assesses the possible need to propose changes to the quantitative methodologies that contribute to determining target markets;
- approves changes to the assigned target markets;
- evaluates which financial products can be included in the portfolio advisory service list;
- monitors, every six months, the effectiveness of the procedures adopted by the Bank to comply with the regulatory requirements governing the financial products offered to customers.
- implements the principles defined in the ESG Investment Policy within the general criteria of its activities.



Managing conflicts of interest

The Bank operates in compliance with the risk profiles and commercial needs of its customers. In this context, the Compliance Function ensures the application of the long-standing corporate policy whereby sales personnel do not benefit from specific incentives in relation to product or service placement or brokering. This approach significantly reduces the risk of non-compliance to customers or creating conflicts of interest. Periodic checks are carried out to confirm the adequacy of the information provided to customers about the characteristics of the products offered and the commissions applied.

Conflicts of interest with customers essentially concern the provision of investment services, for which the Bank provides the necessary information and applies the specified conflict management procedures, especially with reference to the placement of its own financial instruments.

The annual report prepared by the Compliance Function pursuant to Article 22 of Delegated Regulation (EU) 2017/565 declares that the Bank has suitable procedures in place to ensure effective and correct management of conflicts of interest in the field of investment services. These procedures and measures are outlined in the MiFID information document published on the corporate website and available to branches via the corporate Intranet. Customers are provided full and detailed information in this regard.

BPS (SUISSE) SA – YOUR BANK, YOUR VALUES

The range of products and services offered is broad and ranges from operations linked to financing, to the management and administration of assets and savings (asset management, advisory services, financial planning, pension and insurance products), as well as transnational operations (payments, debit/credit cards and FX).

A key characteristic, greatly appreciated by customers, is the stability of the relations established: the same contact person, as a member of a small team, works with individual customers to address all their needs, coordinating activities if specialist contributions are required in specific fields.



Sustainable investments

An investment is considered to be “Sustainable” if it relates to an economic activity that aims to achieve an environmental or social objective, provided that it does not cause significant damage to any of the remaining objectives and that the companies benefiting from it respect good governance practices.

Attention to Sustainability ensures that the principles of responsibility characterise the Bank’s operations and, therefore, the criteria adopted in the selection of investments are also consistent with the objective of creating value both for stakeholders and for society as a whole. With this in mind, the Bank adopts an approach that incorporates the assessments of the risks deriving from the integration of Sustainability factors* within its investment processes. In fact, among others, risk management policies also govern ESG risks, with particular attention to climate-related and environmental risks, as detailed in the ESG Risks section and in the TCFD Report. Financial management is defined by integrating financial considerations with analyses aimed at including ESG factors in the selection of investments, in order to improve long-term returns, mitigating risks and identifying investment opportunities, in line with the ESG Investment Policy.



* In accordance with the SFDR, “sustainability factors” include environmental, social and personnel issues, respect for human rights and issues relating to the fight against active and passive corruption.



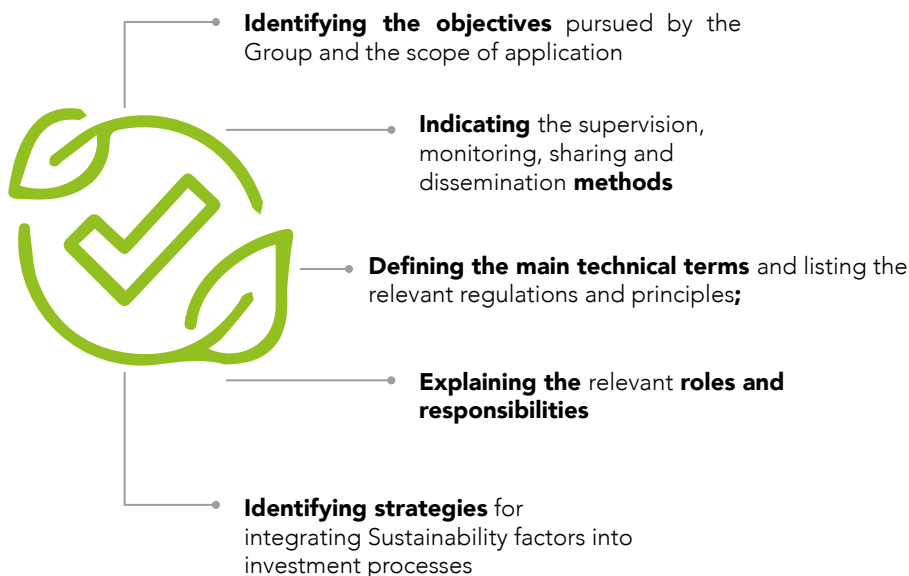
To help tackle the consequences of climate change, the European Union places the responsibility on the shoulders of the financial sector to give a strong impetus to the transition, mobilising capital towards Sustainable investments. In this sense, Regulation (EU) 2019/2088 of 27 November 2019 (so-called SFDR, Sustainable Finance Disclosure Regulation) requires financial market participants and financial advisors to transparently disclose the Sustainability of the investments they manage. The Bank, well aware of this responsibility, aims to contribute to the transition towards a more sustainable economy, favouring the allocation of resources towards ESG investments.

The following paragraphs outline the actions implemented by the Bank to promote sustainable investment and thus, indirectly, to contribute to sustainable economic development.

ESG Investment Policy

In 2023, in line with the commitments made by the Group in the 2022-2025 Business Plan, the ESG Investment Policy was approved, which identifies the Group's commitment and approach to integrating environmental, social and governance factors into its investment processes.

The document – which takes into account and enhances the distinct characteristics of the Group's companies – is structured in several sections, with the aim of:



In order to define the broadest and most structured scope, the Policy regulates all the main areas in which the Group operates, such as investment services (portfolio management and investment advice), management of the proprietary securities portfolio, as well as the approach to issuing bond instruments with ESG connotations.

The Sustainability strategies implemented concern both exclusion and positive selection processes applicable across the board, as well as differentiated approaches for each area.

Specifically, the following are identified:



■ **Exclusion processes of the companies involved:**

1. in the controversial weapons area;
2. in relation to violations of the principles of the Global Compact;
3. in relation to violations of OECD Guidelines for Multinationals.

The exclusion process is further strengthened by the ability to identify additional controversial areas on which exclusion criteria can be applied, providing for appropriate thresholds where appropriate.



■ **Positive selection processes, aimed at encouraging the flow of capital into companies with best practices relating to Sustainability.**

For each area, further actions have been identified to strengthen the Group's commitment, including providing customers with investment solutions that support the transition to an economy that is more attentive to Sustainability factors and evaluating the possibility of issuing debt financial instruments with sustainable characteristics.

The Policy also defines a robust vertical governance system, consisting of both operational structures and board bodies, as well as a horizontal governance system, through the involvement of the Chief Financial Officer Area and the Chief Risk Officer Area.

For more information on the ESG Investment Policy, please consult the dedicated section of the corporate website available at <https://istituzionale.popso.it/en/sustainability/esg-finance>.



The search for information on Sustainability

In order to pursue the aims illustrated above and in compliance with the aforementioned regulations, the Bank carried out a thorough investigation in order to select the ESG data provider that could guarantee appropriate information coverage, in particular on ESG risks, regarding the financial instruments included in asset management, offered to customers through the advisory service, or included in the proprietary security portfolio. At the same time, the Bank carries out independent analyses based on the information provided by financial applications normally used for its services and examines the information received directly from the producers of the financial products.

The acquisition, analysis and processing of this information are key to efficient assessment of the environment and related investment opportunities which, in turn, are essential when building portfolios of financial instruments designed to optimise the risk-return profile based on the defined investment objectives. In carrying out this activity, both a fundamental analysis approach and technical analysis methodologies are used, without ignoring ESG factor analyses, which are integrated into the decision-making process.

Sustainability training for the Finance area

The Bank encourages training on the subject, providing all employees with training courses on Sustainability and on the approach adopted by the Bank, as well as promoting the participation of portfolio management and financial advisory service employees in courses aimed at providing the necessary skills to assess the integration of environmental, social and corporate governance information in financial analyses and investment decisions. In this context, we would like to highlight the achievement of a specific certification issued by the Politecnico di Milano, in collaboration with CFA Society Italy, by several Finance Service employees and of the European Diploma in Sustainability – CESGA® by the Asset Management office team.



The process of integrating Sustainability risks and consideration of principal adverse impacts on Sustainability factors in the portfolio management service

As a financial market participant and following the changes in the relevant context arising from an increasing focus on Sustainability factors, the Bank has integrated both Sustainability risks and the consideration of principal adverse impacts on Sustainability factors into its investment decision processes, more closely tailoring its products and services to customers' changing needs.

In the portfolio management service, the integration of ESG factors has been implemented in the investment process, in particular in the definition of seven specific management lines that promote, among others, environmental or social characteristics, or a combination of these characteristics, provided that the companies in which the investments are made comply with good governance practices:

- asset management in the "Obbligazionaria ESG Internazionale", "Bilanciata ESG Internazionale 15%", "Bilanciata ESG Internazionale 30%" and "Bilanciata ESG Internazionale 50%" funds, which invest in UCIs that evaluate Sustainability factors in their investment choices; specifically, at least 40% of the portfolio of these lines is invested in assets whose management policies and strategies consider environmental, social and governance aspects;
- asset management in the "Azionaria ESG Internazionale" and "Azionaria ESG Emergente" funds, which invest in UCIs that evaluate Sustainability factors in their investment choices; specifically, at least 65% of the portfolio of these lines is invested in assets whose management policies and strategies consider environmental, social and governance aspects;
- asset management in the "Dinamica Bilanciata 30% Valori Responsabili" funds, whose investment policy is characterised by the search for and selection of issuers (countries and companies) that stand out for their respect for human rights and environmental protection or whose activities are consistent with the principles of the Catholic religion; the line invests at least 2/3 of the portfolio in UCIs of Etica Sgr and Christian Brothers Investment Services (CBIS).

For these management lines, the ESG assessment was strengthened with regards to the process of selecting the instruments and products that can be included in the portfolios. This, through the adoption of methods based on positive selection, where companies with the best environmental, social and governance practices are preferred, as well as on negative selection, where companies that operate primarily in sectors that do not comply with international regulatory principles and/or companies belonging to controversial sectors are excluded from the investable universe, also limiting the selection of tools for which no information is available regarding the promotion or pursuit of Sustainability objectives.

The promotion of environmental and social characteristics is ensured as part of the active pursuit of the investment strategy and takes the form of the analysis and monitoring of the Sustainability profile of the financial instruments that can be included in the management line.

With regard to the consideration of adverse impacts, the Bank, as a participant in financial markets, publishes on its corporate website (<https://www.popso.it/cm/pages/ServeBLOB.php/L/IT/IDPagina/2967>) the Statement on the principal adverse impacts of investment decisions on Sustainability factors, in compliance with the requirements set out in Article 4 of Regulation (EU) 2019/2088 and the related regulatory technical standards.



This process has led to a more detailed analysis of the PAIs, enabling to identify some indicators considered to be priorities. These include:

- GHG emissions;
- carbon footprint;
- GHG intensity of the companies benefiting from the investments;
- exposure to companies active in the fossil fuel sector;
- absence of a human rights policy;
- investments made in companies that do not take steps to reduce carbon emissions.

The prioritisation process also takes into account the materiality analyses carried out, as well as the strategy adopted by the Bank and outlined in the 2022-2025 Business Plan. The ESG Investment Policy further strengthens the system of safeguards adopted by the Bank through the adoption of the aforementioned strategies for integrating Sustainability factors into its investment processes.

The process of integrating Sustainability into the investment advisory service

The Bank considers the issue of Sustainability a priority also when it comes to the investment advisory service. For this reason, it has integrated the consideration of ESG factors into the various phases of the process focused on providing services to customers, from the analysis of the Sustainability profile of financial products (product governance) to the consultancy model and verification of adequacy.

Sustainability factors and the risks associated with them are integrated into the definition logic of the service model, whose product list guarantees the presence of mutual funds and SICAVs, also underlying insurance investment products, with environmental or social characteristics or aiming at Sustainable investments, as well as the consideration of negative effects on Sustainability factors. In order to measure the Sustainability risk of the instruments included in the advisory list, the Bank makes use not only of the information transmitted via the specific data exchange methods (EMT and EET) by the producers of financial products, but also of the ESG rating data provided by the information provider. This consists of the value that summarises the individual company's exposure to the main Sustainability risks on a 7-level scale, considering the specific nature of the context in which it operates and the extent to which the company has developed and adopted adequate strategies to tackle specific risks or opportunities.

Similarly, the Bank, making use of the data provided by the information provider and by the issuers of financial products, takes into account the principal adverse impacts on the Sustainability factors of the financial products offered in the advisory list.

In compliance with the requirements set out in Article 4 of Regulation (EU) 2019/2088 and the related regulatory technical standards, the Bank, in its capacity as financial advisor, publishes on its website the Statement on the principal adverse impacts of investment consultancy on Sustainability factors, available at <https://www.popso.it/cm/pages/ServeBLOB.php/L/IT/IDPagina/2969>.

The Bank integrates ESG factors into the provision of its advisory service



The ESG investment approach of BPS (SUISSE) SA

BPS (SUISSE) SA's investment methodology seeks to combine the best of Swiss and international experience in the area of ESG investments, while recognising the role of the Bank as a mutual fund and discretionary asset manager, and an investment advisor to both domestic and international retail and private customers. The desired result is to obtain more solid and less risky portfolios in a long-term perspective, with a thematic focus on environmental Sustainability.

The Swiss Bank is committed to comply with the following principles:

- optimisation of financial performance, also taking into account the point of view of all-around Sustainability, in other words considering the stakeholders within the social and environmental context in which BPS (SUISSE) SA operates;
- negative screening – with the exclusion of companies active in the production or distribution of controversial weapons or that do not achieve minimum ethical standards;
- positive screening – using reliable and experienced data providers to limit and/or exclude from investment portfolios those public or private entities that pay little attention to Sustainability matters;
- topic orientation – with special attention to the environmental Sustainability of investments;
- integration – with incremental use of qualitative ESG research from differing sources within the analyses carried out at each level.





Customer advisory process

Taking into account the increased awareness of customers regarding Sustainable investments, with the aim of best fulfilling the role of investment advisor, BPS (SUISSE) SA has integrated the following steps within its advisory process:

- determining customers' expectations with respect to ESG investments and documenting them as part of the advisory process;
- providing an adequate overview of ESG considerations through advisors' experience, in line with the Sustainable Investment Policy adopted by BPS (SUISSE) SA;
- outlining the broad range of ESG investment solutions as part of the advisory process;
- matching the characteristics of ESG investment solutions to client expectations and building appropriate investment solutions, in order to achieve the client's sustainability objectives at the portfolio level.

Investment Committee and ESG Committee

BPS (SUISSE) SA has implemented an Investment Committee which, on a monthly basis, discusses, determines and approves the investment choices of a strategic nature regarding the products managed and the advisory services offered to customers. In accordance with the logic of integrating ESG factors into the investment process, the Committee takes into consideration elements related to Sustainability in its decision-making processes. Moreover, to strengthen its internal organisation in the field of Sustainable investments, the Bank has created an ESG Committee which meets quarterly and is chaired by the Head of Front Division.

The Committee in question has the following responsibilities:

- following ESG regulations and trends in the asset management and wealth management sectors;
- formulating proposals for working methodologies, rules and Sustainability parameters to be integrated into the various stages of the investment process;
- discussing thematic investment ideas and investment cases for consideration by the Investment Committee;
- reporting to the Executive Board on the status of the implementation of Sustainability policies in investments;
- drawing up a document once a year, called the "ESG Investment Newsletter", which aims to inform people inside and outside the Bank about its positioning with respect to Sustainable investment.



Financial Questionnaire – Assessment of Sustainability preferences

New rules issued by the European Union require intermediaries that provide advisory or portfolio management services, as well as issuers of financial instruments, to provide accurate information on the specific Sustainability characteristics of the financial products offered, such as shares, bonds or asset management products which invest a portion of their assets under management in Sustainable financial products.

At the same time, the new European regulation requires intermediaries to obtain information on the importance that customers attach to Sustainability within their investment objectives. Starting from 2022, two new questions were therefore included in the Financial Questionnaire: the first aimed at determining the customer's interest in ESG-related financial products and the second aimed at measuring the space that the same would like to reserve for these products in their investment portfolio.

During 2023, the collection of information on the importance that customers attach to Sustainability in the context of their investment objectives was further enriched through the inclusion of four new questions focused on identifying whether or not they are looking to integrate one or more of the following financial instruments into their investments, and to what extent:

- a. a financial instrument for which the client or potential client determines that a minimum share must be put in environmentally sustainable investments within the meaning of Article 2, point 1 of the Sustainable Activities Taxonomy Regulation (Regulation (EU) 2020/852);
- b. a financial instrument for which the client or potential client determines that a minimum share must be put in Sustainable investments pursuant to Article 2, point 17, of the SFDR Regulation (Regulation (EU) 2019/2088);
- c. a financial instrument that considers Principal Adverse Impacts (PAIs) on Sustainability factors in cases where qualitative or quantitative elements concerning such consideration are identified by the client or potential client.

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Percentage of assets subject to positive and negative environmental or social screening

	UoM	2023	2022	2021
Total assets managed	thousands of €	6,511,271	5,774,727	6,113,341
Total assets managed that are subject to positive and negative environmental or social screening	thousands of €	1,670,078	1,655,943	1,529,719
Percentage of assets subject to positive and negative environmental or social screening	thousands of €	26%	29%	25%

This figure does not include BPS (SUISSE) SA, for which a separate statement is provided.



Total assets managed are growing thanks to net inflows and the positive market effect. The share allocated to ESG topics remained broadly unchanged, despite the strong interest of savers in the Italian government's bond issuances.

It should be noted that the "Total assets managed that are subject to positive and negative environmental or social screening" is calculated as the sum of the assets of financial instruments classified pursuant to Articles 8 or 9 of Regulation 2019/2088 (SFDR). CBIS (Christian Brothers Investment Services) funds are included in the calculation because their investment policies and strategies consider ethical and religious, as well as human rights-related filters in the investment choices. It should be noted that, compared to the previous year, there has been a change in the methodology used for the classification of these funds based on relevance. In fact, the use of a European regulatory reference such as the SFDR is considered more consistent and robust than the use of external ratings provided by specialised providers, based on their proprietary methodologies.



It was not possible to recalculate the data for previous years with the same methodology used in 2023.

	UoM	2023	2022	2021
Total assets managed	thousands of €	664,655	611,516	682,982
Total assets managed that are subject to positive and negative environmental or social screening	thousands of €	405,344	228,279	100,154
Percentage of assets subject to positive and negative environmental or social screening	thousands of €	61%	37%	15%

The figures above only refer to BPS (SUISSE) SA and in particular to a line of asset management mandates launched in 2019 and to Popso ESG investment funds. The change compared to 2022 is attributable to the expansion of the range of discretionary ESG screening mandates.

BPS (SUISSE) SA offers its customers an asset management mandate in Sustainable funds (Multi ESG) for those who wish to combine return objectives with ethical, social and environmental values. It is a multi-manager strategy aimed at selecting the best UCITS funds and ETFs in the Sustainable investments area (in the broad sense, therefore, ESG or similar concepts, such as SRI, Impact and all the variants currently available). The product is available in CHF and EUR in conservative, balanced and equity versions. In line with its ESG investment policy (an extract of which is also published on the corporate website), BPS (SUISSE) SA adopts a series of Sustainability rules on its Flex (Euro) and Swiss Domestic (Swiss francs) products. These rules are aimed at improving the risk-return relationship of the managed portfolios and directing investments towards a lower appetite for environmental risks.

For more information on asset management lines, see the previous section entitled "The process of integrating Sustainability risks and consideration of principal adverse impacts on Sustainability factors in the portfolio management service".



The consolidated collaboration with Etica Sgr

Collaboration with Etica Sgr, consisting primarily of the placement of funds belonging to Etica "Valori Responsabili" and "Futuri Responsabili" Lines. Etica's uniqueness lies in the fact that it is the only Italian asset manager to establish, promote and manage mutual funds which, without exception, are socially responsible by combining financial analysis with assessments using ESG criteria. Following these principles, Etica Sgr has developed a security selection process aimed initially at excluding governments and companies involved in controversial activities. It then identifies the most virtuous experiences based on analysis of the ESG and governance aspects of the issuers. Only issuers with a suitable qualitative profile and quantitative score can be considered investable by Etica Sgr. This responsible investment strategy is implemented through dialogue between Etica Sgr and the management of the businesses in which active shareholders and funds invest and exercise their voting rights.

The Ethics Committee provides advice and makes recommendations so that Etica Sgr can grow in an ethical and socially-responsible manner.

The Etica Sgr offer consists of seven ethical mutual funds:

- "Etica Obbligazionario Breve Termine"
- "Etica Obbligazionario Misto"
- "Etica Rendita Bilanciata"
- "Etica Bilanciato"
- "Etica Azionario"
- "Etica Impatto Clima"
- "Etica Obiettivo Sociale"

	2023	2022	2021
Number of BPS customers subscribing to Etica Sgr's funds	21,914	21,182	18,813

The company also promotes microfinance projects: subscribers to Etica Sgr's "Valori Responsabili" funds can choose to donate 0.1% of the subscribed capital (€1 for every €1,000) to a fund managed by Banca Popolare Etica, which guarantees micro-finance projects in Italy and supports crowdfunding initiatives with a high social and environmental impact, again in Italy. Etica Sgr and Banca Popolare di Sondrio offer – including through the SCRIGNO Internet Banking platform – the chance to invest in government bonds and companies that are committed to respecting the environment and human rights by subscribing to "Valori Responsabili" funds. The securities selected for the "Valori Responsabili" funds are chosen according to social and environmental criteria, not only on the basis of financial valuations.





Placement of sustainable products: Arca Fondi SGR

Since 1983 Banca Popolare di Sondrio has drawn on the experience and professionalism of Arca Fondi SGR SpA to implement the investment solutions best suited to its customer needs.

Arca SGR's mutual funds are characterised by maximum diversification in terms of the type of investment, management style, geographical area and sector of intervention.

The ability to purchase fund units even in very small amounts (€100) ensures accessibility for small savers, who can also make periodic payments (via Savings Plans), with a view to investing the flow of savings while reducing the overall investment risk.

During 2023, the Bank's offer was enhanced with new instruments available to customers that are compatible with the Sustainability criteria set out in the UN Principles for Responsible Investment:

- Arca Social Leaders 30, a new balanced fund that invests in securities from issuers that stand out for their attention to social issues such as fair working conditions, equal opportunities, training, education and occupational health and safety;
- Arca Green Bond, a fund that aims to increase the value of capital through investments in Green Bonds, with the goal of financing projects or activities that promote climate change mitigation or adaptation or other environmental Sustainability purposes;
- Arca ESG Investi e Consolida 2028, a Sustainable fund that offers investment opportunities, with particular attention to ESG topics, characterised by a scheduled investment mechanism that allows to consolidate the results achieved.

In addition, since last November, Sidera Funds SICAV has been enriched with a new "Sidera Funds SICAV – Christian Equity" sub-fund. The sub-fund, managed by Arca Fondi SGR, adopts the "Christian Investment Guidelines" issued by the Conferenza Episcopale Italiana (CEI, Italian Bishops' Conference), with the aim of promoting the fundamental values of the Catholic Church, such as the protection of life and families with children, support for human dignity and care for the environment and animals.





Distribution of JP Morgan and Pictet funds

As of November 2023, the Bank distributes funds from two leading investment houses – JP Morgan Asset Management and the Pictet Group – to its network.

The former is one of the world's leading asset management companies. It has been operating in Italy for over a century and offers a wide range of solutions (about 200 sub-funds) covering the main markets, asset classes, investment styles, sector and geographical specialisations, risk levels, and is characterised by high quality, as also confirmed by past performance.

The Pictet Group, founded in Geneva in 1805, specialises in asset management and investment services. Pictet AM is the Group's asset management division, operating in Milan since 2000 and offering a wide range of investment solutions ranging from the main equity and bond asset classes, to more specialised ones, that include thematic funds.

In both cases, most of the funds distributed are classified pursuant to Articles 8 or 9 of Regulation 2019/2088 (SFDR), confirming the Bank's strong commitment to offering its clients sustainable investment solutions.

J.P.Morgan
ASSET MANAGEMENT

 **PICTET**
Asset Management



ESG integration in the proprietary portfolio

The Bank's focus on Sustainability issues is also reflected in the gradual integration of ESG factors in the construction of its proprietary portfolio. Starting from 2021, the ALM and Investments Committee resolved to strengthen investments in the ESG sector by authorising the purchase of Green Bonds, Social Bonds and Sustainability Bonds up to a share of at least 10% of the proprietary bond portfolio. These investments are primarily allocated to a dedicated sub-fund of the proprietary HTC (Held to Collect) portfolio.

As at 31 December 2023, €1,545 million are held in ESG bonds, equal to approximately 11% of the total debt securities, broken down as follows:

- €978 million in Green Bonds;
- €401 million in Social Bonds;
- €166 million in Sustainability Bonds.







03. SOCIAL:
THE COMMITMENT TO A
SOCIAL AND INCLUSIVE
ECONOMY



Social: the commitment to a social and inclusive economy

When discussing sustainability, the first thought that comes to mind falls on the environmental meaning of the term. However, the ESG paradigm balances the three areas, attributing equal importance to the social sphere, as well as to the environment and corporate governance. In recent years – and particularly in the post-pandemic period – the fight against inequalities, attention to the quality of life, work-life balance and public health have become issues that all companies must deal with. Social activities have often been relegated to donations, sponsorships or the implementation of cultural and recreational activities that can be enjoyed by the communities where the Bank is rooted. However, this kind of activity represents only a small part of the possible actions that a bank can implement to improve its social impact.

In fact, the social performance of a banking institution can be defined as the set of activities and strategies related to the company's responsibilities towards its stakeholders: from employees to customers, from shareholders to the community as a whole.

The importance of defining social strategies has also been underlined by the 2030 Agenda which, in its Sustainable Development Goals, identifies closely interconnected social topics such as public health (Goal 3), education (Goal 4), diversity and inclusion (Goal 5 and Goal 10), the safety and healthiness of structures and infrastructures (Goal 9 and Goal 11) and the improvement of the quality of life and working conditions (Goal 8). The extension of the so-called Taxonomy to social aspects is also evidence of the need to give soundness to the measurement of social impacts. If the environmental side is based on solid scientific foundations, the Social Taxonomy is based on different parameters defined within an international legislative framework, which includes the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work (the so-called ILO Declaration), the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The Social component of the approach to Sustainability is well integrated into the Group's founding values: these, in fact, are closely linked to proximity to the local territory and the enhancement of people. Solidarity, support, attention to individuals and communities, closeness to families and small and medium-sized enterprises are the guidelines that have always inspired and continue to direct the Bank's actions. Enhancing diversity and promoting equal opportunities are priority commitments for the Group in order to sustain a working environment that respects all forms of each individual's uniqueness and participation, inspired by principles of freedom, fairness and dignity in professional relations, and free of any collective or individual discriminatory behaviour. This commitment was further solidified in 2022, with the definition of the Guidelines on Diversity and Inclusion and, at the beginning of 2023, with the joining of Valore D and the signing of ABI's Women in Banking Charter, actions that have allowed the Bank to embark on a more structured path in line with the best practices in the sector.

In continuity with its historical presence and proximity to the local territory where it operates, the Bank completed the opening of four new branches over the past year, an activity that led to an increase in the number of hires: in 2023, 349 new employees were hired compared to 259 in the previous year, in line with the development plans pursued by the Group.

The Group's ambition is to become "giants in responsible banking" according to a strategy of presence and ties with the local area and the community



Support for the Community has also taken the form of the organisation and patronage of various cultural and sporting initiatives, including the collaboration with FEduF (Foundation for Financial Education and Savings), thanks to which BPS has organised events with students from various high schools focused on topics such as the circular economy, the conscious management of resources and financial education.

“ Strengthening the bond between the community we serve, perceiving its needs and habits is not only imperative for us but affords us a competitive edge, which allows us to contribute to the development of quality ecosystems that are both resilient and sustainable. Our ambition is to be able to define ourselves as responsible economic and social players capable of creating innovation, producing wealth and widespread well-being for the current generations without compromising that of those to come. ”

Letter to Shareholders and Friends, 1st January 2024





Enhancement of human resources

The development and the success of a company rely on the quality of its staff: in customer relations and in the offer of products and services, this constitutes a distinctive factor that is recognised and appreciated by the market.

Over time, the Bank has remained true to the principle of internal growth, based on the implementation of an internal process for the development of personnel skills in order to enhance the first work experience of young high-school graduates and recent university graduates.

The collaboration with professionals from the outside, without upsetting internal balances, mainly concerns skills required by central offices that cannot be easily sourced internally.

A robust and consolidated system of personnel management and training allows to harmonize personal development paths with corporate objectives for building skills to achieve the necessary levels of professionalism. Onboarding of newly hired employees is an essential strategic process for the organic growth plan. This takes place mainly at branches and in compliance with defined learning objectives, in line with the Bank's development plan. The needs of professionalism are primarily satisfied, on the one hand, by the onboarding of newly hired employees, and on the other by means of staff rotation in different professional roles of increasing complexity – rotation that is supported by extensive training.

Within this context, the evaluation system aims at supporting the professional development and improvement of each individual, promoting their ability to interpret corporate organisational and behavioural models in the performance of their duties and roles. The system refers to two different types of assessments: performance appraisal and skills assessment.

The employee performance appraisal measures the gap between expectations and the results achieved over the year, consistently with the provisions of the national collective bargaining agreement in force in Italy and trade union agreements.

The skills assessment aims to map the professional skills that exist within the Bank, to plan targeted actions for staff management and development, and to implement training plans. This assessment concerns the acquired level of mastery of the processes in question and possession of the knowledge and abilities needed for the role held. To further enhance the effectiveness of the tool – at the same time encouraging the processes of empowering people, self-analysis and promoting self-development skills – the assessment carried out by the heads of the operating units is accompanied by a self-assessment carried out by each employee. This allows to directly acquire from the colleague their level of autonomy in the work that they perform and the technical knowledge that they have developed.



BPS has integrated ESG issues into its skills assessment process



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Percentage of employees receiving regular performance and career development reviews

Employees who receive regular performance reviews	2023	
	Men	Women
Executives	100.00%	-
Middle managers	96.30%	90.40%
Professional areas	99.80%	99.80%

Integration of skills assessment with ESG issues

In 2022, as part of the annual skills assessment process, the Bank conducted a review of the relevant profiles, through the integration of ESG skills, including a specific item on ESG risks. The latter concerned the roles belonging to the areas directly involved in the management of these aspects.

The performance appraisal and skills assessment process concludes with an individual feedback interview with the employee’s direct supervisor, during which they analyse the evidence that emerged from the findings and discuss the employee’s expectations of professional growth, motivations, interests and aspirations.

The evaluation system adopted by the Bank is consistent with the principles of diversity and inclusion, according to which employees are evaluated exclusively on the basis of merit, consequently offering opportunities for growth and development based on performance, without any type of discrimination, promoting a culture of meritocratic and fair evaluation.





Corporate welfare

The main forms of corporate welfare, which all BPS employees can access (including part-time and temporary workers), are as follows:

- Corporate productivity bonus: the national collective bargaining agreement in force in Italy, which leaves it to the company contract to define the criteria for awarding bonuses, for managerial staff and personnel of the professional areas envisages the adoption of a corporate productivity bonus (governed by specific second-level company agreements) linked to the company's results in terms of a real increase in productivity or profitability that can be objectively verified on the basis of the financial statements figures.
- Long-service bonus: employees who work at Banca Popolare di Sondrio for an effective period of 30 years are paid a bonus gross amount of €2,300.
- Graduation bonus: non-graduate workers who, after two years of employment, complete an undergraduate degree included among those recognised for contractual seniority under the labour agreement, are awarded a one-off gross bonus of €1,800.
- Scholarships: scholarships are awarded to children or household members who may be considered tax dependents of employees, the amount of which is based on the educational level achieved.
- Meal contribution: the company gives meal vouchers to non-residents (€7.00) and residents in Sondrio (€4.50), as agreed to in the Company Supplementary Contract in force.
- Contribution for out-of-town accommodation: if an employee has to spend the night out of town due to work, the Bank makes a gross monthly contribution for their evening meal of €132.
- Commuting contribution: employees who have over 120 km round-trips from work to home receive a gross monthly contribution of €132 for their travelling expenses.
- Disabled contribution: a gross annual contribution of €2,300 is paid to employees for each child with a serious physical or mental handicap that affects their learning ability, assessed pursuant to Italian Law 104/92.
- Supplementary pension plan: with specific regard to employees hired since 1993, the Bank offers a supplementary pension plan – for which, among other things, it offers a contribution – aimed at allocating the post-employment benefit to a pension fund managed by Arca Fondi SGR. Since 2020 Arca Fondi SGR has planned to integrate ESG criteria in the investment processes in order to assess sustainability risks alongside financial risks. Moreover, with regard to three of the four plans offered to employees, Arca pursues a strict approach whereby 90% of the assets held must have the highest ESG rating. Finally, for employees hired before 1993, the Bank guarantees a supplementary pension of up to 24% of their current salary.

In addition to the above-mentioned initiatives, every employee and their family members are guaranteed healthcare through an Internal Welfare Scheme, inspired by the principle of mutuality. The purpose of the Scheme, whose term is set to be up to 31 December 2050 (unless extended), is to help pay for hospital and health care in general – to supplement the Italian National Health Service – as well as for other reasons, according to the procedures established by its Regulation.

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401-2



The activities related to the Scheme are financed through the following:

- a. the contributions to be paid by the members of the Scheme;
- b. the equivalent amounts to be contributed by the Bank;
- c. the contribution to be paid by the Bank in relation to the cost of medical check-ups;
- d. income generated by the Scheme's assets;
- e. any offerings or contributions from bodies and individuals;
- f. any cash surpluses, after the ordinary prescription period, in accordance with the national collective bargaining agreement.

Another important element that contributes to the welfare of employees and their families is the presence of a Recreation Club – CRAL.

The Recreation Club of the Banca Popolare di Sondrio Group is an apolitical, non-trade union and non-profit association, which aims to promote and organise for its members and their families cultural, recreational, sporting and any other activities that involve economic or welfare benefits for its members. Our Recreation Club has a board of 11 members, elected every three years from the Group's employees and retirees in the form of voluntary work. The Club's activities are carried out outside working hours.

Participation in Club events is normally subject to payment of a membership fee, as follows:

- the fee for non-members, which is equal to the cost of the event with the usual discount applied to Group fees; the Recreation Club does not apply any extra charges;
- the fee for members and their families, which is determined by applying a reduction to the full fee (for non-members) that is covered by the contribution paid by the Club.

New corporate welfare system for Factorit employees

In May, a new corporate welfare platform was launched that allows employees who wish to do so to use their variable bonus (VARIABLE Payment or VAP) towards the services offered.

Specifically, the platform offers the possibility to purchase shopping vouchers, petrol vouchers, gym memberships and travel solutions, obtain the reimbursement of school, health and transport expenses, as well as the option to set aside part or all of the VAP in the pension fund.

Any residual amounts that employees may be left with after making their choices, are automatically directed to their pension fund.



BPS (SUISSE) SA: placing people first

The Staff Policy of the Swiss subsidiary not only defines the rules governing fair relations within the Bank, but also identifies values underlying a dynamic, performance and team-oriented corporate culture and an environment that respects people and diversity. The principles of conduct and behaviour, guiding values, entrepreneurial spirit, ambitions and goals express the intent to maintain and disseminate a business culture in which the individual is at the centre.

BPS (SUISSE) SA recognises, maintains and develops the skills of its Employees, paying particular attention to the needs and family problems of each individual in the event that they are unable to work due to illness, injury, disability or death. Great importance is attached to communication in the employment relationship: information is provided transparently, clearly and comprehensively, both internally and externally; the intention is to ensure that everyone understands and accepts the company's choices and decisions, to meet information needs and to develop a sense of belonging. The exchange of information within the Bank is extremely important and is based on the principle of cooperation and complementarity.

In the area of corporate welfare, the focus of BPS (SUISSE) SA has been on the work-life balance of Employees; to this end, an awareness-raising initiative has been launched for sector Managers, including through participation in courses and exchange sessions on the subject of listening, proximity and remote leadership.

The main actions undertaken by BPS (SUISSE) SA with regard to corporate welfare are as follows:

- remote working;
- encouraging employees' physical activity (agreements with gyms and participation in sporting events);
- attention to healthy and organic food;
- care of employees in the case of health problems;
- opening an account for the birth of a son/daughter;
- occupational accident coverage;
- granting of the leave time needed to accompany and care for children and parents in the event of injury and illness;
- company long-service bonus;
- meal contribution;
- contribution to transport costs;
- benefits aimed at improving mobility;
 - alternative transport solutions, in collaboration with the City of Lugano (public transport, carpooling, shuttle and electric bicycles);
 - mobility for business purposes: online purchase of tickets and travelcards on the SBB Business Customers portal;
 - "home-workplace" mobility: Arcobaleno company annual travelcard; 30% discount (15% from the Comunità Tariffale Ticino e Moesano – the Ticino and Moesano integrated fare network – and 15% from the Bank);
 - Arcobaleno trial monthly travelcard: Bank contribution equal to 50% of the relevant amount.



Information on employees*

		2023			2022			2021		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
Total employees by gender	Number of staff members (executives, managers, employees)	930	2,650	3,580	849	2,607	3,456	796	2,571	3,367
Total employees by job category	Executives	0	35	35	0	34	34	0	34	34
	Middle Managers	116	781	897	104	730	834	76	686	762
	Office staff	814	1,834	2,648	745	1,843	2,588	720	1,851	2,571
Total employees by age	≤ 29 years old	278	402	680	216	356	572	195	328	523
	30-50 years old	469	1,411	1,880	461	1,470	1,931	455	1,514	1,969
	≥ 51 years old	183	837	1,020	172	781	953	146	729	875
Breakdown by type of employment contract	Total number of permanent contracts	916	2,629	3,545	836	2,570	3,406	780	2,547	3,327
	Total number of temporary contracts	14	21	35	13	37	50	16	24	40
	With non-guaranteed hours (e.g. on call, occasional)	0	0	0	0	0	0	-	-	-
Breakdown by type of employment	Full-time employment as defined by national laws	786	2,634	3,420	716	2,589	3,305	679	2,552	3,231
	Part-time employment as defined by national laws	144	16	160	133	18	151	117	19	136
Breakdown by employment areas	Distribution	501	1,789	2,290	432	1,776	2,208	396	1,767	2,163
	Business units	95	206	301	97	204	301	101	206	307
	Staff	240	331	571	219	320	539	197	282	479
	Operational services	94	324	418	101	307	408	102	316	418
Employees broken down by geographical area of operations	Northern Italy	721	2,185	2,906	650	2,140	2,790	614	2,118	2,732
	Central Italy	47	246	293	40	256	296	36	252	288
	Southern Italy	5	7	12	5	6	11	-	-	-
	Abroad	157	212	369	154	205	359	146	201	347
Breakdown by education qualification	University degree	506	1,065	1,571	444	1,000	1,444	388	926	1,314
	High-school diploma	415	1,545	1,960	402	1,547	1,949	400	1,603	2,003
	Compulsory education	9	40	49	12	51	63	8	42	50
Consultants	Consultants	25	71	96	24	70	94	0	0	0

Data is reported on a head count basis at the end of the reporting period. The data relating to "Employees broken down by geographical area of operations" are restated, following the inclusion of Swiss employees in the "Abroad" item.

*The number of non-employee staff is 0.

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Employees by geographical area

	2023			2022			2021		
	Italy	Switzerland	Total	Italy	Switzerland	Total	Italy	Switzerland	Total
Total employees	3,211	369	3,580	3,097	359	3,456	3,020	347	3,367
of which women	773	157	930	695	154	849	650	146	796
of which men	2,438	212	2,650	2,402	205	2,607	2,370	201	2,571
Permanent contracts	3,176	369	3,545	3,047	359	3,406	2,980	347	3,327
of which women	759	157	916	682	154	836	634	146	780
of which men	2,417	212	2,629	2,365	205	3,570	2,346	201	2,547
Temporary contracts	35	0	35	50	0	50	40	0	40
of which women	14	0	14	13	0	13	16	0	16
of which men	21	0	21	37	0	37	24	0	24
With non-guaranteed hours (e.g. on call, occasional)	0	0	0	0	0	0	0	0	0
of which women	0	0	0	0	0	0	0	0	0
of which men	0	0	0	0	0	0	0	0	0
Total full time + part time employees	3,211	369	3,580	3,097	359	3,456	3,020	347	3,367
of which women	773	157	930	695	154	849	650	146	796
of which men	2,438	212	2,650	2,402	205	2,607	2,370	201	2,571
Full-time	3,124	296	3,420	3,016	289	3,305	2,941	290	3,231
of which women	692	94	786	622	94	716	580	99	679
of which men	2,432	202	2,634	2,394	195	2,589	2,361	191	2,552
Part-time	87	73	160	81	70	151	79	57	136
of which women	81	63	144	73	60	133	70	47	117
of which men	6	10	16	8	10	18	9	10	19



Total number of employees and turnover rate by age group, gender and region

	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
New employee hires	143	206	349	100	159	259	71	129	200
≤ 29 years old	119	148	267	69	122	191	55	98	153
30-50 years old	23	44	67	27	30	57	14	21	35
≥ 51 years old	1	14	15	4	7	11	2	10	12
Staff turnover rate: ratio of new employees hires to total employees	15.38%	7.77%	9.75%	11.78%	6.10%	7.49%	8.92%	5.02%	5.94%
Leaving staff	62	163	225	55	140	195	36	99	135
≤ 29 years old	40	69	109	29	55	84	16	34	50
30-50 years old	15	51	66	20	50	70	13	30	43
≥ 51 years old	7	43	50	6	35	41	7	35	42
Reason for leaving									
Voluntary leavers (excluding retirement)	40	91	131	10	88	98	21	50	71
Retirement	4	27	31	30	29	59	30	25	30
Dismissal	1	1	2	0	2	2	1	3	4
Other (i.e. end of a temporary contract)	17	44	61	15	21	36	9	21	30
Staff turnover rate: ratio of leaving employees to total employees	6.67%	6.15%	6.28%	6.48%	5.37%	5.64%	4.52%	3.85%	4.01%



Health and safety

The BPS Group strives to disseminate a culture of occupational health and safety, developing awareness about possible risks and promoting responsible conduct by all staff, while also favouring suitable working conditions that safeguard the psychophysical well-being of workers and respect their human rights and morals.

The Bank acts towards its employees and collaborators in full compliance with the provisions of Article 2087 of the Italian Civil Code and the Consolidated Law on occupational health and safety (Italian Legislative Decree no. 81 dated 9 April 2008), as well as with the other applicable laws and regulations, including local laws abroad, and the requirements of any other regulations that may apply, on a case-by-case basis, given the type and location (in Italy or abroad) of the activities carried out.

Occupational health and safety management system

Although the Bank does not have a certified management system, it follows the provisions of Article 30 of Italian Legislative Decree 81/2008: this consists of operating instructions and procedures relating to the various workplace safety areas, the line control of which is the responsibility of each Bank Management Entity, while Level 3 control is carried out by the Bank's Internal Audit Office. In particular, some of the areas subject to monitoring are those related to compliance with technical-structural standards (e.g. equipment, systems, physical agents, etc.), risk assessment and prevention and protection measures, organisational activities (e.g. emergencies, first aid), health surveillance and information and training for workers.

In accordance with the provisions of the law, which defines the safety organisation chart and related responsibilities, the manager, the head of the prevention and protection service (RSPP), the prevention and protection service officers (ASPP), the supervisors, the fire-fighting and first aid officers, and the company doctor were appointed. The workers' safety representatives (RLS) are elected by the workers by means of a vote and are trained through specific courses.

With regard to the BPS (SUISSE) SA subsidiary, the control protocol and the Federal MSSL Directive (concerning the use of occupational physicians and other safety specialists) guide the Company's management methods and the methodology adopted, identifying the guidelines for safety and organisation, for the protection of health. The latter regulates, among others, ventilation and air quality, ergonomics, control of stress factors, working hours, special protections such as those dedicated to new mothers, environmental protection, lighting and noise.

GRI
403-1



GRI
403-2**Hazard identification, risk assessment, and incident investigation**

The Risk Assessment Document (DVR) specifies the criteria adopted for the assessment of health and safety risks at work through the provision of periodic and ad hoc inspection and assessment activities to check the status of safety measures and to identify any risks; the documentation is also subject to review in the event of extraordinary maintenance work being carried out, as well as in the event of regulatory changes relating to occupational health and safety.

GRI
403-3**Occupational health services**

The Bank appointed a company doctor who collaborates with the Bank and the prevention and protection office on the assessment of risks, not only for medical planning and monitoring purposes, but also for the preparation and implementation of measures that protect the health and psychophysical well-being of workers, for the delivery of training and information to workers and for the organisation of first-aid services. Furthermore, the health of all employees at BPS (SUISSE) SA who work at video-terminals for more than 20 hours each week is monitored.





Worker participation, consultation and communication on occupational health and safety

GRI
403-4

A meeting is scheduled periodically (pursuant to Article 35 of Italian Legislative Decree 81/2008) in which the workers' safety representatives participate, with the option for workers to also make timely reports by email or telephone. The Prevention Service sends to the workers' safety representatives a summary of criminal events that took place at branches, as well as the relevant Risk Assessment Documents. The Bank provides copious information to staff on workplace safety matters via internal circulars, service orders and e-mails, including the notification of emergency plans and fire prevention registers to branch employees, together with the schedules for evacuation drills. All communications are accessible in a specific section of the corporate Intranet, together with the general and specific Risk Assessment Documents for each branch, the emergency plans, the most important regulations and the trade union communications sent by email to staff. Workers can request technical support via an internal procedure and access records of maintenance work carried out by external suppliers.

With regard to the Factorit SpA subsidiary in particular, a notice board on safety issues has been implemented since 2022 on the corporate Intranet, where employees can read up on the subject and leave their comments.

Worker training on occupational health and safety

GRI
403-5

Training activities in 2023 mainly consisted of:

- a basic training module for new hires on workplace safety, physical safety and bank robbery;
- 8-hour training for new fire emergency management personnel;
- 5-hour refresher training for fire emergency management personnel;
- 8-hour refresher training for workers' safety representatives;
- courses related to physical security (BPS (SUISSE) SA);
- courses related to psychosocial risks (BPS (SUISSE) SA).

All BPS (SUISSE) SA employees are also required to attend, among others, a general training course on this topic.

Training at Factorit is managed through dedicated software and is entirely entrusted to external companies specialised in health and safety, with trainers who possess the qualifications required by the standards. Depending on the different courses selected, training can be classroom-based or use innovative learning methodologies, including synchronous distance learning and multimedia languages that allow the use of IT tools as channels for disseminating training content. Depending on the company role, training may also include specific practical training.



GRI
403-6**Promotion of worker health**

All employees and their family members are guaranteed healthcare support via an Internal Welfare Scheme, which also arranges for check-ups at affiliated facilities.

Further information can be found in the "Corporate welfare" section. For BNT SpA and Factorit SpA, employee healthcare is covered by health insurance policies arranged by the company, while employees of BPS (SUISSE) SA are covered against occupational accidents.

GRI
403-7**Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**

To avoid and mitigate the significant negative impacts on occupational health and safety associated with its operational activities, offers of products or services through commercial relationships, and the related dangers and risks, the Bank prepared the Combined Interference Risk Assessment Report (DUVRI) and specific safety protocols for external service providers, consultants and contractors.

All the Bank's employees and stakeholders, in the context of their specific duties and competence, participate in the process of preventing risks and safeguarding their own health and safety, as well as that of their colleagues and third parties, including by making comments and proposals.

In particular, all persons who work in or with the Bank must:

- comply with the guidance and instructions provided by the Bank;
- properly use the machines and equipment required to carry out work;
- use their personal protection devices appropriately;
- report to the competent functions, without delay, any faults and/or breakdowns in the protection equipment and devices that come to their attention;
- not remove or modify, without authorisation, any safety, warning or control devices;
- not carry out hazardous manoeuvres or operations on their own initiative if these do not fall within the scope of their work;
- attend any scheduled medical health check-ups.



Risk detection and monitoring activities are summarised in the Company's risk assessment document according to a specific procedure. Some of the aspects monitored include compliance with technical/structural standards (for example installations, equipment, physical and biological agents, etc.), ergonomics in the workplace, prevention and protection measures, organisational activities (for example response to fire, first aid, management of hydrogeological and seismic risk) and healthcare monitoring, provision of information and training for employees. With regard to psychosocial problems, especially work-related stress, each year the Staff Service collects and processes information on this topic and the specific risks are reviewed periodically. The Bank strives to guarantee working conditions that respect the dignity of the person, ensuring that all forms of discrimination contrary to the law, including harassment and unfair treatment of any kind, are not allowed or tolerated. To this end, it requires that acts of psychological violence or attitudes or behaviour that discriminate or harm people, their beliefs or preferences in internal or external work relationships are not allowed. For this reason, no form of retaliation is tolerated against employees who complain of discrimination or harassment, nor against other workers who report such situations.

Lastly, the Bank undertakes, in the event of assignment of works or services to third parties under contract, or in any case within ordinary commercial relationships, to require its partners to respect adequate safety standards for workers of external companies.



GRI
403-9A

The main types of work-related injury

	2023	2022	2021
Work-related injuries	21	30	22
Recordable work-related injuries	4	6	6
Percentage of total	19%	20%	27%
High-consequence work-related injuries (excluding fatalities)	0	0	0
Percentage of total	0	0	0
Fatalities as a result of work-related injury	0	0	0
Injuries as a result of commuting incidents	17	24	16
Percentage of total	81%	80%	73%
Workdays lost due to work-related injuries	508	418	361
Days of absence in the reporting period	16,321	25,285	17,441
Hours worked	5,556,879	5,035,948	5,402,813
Workable days	861,698	842,590	828,911
Rate of work-related injuries (frequency) *	4	6	4
Rate of serious work-related injuries	0	0	0
Rate of fatalities as a result of work-related injury	0	0	0
Severity rate **	0	0	0
Absenteeism rate ***	2	3	2

* The rate of work-related injuries is calculated by multiplying the number of injuries by one million and then dividing by the number of hours worked.

** The severity rate is calculated by multiplying by 1,000 the total number of days lost because of injuries and then dividing by the number of hours worked.

*** The absenteeism rate is the ratio between days of absence and workable days multiplied by 100.

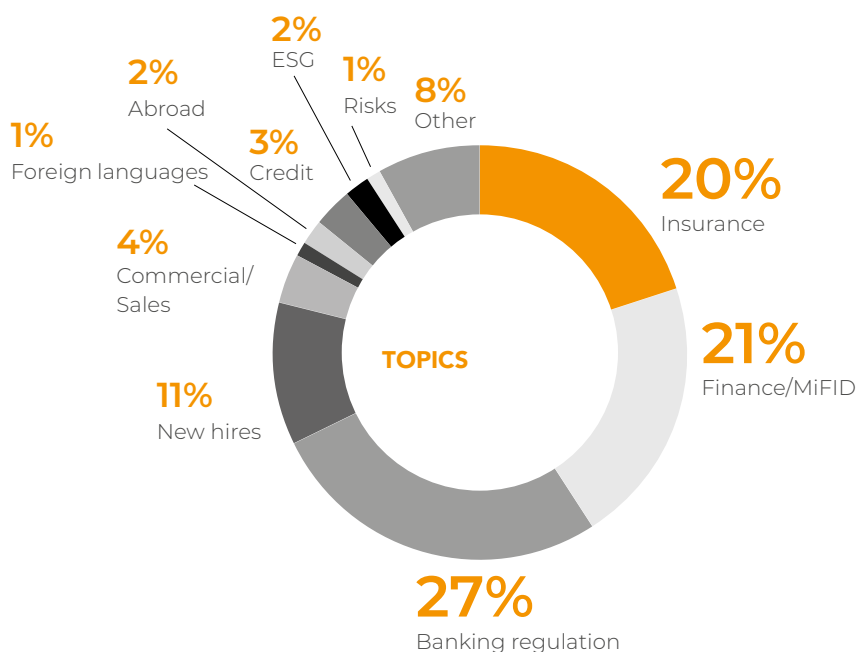
The data in the table only refer to employees; as far as collaborators is concerned, in 2023, there were no fatalities as a result of work-related injury, nor any serious, recordable work-related injury.



Training

Professional development and financial education are supported by a comprehensive system that includes projects targeting specific segments of the corporate population and the development of all major banking business topics. Training programmes take into account the cross-cutting aspects with the aim of strengthening certain skills such as interpersonal, negotiation and team management abilities.

In support of the model of growth along internal lines, great attention is paid to onboarding training: a structured training programme is dedicated to newly hired employees which, integrating various methods (classroom, multimedia, targeted mentoring), covers, in addition to the specific regulatory and process issues of front and back office branch roles, notions concerning the Bank's organisation, employment regulations, corporate security and the main business areas (commercial offer, introduction to loans, securities markets and foreign transactions). Some modules are also dedicated to behaviour and the development of personal skills.



The training offer dedicated to all employees is extensive, covering the various activities of the banking sector. In this regard, the Staff Service supports the central offices in the scheduling of training on various subjects including, but not limited to, compliance, loan granting and review, anti-money laundering, sustainability and ESG factors, usury, whistleblowing, market abuse, consumer code, occupational health and safety, administrative responsibility of banks and cybersecurity. The topic of managerial training is also included, thanks to a structured programme covering subjects such as the culture of delegation, talent development, feedback management and team building.

In addition to the traditional classroom courses, there are various training proposals available through e-learning tools.

The training plan is drawn up in accordance with the principles of diversity and inclusion to ensure equal treatment in access to company training and, consequently, to enable fair professional development of staff.

The training programmes also deal with the issues of quality certification in accordance with the ISO 9001 and ISO 27001 standards. These are an integral part of the corporate strategy, in a constant search for customer satisfaction and ever-increasing efficiency, with the aim of bringing benefits to the organisation and work processes, together with the involvement of the staff.

ESG training

In 2023, a comprehensive training plan was developed aimed at all organisational levels, from the Board level to the Operational level, with the aim of promoting greater awareness and widespread dissemination of ESG issues to all stakeholders.

Ample space was dedicated to the development of the skills of ESG contact persons.

Alongside specific training in the D&I field, ad hoc workshops were organised for network ESG Specialists, with the aim of providing them with notions useful for monitoring objectives, managing policies and initiatives in the field of Sustainability and effectively supporting subsidiaries in carrying out ESG Due Diligence activities.

In addition, in November, the Bank made available to all employees two training modules on gender-based harassment in the workplace and the unconscious development of prejudices. This, with the aim of creating greater awareness of these issues, encouraging a corporate culture that supports diversity and an inclusive work environment.



Topics	Recipients
Sustainability topics in the Bank's business: introduction of the Taxonomy and its effects on BPS	Directors and Statutory Auditors
Overview of ESG regulation and in-depth analysis of the Corporate Sustainability Reporting Directive (CSRD)	Directors and Statutory Auditors
Joining the Net-Zero Banking Alliance (NZBA) initiative	Directors and Statutory Auditors
Integration of ESG factors in the credit process framework	More than 30 Network Contact Persons
Role of the banking sector in the green transition	Offices and services heads, CRO Area and ESG Contact Persons
Specific courses on D&I organised by Valore D	10 ESG Contact Persons
ESG Project – Introduction to Due Diligence in the Credit Process	More than 100 Network Contact Persons
Integration of ESG factors into the credit process and counterparty analysis – Theoretical part	13 Network ESG Specialists
Integration of credit processes, ESG Score and Due Diligence	ESG Contact Persons in business areas and subsidiaries
NFS materiality analysis	ESG Contact Persons in business areas and subsidiaries
ESG regulation overview	ESG Contact Persons in business areas and subsidiaries
Target Net Zero: BPS' journey	ESG Contact Persons in business areas and subsidiaries
Gender-based harassment in the workplace, organised by Valore D	All employees
Unconscious stereotypes, organised by Valore D	All employees

TRAINING IN NUMBERS ESG

**OVER
50 HOURS**
provided by BPS

AT LEAST 6 HOURS
for each ESG contact
person

4.30 HOURS
for Directors and
Statutory Auditors



38 HOURS
dedicated to D&I
topics, with Valore D
training

3 HOURS
of ESG training
for all permanent
employees available
on the online
platform



The BPS (SUISSE) SA training offer

BPS (SUISSE) SA supports and encourages continuing professional education, as well as the maintenance of employability in the labour market, regardless of length of service, level and hierarchical position, age, nationality and gender. The Bank organises, supports and assists participation in internal and external training courses dedicated to professional and personal development, both financially – by agreement with the HR Office – and by making the necessary time available.

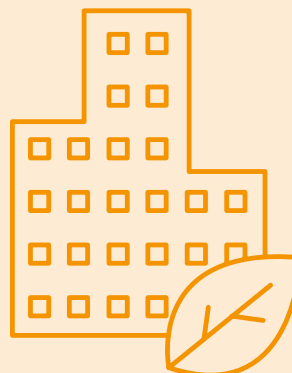
The Employees of BPS (SUISSE) SA and, in particular, the customer advisors, must have adequate knowledge of the rules of conduct and the customer specific, technical and specialised knowledge required to perform their activity and profession, in accordance with the Federal Financial Services Act (FSA) and its ordinance of 1 January 2020. Training for the Bank's staff therefore includes all those initiatives aimed at providing, maintaining up-to-date and developing the skills, knowledge, expertise and behaviours necessary for the optimal performance of their duties in their current and/or future roles. Customer advisors grow and develop by participating in training designed to obtain Federal SAQ certification and, above all, to maintain that certification by attending at least 8 hours of training every year; ad hoc specialist technical courses are organised for all other staff . BPS (SUISSE) SA offers staff the possibility of taking long-term courses in order to obtain certificates and diplomas recognised at national and international level; additionally, it organises coaching aimed at leadership development.

In addition, during 2023, a number of training courses on sustainability took place, in which the subject was dealt with both looking at the general context and by bringing ESG factors into the Bank's own business.

ESG TRAINING

STANDARD ESG TRAINING

Preliminary general training
All employees



SPECIALIST ESG TRAINING

Investment ESG training
Front Office

CREDIT ESG TRAINING

Credit Front Office
Credit Analysts





In 2023, internships at the Group's branches also continued

Banca Popolare di Sondrio has long been the point of reference for commercial and technical schools in Lombardy and collaborates with the main universities in the area for orientation activities, internships and placement of students, undergraduates and graduates. Collaboration with universities has the aim of encouraging awareness of the world of work and providing guidance for career choices, offering young people a chance to acquire the first contact tools in their search for a job that responds to their personal aptitudes, while at the same time allowing the Bank to search for resources with skills that match its recruitment needs as closely as possible. This consists of orientation meetings and company presentations, participation in career days and the organisation of internships. Some of the students who complete their internship at the Group's branches are subsequently employed by the Bank.

Over the past 10 years, internships have been organised for more than 2,000 students.

The Swiss subsidiary is also strongly committed to promoting internships, both at its branches and at the Lugano office: out of a total of 28 trainees, a good part has joined the 2023/2024 workforce.

GRI
404-1

Average hours of training per year per employee

	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of hours of training provided to employees	43,240	157,650	200,890	26,771	101,424	128,194	25,538	111,603	137,141
Executives	0	1,413	1,413	0	908	908	0	1,249	1,249
Middle Managers	4,761	45,154	49,915	3,324	28,042	31,366	2,283	30,064	32,347
Office staff	38,479	111,083	149,562	23,447	72,473	95,920	23,255	80,290	103,545
Average hours of training per employee	46	59	56	32	39	37	32	43	41
Executives	0	40	40	0	27	27	0	37	37
Middle Managers	41	58	56	32	38	38	30	44	42
Office staff	47	61	56	31	39	37	32	43	40



Dialogue with social partners

The enhancement of diversity and the promotion of equal opportunities are priority commitments for the Bank, supporting an inclusive work environment that respects every form of uniqueness of the individual. Moreover, in line with the growing attention from stakeholders on these issues, the awareness and commitment to update strategies and implement new processes in this regard is constantly increasing, in order to favour the inclusion of the various forms of diversity.

The Group is committed to conducting discussions with trade union organisations with a view to maintaining strong relations, inspired by respect and loyalty, aimed at the common interest of protecting employees. Dialogue is developed without any discrimination or difference of treatment so as to foster a climate of mutual trust and solid exchange, with a view to seeking a proper system of trade union relations that is as cooperative as possible.

The Code of Ethics prohibits any conduct that has produced or is objectively likely to jeopardize trade union freedom.

Participation, in a personal capacity, by employees and directors in political organisations takes place outside working hours and without any connection with the role held. The Group also avoids any direct or indirect pressure on political figures and does not allow direct or indirect contributions, in cash, in kind, or in any other form to political parties, movements, committees and political and trade union organisations, or to their representatives.

In 2023, relations with the union representatives were maintained on the basis of mutual respect; during the year, the meetings envisaged by company bargaining procedures between representatives of the Bank and the trade union organisations were held. Meetings are also organised on request to discuss the most interesting current topics. There were no hours of strikes related to labour disputes in the past year.

GRI
402-1

Minimum notice periods regarding operational changes

The notice period to trade unions for organisational changes is 50 days for Group reorganisations and for company reorganisations in accordance with the national collective bargaining agreement.



Collective bargaining agreements

With regard to Banca Popolare di Sondrio, Factorit and BNT Banca, all employees are currently covered by collective bargaining agreements, in line with previous years, while BPS (SUISSE) SA does not provide for the execution of agreements under Italian law, but operates in compliance with the Swiss law regulations applicable to the sector. The Staff Regulations form an integral part of all employment contracts with BPS (SUISSE)

SA and are valid for all employees and collaborators employed in Switzerland.

The employee's rights and obligations are governed by the following rules and with the following hierarchy:

- Individual employment contract
- Regulations
- Agreement on Conditions of Employment for Bank Employees (ACEBE)
- Code of Obligations (CO) and the Federal Labour Law
- Federal Law on Banks and Savings Banks

The ACEBE applies to all employment agreements entered into for a period of more than three months. The working relationships of the members of Management are not subject to the aforementioned Convention, except as provided for in the Agreement on waiving the tracking of working hours, which they are asked to sign.

GRI
2-30

	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees covered by collective bargaining agreement	773	2,438	3,211	695	2,402	3,097	650	2,370	3,020
Number of employees NOT covered by collective bargaining agreement	157	212	369	154	205	359	146	201	347
Percentage of employees covered by collective bargaining agreement	83.12%	92.00%	89.69%	81.86%	92.14%	89.61%	81.66%	92.18%	89.69%



Diversity and Equal Opportunities



The selection of personnel is also carried out taking into account the gender balance within the Company's workforce, according to the strategic guidelines on **Diversity and Inclusion** adopted in 2022.

Enhancing diversity and promoting equal opportunities are priority commitments in order to sustain a working environment that respects all forms of individual's uniqueness and participation, inspired by principles of freedom, fairness and dignity in professional relations, and free of any collective or individual discriminatory behaviour. In line with the new national and international regulations on Diversity and Equal Opportunities and with the growing attention from stakeholders on these issues, the awareness and commitment to update strategies and implement new processes in this regard are constantly increasing, in order to favour the inclusion of the various forms of diversity.

The Group's commitment to the enhancement of diversity and equal opportunities is formalised, first and foremost, in the Code of Ethics: the Bank undertakes to guarantee working conditions that respect people's dignity and that forms of discrimination contrary to the law are not admitted or tolerated. To this end, it requires that acts of psychological violence or attitudes or behaviour that discriminate or harm people, their beliefs or preferences in internal or external work relationships are not allowed. Furthermore, the Group requires that no harassment of any kind takes place in internal and external working relationships and does not tolerate any form of retaliation against employees who complain of discrimination or harassment, nor against workers who report such situations.

In agreement with trade union representatives, a specific Equal opportunities commission has been set up with the purpose of:

- identifying appropriate measures to achieve equal opportunities;
- promoting measures to facilitate the reintegration of women workers after maternity leave and to safeguard their professionalism;
- promoting initiatives aimed at eliminating any behaviour harmful to personal freedoms, including sexual harassment;
- evaluating any reports about direct or indirect discrimination at a work or professional level and making proposals in this regard.

In compliance with contractual provisions, without prejudice to corporate organisational requirements, the Bank grants flexibility or work hour reductions to allow a better balance between personal and family needs and those of the Company. Special attention is also paid to staff with severe disabilities. The Head of Staff Service offers constant attention and support, even when staff members return to work, allowing flexible working hours.

The Group's remuneration policies are designed to comply with current legislation and the contractual provisions applicable to the banking sector including, in particular, the national collective bargaining agreement and supplementary negotiations, as well as various agreements at a corporate level.





Renewal of the national collective bargaining agreement

On 23 November 2023, a number of trade unions, together with ABI and the Intesa Sanpaolo Group, signed the renewal of the National Collective Bargaining Agreement for 270,000 Italian bankers. Some of the main points included in the Agreement are:

- the increase in monthly pay from December 2023;
- the payment of arrears for the July 2023 – November 2023 period;
- reduction in weekly working hours, from 37 and a half hours to 37 hours, with a reduction of 30 minutes overall;
- increase in the number of hours for paid training;
- recognition of full economic treatment for “at risk” pregnant workers;
- increase in the number of sick days for individuals with severe disabilities.

During the past year, BPS (SUISSE) SA, which distinguishes itself in the Swiss financial sector as a fair and diversity-conscious employer, was once again awarded the Fair-ON-Pay+ federal certificate.

This certification highlights the Bank's constant commitment to the equal treatment and remuneration of women and men, thereby overcoming a cultural challenge that politicians and employers have been addressing for many years.



Fair-ON-Pay+
and SoPaCEB
(Social
Partnership
Centre for
Equal Pay in
the Banking
Industry)
certifications

BPS (SUISSE) SA's Fair-ON-Pay+ certification

For BPS (SUISSE) SA, the principles of conduct, guiding values, entrepreneurial spirit, ambitions and goals express the intent to maintain and disseminate a business culture in which the individual is at the centre. Gender equality, respect for women's rights and the prohibition of all forms of discrimination are fundamental values for a bank that is committed to promoting an environment conducive to the realisation of women's economic and social rights. BPS (SUISSE) SA has a Staff Policy characterised by a strong focus on diversity:

- training and further education programmes integrate awareness-raising modules on equal opportunities and gender equality;
- special attention is paid to transparency in all human resources processes, such as recruitment, selection, hiring, acceptance, development and promotion of staff, performance appraisal and definition of remuneration, with a view to ensuring equal opportunities for women and men;
- a fair and inclusive company culture is promoted;
- the HR Office regularly monitors compliance with equal pay between women and men through a dedicated tool;
- the Staff Regulations recall the measures taken to prevent harassment, violence and abuse of power in the workplace.

There are no barriers to career advancement, equal opportunities or inclusion. With regard to the recruitment process, language bias is minimised from the job announcements forward and the recruitment and selection processes are addressed in a manner that is as free from prejudice as possible.

In all its relations, the BPS Group undertakes to promote equal treatment of all individuals, avoiding any discrimination on grounds of gender, gender identity or expression, affective/sexual orientation, marital status and family situation, age, ethnicity, religious belief, political and trade union membership, socioeconomic status, nationality, language, cultural background, physical and mental condition, and any other characteristic.

In 2022 the Guidelines on Diversity and Inclusion were approved; this document defines the general principles and essential implementation guidelines on Diversity and Inclusion to promote, disseminate and implement a policy to foster the inclusion of various forms of diversity. The objective of the guidelines is to create a work environment characterised by plurality, which is respectful and harmonious, knows how to generate value from the dialogue between people with different characteristics and opinions, where everyone feels free to express themselves in an authentic manner and which allows everyone's talent to be recognised and valued, giving every individual the same opportunities for professional growth and remuneration dynamics.



Specifically, according to the Guidelines, Board of Directors, through the functions in charge, ensures and guarantees compliance with the principles listed below, deriving from the values that inspire the Group and in compliance with what is defined in the Code of Ethics:

- promote an inclusive corporate culture, at all organisational levels, which identifies diversity as the area in which to strengthen its expertise and competitive advantage for the Company;
- ensure fairness in the selection, recruitment and remuneration processes, respecting the identity and diversity of each person;
- ensure equal opportunities and treatment during the various stages of corporate life (training, assessment, professional growth);
- promote meritocracy and talent development using evaluation approaches based on objective and inclusive criteria;
- promote work-life balance through the development of tools aimed at ensuring the correct balance between work and personal commitments.

In 2022, the Bank adopted the Regulation on diversity in the composition of the Board of Directors and the Board of Statutory Auditors. Besides integrating the regulatory requirements on the least represented gender, this document identifies the measures implemented to ensure that the composition of the corporate bodies reflects an adequate degree of diversification in terms of – among others – skills, experiences, age, gender and international projection, promoting the emergence of different perspectives and points of view on the various areas of expertise.

In 2023, the Banca Popolare di Sondrio Group joined, as an ordinary member, Valore D, the first Association of large companies created in Italy committed to promoting an inclusive corporate culture, without discrimination, capable of bringing out everyone's talent by valuing and promoting diversity. Through this partnership, the Bank has been able to provide several hours of training on the following topics: 2 hours for all permanent employees and 36 hours of webinars on specific topics used by some ESG contact persons.

In addition, in 2023 the Bank, as evidence of the growing sensitivity towards these issues, signed the "ABI's Women in Banking Charter", a tool available to companies to support their commitment to equal opportunities.

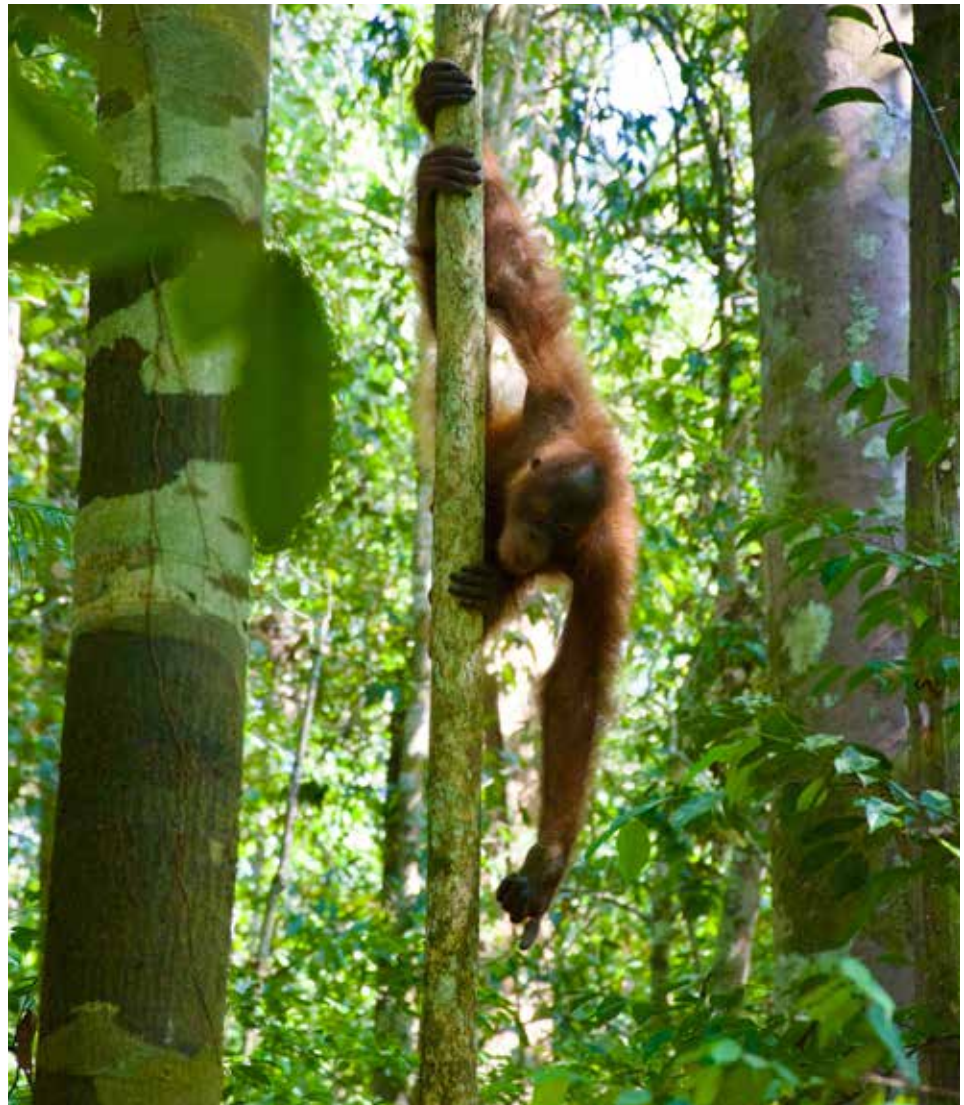
By signing this document, the Bank undertakes to enhance its corporate policies according to the following principles for equal opportunities:

- promote an inclusive work environment open to the values of diversity, including gender;
- strengthen the selection and development methods aimed at promoting equal gender opportunities, in a corporate environment oriented towards equal role opportunities and treatment at all levels;
- disseminate the full and effective participation of women at every company level;
- promote gender equality including outside the bank, for the benefit of the communities of reference;
- carry out appropriate initiatives to address and enhance its corporate policies on gender equality.



Reporting behaviour that violates D&I principles

The Bank considers it essential to promote a work environment that respects the principles of Diversity and Equal Opportunities, also by virtue of its impact on people's motivation, trust and health, with consequences on work performance and on the Bank's reputation. Any inappropriate behaviour must therefore be reported: for these reasons, an internal reporting channel named "Diversity and inclusion" has been identified. Each employee of the Bank can report harmful or inappropriate facts or behaviours by accessing the platform through the corporate Intranet to make their report.





Remuneration policies and the integration of ESG issues

Remuneration is a fundamental tool for attracting and retaining staff with the professionalism needed to ensure the growth of Group companies and their ability to compete in target markets. It is therefore essential to enhance staff development by assigning them to roles with an increasing level of responsibility and complexity. In this regard, the remuneration policies of the Parent Company have evolved alongside and in support of the general expansion of business activities. This expansion has also highlighted the need for increasingly qualified professional resources to work in both the central and branch offices, partly because of the new business areas and partly because of the higher level of competition within the banking system. It is therefore essential to motivate employees, fostering their inherent potential and supporting their growth in terms of skills and professional roles.

In keeping with the general trends of the market, and with the aim of attracting, retaining and motivating the best professional talent, the Bank has held firm to a number of basic principles: attention to the medium- and long-term sustainability of remuneration policies, general balance, meritocracy, a gradual approach and the desire to establish lasting relationships over time.

The gradual progression of professional career paths is accompanied by a balanced remuneration policy designed to motivate and retain the best resources who, consistent with our values, support the growth of the business. This vision is shared by the other members of the Banking Group, while recognising the special circumstances of Banca Popolare di Sondrio (SUISSE) SA and the characteristics of the labour market in the factoring sector.



The remuneration policies are designed to comply with current regulations and contractual provisions, such as the national collective bargaining agreement and supplementary negotiations, as well as various agreements at a company level. In general, there are no discretionary pension benefits, while compensation in the event of early termination of employment other than that provided for in national contracts or for early departure from office is regulated within the Remuneration Policies, with agreements made on a case by case basis.

The Remuneration Policies, approved by Shareholders' Meeting of 29 April 2023, help to encourage behaviour consistent with the guidelines defined in the Business Plan, strengthening the existing accountability mechanisms of management and transparency towards Investors and the markets.

The main changes introduced for 2023 concern:

- the strengthening the link between the Group's sustainable success, measurement of Top managers' individual performance and relevant remuneration, in particular through:
 - the expansion of the scope of quantitative and objective metrics taken into account in determining the variable remuneration (with the exception of the Heads of the Control Functions);
 - the selection of both short- and long-term performance metrics, consistent with the objectives set out in the 2022-2025 Business Plan (expected results and timeframes);
 - the strengthening of metrics aimed at supporting the Group's commitment on ESG issues;
- the introduction – in addition to the entry gates and the regulatory malus and claw-back clauses already in force – of further risk adjustments aimed at discouraging an increase in performance obtained through the assumption of excessive risk, strongly limiting or preventing the disbursement of variable remuneration components upon the occurrence of dynamics and outcomes that are not fully consistent with the risk appetite defined by the Board of Directors (in particular in the Risk Appetite Framework) and with the objectives, which the Group sets from time to time, of strengthening its capital, liquidity and governance structure;
- the increase in the relative weight of the variable components of remuneration with respect to the fixed ones, with a limit increased to 100%, for the General Manager and other Top Management figures, and to 50% for the rest of the personnel, from the 35% established in the previous Policies – except for control functions subject to an increase from 30% to 33% – while ensuring at the same time that an increasing focus on variable compensation does not lead to a worsening of the overall cost structure;
- within the limits of the Policies, the ex ante definition of the levels of variable remuneration components of Top Management as a function of performance (rewards), in particular as regards to achieving the targets of the Business Plan or exceeding them (overperformance);
- an increasing use of financial instruments in the payment of variable, immediate and deferred remuneration, thus further aligning the medium-/ long-term interests of the Group with those of Management;
- a greater degree of disclosure of the mechanisms underlying the Policies and the remuneration paid, to ensure management accountability and transparency towards Investors and the markets;
- a more clear identification of the roles of the Group's Bodies and structures in relation to the definition and implementation of Policies and of remuneration and/or indemnity mechanisms in the event of early termination of the employment relationship of Top Management.



ESG parameters in top management's remuneration policies

The determination of short-term and long-term variable remuneration also takes into account some measurable Sustainability objectives, concerning the achievement of a series of goals. Specifically:

- ESG ratings: ensuring the Bank's solid positioning in the Standard Ethics sustainability rating and the CDP climate rating score;
- ESG Credit and Finance: expanding the range of ESG products and the related volumes;
- ESG bonds: increasing the Bank's ESG funding activity, providing for new issues of green bonds and social bonds;
- CO₂ emissions: reducing direct (Scope 1) and indirect (Scope 2 and 3) emissions;
- ESG initiatives: adhering to international initiatives related to environmental and social sustainability;
- ESG training: integrating training in a comprehensive and transversal way.

As for 2024, the proposed Remuneration Policies submitted for approval at the Shareholders' Meeting include the increase in the weight of ESG parameters from 5% to 10% and the replacement of the "achievement of training hours in the ESG area" with "the completion of the Operational Plan on Diversity and Inclusion".



GRI
2-19, 2-20, 2-21

Details on the changes and operation of the new Policies are available in the “Annual report on the remuneration policy and compensation paid”, approved by the Board of Directors on 15 March 2024. This document will be subject to Shareholders’ approval at the General Meeting of 27 April 2024.

More in-depth information on the remuneration policies of the highest governing body and senior executives (managers), the remuneration determination process and the total annual remuneration ratio can be found on the Group’s corporate website at the following link: <https://istituzionale.popso.it/en/investor-relations/shareholders-meeting>, “Annual report on the remuneration policy and compensation paid” (pages 9, 13, 15, 18, 19, 21, 32, 35, 42, 47, 68, 94, 97, 99 and 102).

Annual total compensation ratio

	2023	2022	2021
Ratio of the annual total compensation for the organization’s highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	24.59	18.88	19.28
Report, where applicable, the percentage increase in annual total compensation for the organization’s highest-paid individual from the previous to the reporting period*	35%	0%	1.95%
Report, where applicable, the percentage increase in median annual total compensation for all of the organization’s employees (excluding the highest-paid individual) from the previous to the reporting period	3.3%	2.12%	1.91%
Ratio of the percentage increase in annual total compensation for the organization’s highest-paid individual to the percentage increase in median annual total compensation for all employees (excluding the highest-paid individual)	10.37	-	1.02

* The increase is due to the increase in the variable remuneration of the General Manager linked to the Group’s positive performance. Having achieved the assigned targets beyond the target values, the overall remuneration was higher.





Management remuneration

In line with the consolidated prudential approach to management, the remuneration for the Board of Directors and the members of the Board of Statutory Auditors is exclusively of a fixed nature.

By contrast, the remuneration structure of the General Manager and other key executives consists of a fixed component and a variable component: the latter may not exceed 100% of the fixed remuneration for the General Manager and top management or 50% for the rest of key personnel, except for control functions, for whom variable remuneration shall not exceed 33% of the fixed one.

Specifically:

- the fixed component, which is the largest, remunerates the skills and responsibilities associated with the role held, rewarding professional skills and experience, as well as commitment;
- the variable component is aimed at rewarding significant and outstanding professional performance for the achievement of lasting and prestigious corporate results.

In particular, the variable remuneration consists of a part linked to the achievement of quantitative economic and financial, and ESG objectives for the Group and individual qualitative objectives, and is approved subject to verification of the total or partial attainment of the objectives, on the basis of the established parameters.

Moreover, the payment of variable remuneration is subject to compliance with access thresholds identified in line with the minimum parameters set annually by the Supervisory Authority and incorporated in the Risk Appetite Framework, and is defined according to the additional risk adjustments introduced in 2023.

The BPS (SUISSE) SA remuneration system is a flexible, structured and segmented system for the different levels of the workforce (young trainees and recent graduates, employees, middle managers or key positions and senior management), designed to increase professional motivation, improve performance, create sustainable value for the Bank over time and retain the resources.

The Executive Board ensures the implementation of this system in order to align it with the practices of the target market and to increase the clarity and transparency of the adopted criteria. The remuneration policy, which is oriented towards the long term, pays particular attention to the issue of diversity: BPS (SUISSE) SA is committed to respecting the principle of equal treatment in the workplace and to maintaining equal pay for women and men. Pension benefits are in line with the market and are based on sound financial foundations.



GRI
405-2

Ratio of average female to male basic salary and remuneration by employee category and job title* ** ***

It is noted that:

- basic salary refers to the minimum and fixed amount paid to the employee for their work, excluding any additional recognition such as overtime or bonuses;
- remuneration refers to the basic salary plus any additional payment to the employee;
- average basic salary is the ratio of basic salary to the number of middle managers or office staff, depending on gender, in that particular year, minus those working part-time;
- percentage is the ratio of the average female to male basic salary.

MIDDLE MANAGERS	2023	2022	2021
Average basic salary	95%	97%	97%
Average remuneration	93%	94%	93%
OFFICE STAFF	2023	2022	2021
Average basic salary	95%	89%	89%
Average remuneration	93%	86%	85%

* In accordance with the privacy protection laws and relevant jurisprudence, BPS (SUISSE) SA does not report any remuneration-related data.

** The % relating to Executives is not reported due to the absence of female executives in 2023.

*** The data in the table is calculated by number of employees, not by number of FTEs

Differences in salaries and remuneration are mainly due to seniority: since male staff have been employed longer than female staff, they have been able to take advantage of a greater number of increases. With reference to GRI 2-7, it can be noted that over the years the number of female hires has increased, indicating a positive shift towards greater equity.

In addition, significant differences remain in terms of working hours, especially for office staff. The greater number of female employees with part-time hours contributes decisively to the salary mismatch illustrated in the table.





Parental leave

GRI
401-3

	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees entitled to parental leave	930	2,650	3,580	849	2,607	3,456	796	2,571	3,367
Number of employees that took parental leave	100	102	202	119	111	230	114	25	139
Number of resignations, after returning to work after parental leave, during the year	1	1	2	2	0	2	0	1	0
Number of resignations compared to returning to work after parental leave in the prior year	1	0	1	2	0	2	1	0	1
Rate of returning to work after parental leave	99%	99%	99%	98%	100%	99%	100%	100%	100%
Job retention rate after taking parental leave	99%	100%	100%	100%	100%	100%	99%	100%	99%

Parental leave (Maternity or Paternity) permits are granted to all Group employees as provided for by the relevant National Collective Bargaining Agreement.



GRI
405-1b

Breakdown of employees by category with respect to gender and age

	Breakdown of personnel	2023			2022			2021		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives	<= 29 years old (number)	0	0	0	0	0	0	0	0	0
	<= 29 years old (%)	0	0	0	0	0	0	0	0	0
	30-50 years old (number)	0	3	3	0	3	3	0	2	2
	30-50 years old (%)	0%	9%	9%	0%	9%	9%	0%	6%	6%
	>= 51 years old (number)	0	32	32	0	31	31	0	32	32
	>= 51 years old (%)	0%	91%	91%	0%	91%	91%	0%	94%	94%
	Total	0	35	35	0	34	34	0	34	34
	Total (%)	0%	100%	100%	0%	100%	100%	0%	100%	100%
Middle Managers	<= 29 years old (number)	0	2	2	0	1	1	0	1	1
	<= 29 years old (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%
	30-50 years old (number)	54	318	372	50	297	347	35	276	311
	30-50 years old (%)	47%	41%	42%	48%	41%	42%	45%	40%	41%
	>= 51 years old (number)	62	461	523	54	432	486	42	408	450
	>= 51 years old (%)	53%	59%	58%	52%	59%	58%	55%	60%	59%
	Total	116	781	897	104	730	834	77	685	762
	Total (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Office staff	<= 29 years old (number)	278	400	678	216	355	571	195	325	520
	<= 29 years old (%)	34%	22%	26%	29%	19%	22%	27%	17%	20%
	30-50 years old (number)	415	1090	1505	411	1170	1581	416	1232	1648
	30-50 years old (%)	51%	59%	57%	55%	63%	61%	59%	66%	64%
	>= 51 years old (number)	121	344	465	118	318	436	99	304	403
	>= 51 years old (%)	15%	19%	17%	16%	17%	17%	14%	16%	16%
	Total	814	1834	2648	745	1843	2588	710	1861	2571
	Total (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%





Support to the community and ties with the local area

“ We will continue along our development path, convinced that we can generate even more value through the growth of the (...) business, expansion in the north-east of the country, and support for Italian companies, especially those operating in international markets that are also able to take advantage of new contexts, including geopolitical balances. With strength and determination we innovate in order to adapt to change, to manage the challenges of our time, to meet the expectations of Clients, Shareholders and communities, to interpret and satisfy the needs of those who populate them at every level. ”

Press release, 6 February 2024

The Group is committed to fostering the economic and social development of the local communities and areas where it operates, with particular attention to households and SMEs.

Prudence, professionalism and commitment to support local areas and the Community have been the Bank's practices since the beginning: this approach has enabled it and will continue to enable it to deliver profits, even when the economic conditions are particularly challenging.

The Bank operates in line with the 2030 Agenda and, in particular, with SDG 11 "Make cities and human settlements inclusive, safe, resilient and sustainable".

The current ESG Strategy, an integral part of the broader 2022-2025 Business Plan, envisages the strengthening of the Group's activities with a positive impact on the local area and the reference community, such as, on the one hand, the adoption of a well-defined programme of sponsorships and donations and, on the other, the use of new mechanisms for selecting suppliers that take into account their performance in the ESG sphere. In addition, the Group aims to consolidate its position in the corporate sector, with particular attention to SMEs, as well as to intensify its presence in high-value areas, with potential not fully realised, and capitalise on the new opportunities offered by the market and, in particular, the National Recovery and Resilience Plan (NRRP), also in areas connected with the banking business.

In 2023, the Bank's traditional proximity to the local territory saw significant expansion in the North-East of Italy: in fact, there has been a succession of branch openings in San Donà di Piave (Venice), Thiene (Vicenza) and Udine, while the inauguration of branches in Trieste, Conegliano Veneto (Treviso) and Pordenone is planned for 2024.



FS13

Access points in low-populated areas

Territorial presence of the BPS GROUP	2023	2022	2021	average
BPS – Access Points	486	484	484	485
BPS – Municipalities served	335	333	332	333
BPS (SUISSE) SA – Access points (*)	21	21	20	21
BPS (SUISSE) SA – Municipalities served (*)	9	9	9	9
FACTORIT – Access Points	6	6	6	6
FACTORIT – Municipalities served	6	6	6	6
BNT – Access Points	5	7	7	6
BNT – Municipalities served	5	7	7	6

(*) The aggregate includes the Monaco branch, located in the principality with the same name. Virtual points and direct banking are excluded.

SOURCE: Access points and territorial presence of subsidiaries in line with what is included in the Financial Reports for the period

Territorial presence of BPS	2023	2022	2021	average
TOTAL MUNICIPALITIES SERVED BY BPS	335	333	332	333
with less than 5000 inhabitants – served by BPS (n.)	134	134	132	133
(%)	40%	40%	40%	40%
with less than 5000 inhabitants – served only by BPS (n.)	67	59	56	58
(%)	20%	18%	17%	17%
TOTAL BPS ACCESS POINTS	486	484	484	485
in municipalities with less than 5000 inhabitants – served by BPS (n.)	144	144	141	143
(%)	30%	30%	29%	30%
in municipalities with less than 5000 inhabitants – served only by BPS (n.)	68	60	57	59
(%)	14%	12%	12%	12%

SOURCES (details for each municipality):

BPS access points: internal sources

Bank access points: Bank of Italy return flow – Planus

Number of inhabitants: <http://dati.istat.it> – “Resident population”

(*) Number of inhabitants as of 1 January 2023; Bank access points as of 31/12/2022.

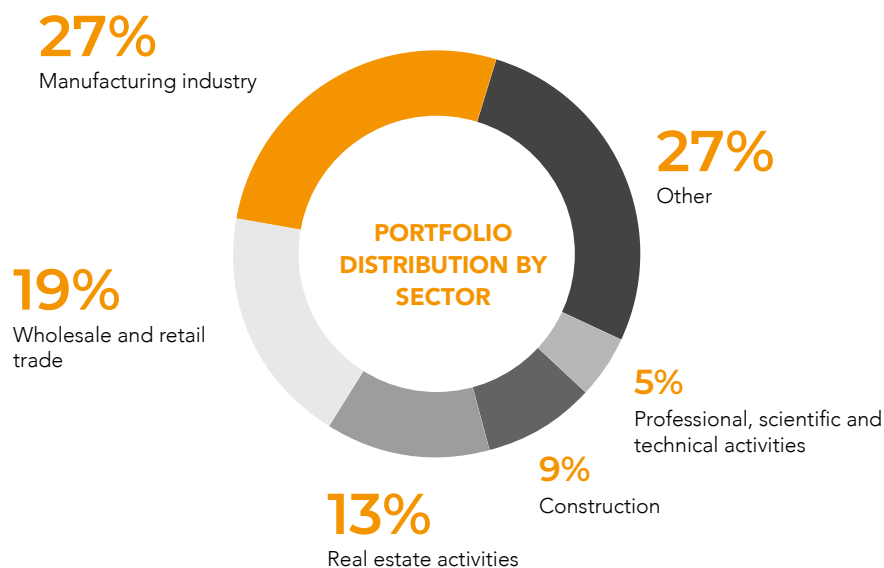


Portfolio percentage by geography, size and sector

	2023	2022	2021
Geographical distribution of the portfolio			
Northern Italy	71.12%	70.43%	68.79%
Central Italy	15.93%	17.37%	19.26%
Switzerland	12.95%	12.20%	11.92%
Total	100.00%	100.00%	100.00%
Micro-enterprises	11.87%	12.53%	13.77%
SMEs	20.15%	20.96%	21.92%
Large enterprises	9.63%	8.57%	6.87%
Individuals	36.28%	36.40%	37.35%
Agencies and institutions	22.07%	21.54%	20.09%
Total	100.00%	100.00%	100.00%

FS6

The contribution of the various customer segments to the overall economic result for the current year was influenced in particular by an appreciable increase in spreads associated with funding activities and a significant reduction in loan spreads, in a market context characterised by a rapid and significant increase in interest rates.



GRI
FS7

Monetary value of products and services designed to deliver a specific social benefit

For an accurate representation of the indicator, a number of SAE (Bank of Italy's Economic Activity Subgroup) and NOGA (General Classification of Economic Activities, Swiss Version of NACE, the Statistical classification of economic activities in the European Community) codes, as well as specific counterparties, were identified and listed below:

SAE

- Providers of care, recreational and cultural services
- Providers of healthcare services
- Other providers of healthcare services
- Social security and welfare institutions
- Ecclesiastical and religious institutions and bodies
- Institutions and bodies formed for support, charitable, educational, cultural, union, political, sporting, recreational and similar purposes

NOGA/NACE

- School/college/university education
- Other education
- Other education and education support
- Health care
- Residential and non-residential health care
- Cultural activities
- Religious activities and other associations

The information concerning this indicator is shown in the following two tables: the first refers to the total volumes for BPS and BPS (SUISSE) SA in relation to instalment loans to customers, while the second refers to the contribution of the Factorit SpA subsidiary with respect to its total loans towards customers.

	UoM	2023	2022	2021
Total loans to customers	€m	27,107	21,536	19,319
Loans with social objectives	€m	764	645	547
Percentage of total loans with social objectives to total loans granted	%	2.82%	3.00%	2.83%

The above figures refer to the Parent Company and BPS (SUISSE) SA.

	UoM	2023	2022	2021
Total loans to customers	€m	4,282	3,535	2,936
Loans with social objectives	€m	129	77	36
Percentage of total loans with social objectives to total loans granted	%	3.00%	2.17%	1.23%

The above data relates solely to Factorit SpA.



SMEs support initiatives

“ We are very proud to close the year with this inauguration in Udine, which marks our entry into Friuli-Venezia Giulia, a crucial region for the development of the country, while at the same time being able to announce the upcoming opening of a new branch in Trieste. Our experience that goes back over 100 years – gained alongside the communities and the economic and entrepreneurial fabric that we have served – today allows us, in an increasingly digital-human logic, to carry out our business operations in step with the times: it is our unmistakable signature, expressed in our unique way of banking, enclosed in the corporate motto “a bank that does banking”.

Mario Alberto Pedranzini, Managing Director and General Manager of Banca Popolare di Sondrio.



The development of the corporate sector is an important strategic lever for the provision of green loans, in other words to counterparties characterised by a virtuous profile in terms of reducing climate-related and environmental impacts and attention to the local territory. It is therefore essential to steer the network in such a way that opportunities to support customers engaged in the transformation of their business models – such as the renewal of industrial processes and the installation of energy production plants from renewable sources – can be captured.

In line with the 2022-2025 Business Plan, Banca Popolare di Sondrio has confirmed its willingness to assist Small and Medium-sized Enterprises which, together with households, constitute not only the Bank's par excellence customers, but also the social and economic fabric of the country.

In fact, 2023 was a prolific year in terms of initiatives focused on supporting SMEs: the total loans disbursed by the Parent Company, divided into unsecured loans and mortgages, amounted to almost €1.5 billion, equivalent to 70% of the total disbursed.

In particular, as part of the financing, an ESG credit line has been developed dedicated to companies that want to reduce polluting emissions from their means of transport. The goal is to support companies of any size and sector that intend to tangibly reduce the emissions generated by the use of vehicles instrumental to business activities.

BPS bond issue by Cassa Depositi e Prestiti (hereinafter referred to as "CDP").

In April 2023, the Bank signed an important agreement with CDP aimed at supporting access to credit and investments for the development of supply chains, internationalisation and projects related to the NRRP by client or newly acquired companies.

As part of the initiative, CDP has fully subscribed a €150 million bond, issued by BPS under the EMTN (Euro Medium Term Notes Programme). The Bank has allocated these resources to SMEs and Mid-Caps, pursuing the objectives defined in the Business Plan regarding innovation and the internationalisation of companies. It has also provided financial resources to support working capital needs, which have increased in the last year due to tensions on the prices of production factors (raw materials, energy, etc.).



The collaboration with Omnia Service

Omnia Service Società Cooperativa is the Confcooperative Parma “system company” entrusted to support companies – members and otherwise – in adapting to mandatory and voluntary regulations (of a budgetary or compliance nature) and in business development through the rationalisation of costs (in particular energy), investment planning and the use of public funding. Confcooperative Parma’s members include 75 dairies belonging to the Parmigiano Reggiano Consortium and 450 agricultural companies that contribute to the dairies.

Omnia Service has identified Banca Popolare di Sondrio as a good partner for the evaluation of loan requests and, in turn, BPS recognises the value of the services that the company offers in capturing credit requests and the ability to involve a group of complementary entities, such as designers, technicians, installers and plant suppliers, providing companies with a comprehensive and “turnkey” service.

Omnia Service directs its operations towards various sectors: in addition to the Parmigiano Reggiano supply chain dairies and their associated farms, it is worth highlighting type-A Social Cooperatives (focused on the management of social and health services, training and lifelong education) and type-B ones (focused on the management of activities aimed at the employment of disadvantaged people), professional firms (accountants, lawyers), Local Agencies, associations and foundations, and parishes (strong ties with the local Curia).

The collaboration with Omnia Service has led to important initiatives designed to support companies, such as the Fodder Purchase Loan in June 2022, and the collection of financing requests, received from branches in the Emilia area, for Biogas and solar energy production plants.

Finally, the collaboration with Omnia Service has allowed the Bank to collect detailed data and information on the Sustainability of client companies and their investments, as well as to develop and launch projects aimed at defining ESG-related credit products focused on the agricultural and dairy sector.



Agricultural and agri-food companies: loans for the production of renewable energy with a capital grant or with an ISMEA (Institute of Services for the Agricultural and Food Market) guarantee

In pursuing the objectives of environmental protection, adaptation to climate change and mitigation of its effects through the promotion of renewable energy production and energy efficiency, Italian government has launched a series of measures dedicated to the primary sector and to the agro-industry.

These sectors, with activities directly related to land use, the environment and the processing of land and livestock products, are among the first to be affected by climate-changing events, covered by the European initiatives of the Green Deal and REPowerEU and by the implications related to the three ESG "axes".

Specifically, with the Agrisolar Park tender, using funds made available by the NRRP, the Ministry of Agriculture, Food Sovereignty and Forestry has promoted support measures aimed at interventions for the construction of photovoltaic systems, used primarily for self-consumption, to be installed on buildings for productive use in the agricultural, livestock and agro-industrial sectors by companies of any size, including cooperatives or associations.

The agreement with Asconfidi Lombardia for short-term operations and to support business start-ups

In September 2023, an agreement was signed with Asconfidi Lombardia to facilitate the use of the consortium guarantee and the counter-guarantee and reinsurance of the SME Fund pursuant to Italian Law 662/96 by members of the consortium, members of other consortia not relying on this type of loan or non-competitive on the offer, as well as companies that do not participate and do not intend to participate in any consortium relating to:

- short-term transactions for SMEs, such as current account credit openings, invoice advances, portfolio and export advances;
- funding for start-ups, including ordinary start-ups, innovative start-ups and so-called certified incubators; the loans must relate to corporate projects recognised as having adequate prospective sustainability and, to this end, aspects such as entrepreneurial and sector expertise, the availability of equity or of adequate supporting guarantees are positively evaluated.

The proposal, aimed at all SMEs that have been customers of the Bank for at least three years or with loans already in place for at least three years, allowed these companies to resort to the Asconfidi guarantee and the MCC Fund counter-guarantee at discounted costs compared to the average of those applied by the consortia affiliated with BPS.



Support for the international development of companies

The recurring training initiatives organised by the Parent Company's International Service for Italian companies operating in international contexts and interested in improving their knowledge to increase their competitiveness continued also in 2023. These free initiatives ranged between the various issues of foreign trade, multiple sectors and numerous countries, seeking to follow the most interesting trends and the needs of customer companies, but also of the Bank's branches with dedicated internal training initiatives. Internationalisation initiatives aim to disseminate clear and up-to-date information on the opportunities offered by foreign markets, but also to help Italian companies to open up new business channels, in the light of the fact that international markets evolve rapidly and economic operators must consistently keep up-to-date in order to be successful.

In total, 21 initiatives were carried out during the year with 2,787 participants.

Two projects worth mentioning are presented below:

Incoming of tourism operators from the USA and Canada in Valtellina, thanks to which the territory of the province of Sondrio was promoted, in collaboration with the local Tourist Consortia;

Reconstruction of Ukraine, an online event attended by several Italian, Ukrainian and European institutions, to discuss possible new opportunities for Italian companies in Ukraine.

Trade Finance

In order to assist clients in managing the possible commercial risks inherent in transactions with new counterparties residing in foreign countries, the Bank makes available to its customers Trade Finance products offered by teams of specialists who provide personalised advice to identify the most appropriate solutions. In addition, a few years ago, the Digital Trade Finance project was launched, a tool that allows letters of credit to be processed in digital files without the need to file paper, with a decidedly positive impact on the environment. The project is still ongoing and the Bank is planning to extend it to other types of practices, also introducing solutions based on Artificial Intelligence to robotise some processes and thus to make them more efficient.



Trade Facilitation Programme

For over 20 years, Banca Popolare di Sondrio has been active in the Trade Facilitation Programme promoted by Multilateral Development Banks (hereinafter referred to as "MDBs"). The main mandate of MDBs, supranational institutions set up by sovereign states, which are their shareholders, is to reduce poverty and promote economic development. The MDBs with which the Bank collaborates to hedge risk in certain countries are:

- International Finance Corporation (IFC);
- European Bank for Reconstruction and Development (EBRD);
- Asian Development Bank (ADB);
- Inter-American Development Bank (IADB).

The Trade Facilitation Programme ("TFP") aims to promote international trade from, to and between different "countries of operations". Through this programme, MDBs provide guarantees to international confirming banks, thereby assuming the political and commercial risks of the issuing banks in the countries of operations. Guarantees issued by MDBs may be used to secure the following financial instruments issued or guaranteed by the participating banks:

- documentary credits and standby letters of credit;
- documentary credits with deferred payment and "red-clause" letter of credits;
- international guarantees;
- interbank financing.

In addition to promoting international trade, the TFP aims to support operations at an early stage to enable the confirming banks to understand the modus operandi of the issuing bank and to assess the granting of direct lines. In 2023, BPS concluded 208 transactions with these banks, consisting mostly of loans and confirmations of letters of credit with post-financing in favour of the issuing bank, for a total of €260,102,951.46, to which \$100,011,139.38 must be added. The countries involved in these transactions were: Armenia, Azerbaijan, Georgia, Serbia, Tajikistan, Tunisia, Turkey and Uzbekistan.

European tenders and funding

The Coop ration Bancaire pour l'Europe European Economic Interest Grouping ("CBE-EEIG"), an entity based in Brussels in which the Bank holds a 48% stake, has provided its members and their customers with information, consultancy and assistance services for the participation in European tenders and funding. In particular, in 2023 the CBE-EEIG EU project managers conceived and implemented numerous projects in partnership with other European bodies, on social, educational and environmental topics, aimed at producing widespread results and benefits throughout the EU.



Initiatives to support retail customers

The Group, aware of how important it is to engage in dialogue with customers in order to better understand their needs and share requests and projects, has provided support and attention not only to companies, but also to the household sector.

In 2023, the Bank distinguished itself in its support to the real economy of the geographical areas it covers, with new loan disbursements to households and businesses amounting to over €4.8 billion, recording an increase of 4.4% compared to the previous year.

Products and services for weaker or "disadvantaged" groups*

Children, Youth and Students

Banca Popolare di Sondrio has always paid close attention to young customers, offering a wide range of products and services suitable for this important customer target.

To facilitate the financial inclusion of young and very young people, the Bank offers savings solutions dedicated to minors, such as "Conto 44 Gatti" and "Primi Frutti" savings accounts. In particular, "Conto 44 Gatti" is a savings account reserved for children until 12 years old which allows them to obtain discounts in numerous Italian theme parks, as well as receiving a bimonthly magazine, full of content aimed at children. "Primi Frutti", on the other hand, is a savings account for young people under 18, which allows small sums of money to be set aside from a young age.

"Conto 44 Gatti"	2023	2022	2021
Existing relationships	6,808	6,994	7,330

"Primi frutti"	2023	2022	2021
Existing relationships	5,473	5,742	6,063

Over the years, the product catalogue has been enriched to meet the growing needs of an increasingly more dynamic range of customers.

GRI
FS7

Monetary value
of products
and services
designed
to deliver a
specific social
benefit

* Data provided in this section of the document only relates to the Parent Company, since the Subsidiaries' offer differs by type of business.



In February 2022, the new “MULTIplus minori” account was launched. Reserved for children aged 10 to 17, it charges no-fees (monthly fee of €5.00 with age discounts of €5.00). When the owner reaches the age of eighteen, the relationship automatically continues as an “ordinary” MULTIplus account, without the need to sign a new contract. For young people, the Bank also offers “+ma”, a prepaid card with an IBAN that allows payments and withdrawals to be made abroad and in Italy, with some typical current account transactions. The card can be issued from the age of 14 and offers a zero fee up to 25 years of age.

“MULTIplus minori” account	2023	2022	2021
Existing relationships	1,504	840	-
MULTIplus account	2023	2022	2021
Existing relationships < 27 years old	25,611	23,279	20,275
“+ma” card	2023	2022	2021
Existing relationships (14-25 years old)	17,493	18,586	18,814

The attention to young people is also demonstrated in the privileged relationships that the Bank maintains with pension funds. The results of the loans aimed at young individuals enrolled in INARCASSA and Cassa Forense are illustrated below.

Pension funds	UoM	2023	2022	2021
Online loans to young people participating in INARCASSA	Number of loans issued	29	21	13
	Equivalent value in €	400,000	200,000	120,000
Online loans to young people participating in Cassa Forense	Number of loans issued	118	77	146
	Equivalent value in €	1,500,000	900,000	1,760,000



In recent years, the Bank has paid particular attention to the university world – thanks to the Treasury and Cash agreements with leading Italian universities – through the proposal of products and services dedicated to university students. In particular, the offer includes the possibility of requesting:

- **"Ateneo+" Card:** reloadable prepaid card with IBAN. The card, which does not include any issuing or annual fees, was created thanks to the collaboration between Banca Popolare di Sondrio and the universities that have joined the initiative. Combined with the university card for students and staff, it is the university version of "+ma" Card.
- **"SoPOP" account:** online package account, reserved for university students, with a €1 monthly fee up to the age of 29, a combined debit card (no fee) and a free Internet Banking service.
- **"SoPOP" loan:** no-cost interest-free loan linked to the online "SoPOP" account, for students studying for undergraduate and/or master's degrees.
- **Student loans:** low-interest loans for university students; this category includes: loans for English courses; loans to students attending the University of Pavia; loans to students attending the University of Parma to participate in the Master's Degree in Engineering Management (MEM); loans to IULM master's degree students; loans to students enrolled in the first year of the IULM degree course; loans to students eligible for graduation awards; loans to students attending the University of Brescia, 3-year degrees and other degree or specialisation courses; loans to students attending the Alta Valtellina Mountain Community's courses.
- **Credit cards:** thanks to the partnership between Banca Popolare di Sondrio and various universities, branded credit cards intended for students are offered, along two different lines. The first is the so-called commercial line, for use as a traditional credit card, while the second is intended for the payment of university fees, which also allows for instalments.

"Ateneo +" card	2023	2022	2021
Annual issuance	100,293	87,602	89,040
No. cards issued	717,562	617,269	529,667

"SoPOP" account	2023	2022	2021
New relationships on yearly basis	143	207	157

"SoPOP" loans	2023	2022	2021
No. loans disbursed	3	14	5
Amount disbursed	11,760	61,000	25,000

Loans to students	2023	2022	2021
No. loans	174	182	211
Amount	517,594	601,859	744,443



Senior citizens

Banca Popolare di Sondrio also pays particular attention to the elderly: very often, due to age limits, this type of customer usually does not have access to the credit market for large amounts and, in the event of financial need, is forced to evaluate the sale of the property or bare ownership. Hence the desire to offer a financial instrument that makes it possible to supplement income, to improve the standard of living and to satisfy liquidity needs by realising the value of real estate assets. Based on this awareness, the Bank is one of the few on the market to offer Reverse Mortgages, i.e. medium-long term mortgage loans reserved for over 65s.

Reverse mortgages	2023	2022	2021
No. loans disbursed	9	7	8
Equivalent value (€m)	0.90	1.05	0.89

As required by Italian legislation, the Bank offers a Basic Account for retirees, the characteristics of which have been defined by an agreement signed between the Italian Ministry of Economy and Finance, the Bank of Italy, the Italian Banking Association (ABI), Poste Italiane SpA and the payment service providers' associations. The account in question provides, against an all-inclusive annual fee, a number of no-cost annual transactions specifically indicated by the aforementioned agreement. For retirees with an annual gross amount of less than €18,000, the fee is waived.

Basic account for retirees	2023	2022	2021
Existing relationships	178	145	113

Non-EU citizens

With the aim of facilitating integration and responding to the concrete needs of individuals from non-European Union countries who are preparing to settle in Italy, in 2004 the Bank launched the so-called "WORKinITALY" dedicated current account.

"WORKinITALY" account	2023	2022	2021
Existing relationships	143	163	176

"+ma" card	2023	2022	2021
Active cards issued to non-EU citizens	44,862	41,141	37,169



Banca della Nuova Terra: salary- and pension-backed loans

Salary- and pension-backed loans are a form of access to credit initially reserved for government and public-sector employees (Italian Presidential Decree 180/1950), which was subsequently extended to retirees and to private-sector employees as per Italian Law 80/2005. It is a fixed-rate loan that is directly repaid by the employer or pension agency through a monthly instalment included in the pay/pension slip.

The instalment payment cannot exceed one-fifth of the net monthly salary or pension amount. Further information can be found at <https://www.bntBanca.it>



Solidarity Fund for mortgages for the purchase of first homes (Gasparrini Fund)

The Italian Budget Law for 2023 (no. 197 of 29 December 2022) extended the validity of the extraordinary measures for the suspension of the payment of instalments for first home mortgages provided for by the Gasparrini Fund to 31 December 2023, maintaining the operational changes and the expansion of the benefits already introduced by the so-called "Cura Italia" and "Liquidità" Decrees.

Access to the mortgage suspension benefit is provided for the following events:

- suspension from work for at least 30 days, including while waiting for the issuance of provisions authorising income support schemes;
- reduction of working hours for a period of at least 30 days, corresponding to a reduction of at least 20% of the total working hours, including while waiting for the issuance of provisions authorising income support schemes;
- termination of the employment relationship of an indefinite duration;
- termination of the fixed-term employment relationship;
- termination of self-employment work or commercial representation or agency relationships;
- death or recognition of a serious disability or civil disability (of at least 80%);
- for self-employed and freelancers who have suffered a drop in turnover of more than 33%;
- events provided for by Article 2, paragraph 479, of Italian Law no. 244 of 24 December 2007 referable to at least 10% of the members of housing cooperatives with undivided ownership.

Customer Satisfaction

As required by ISO 9001:2015, the International Service carried out the Customer Satisfaction survey to determine the satisfaction related to the services provided to both customers and institutional bodies, in terms of efficiency and operational effectiveness. The results obtained are to be considered extremely positive, reaching an appreciation of over 90% with peaks of up to 100%.

These results confirm the appreciation of the services offered by the Bank, but above all of the competence, efficiency and operational correctness of the specialised staff, always attentive to the relationship with the customer.

Sponsorships and charities

In 2023 BPS continued to make contributions in several directions to respond to various projects, thus significantly supporting the most relevant situations from a social and geopolitical point of view.

The Group's donations aim to generate added value, amplifying the benefit obtained by their recipients via small virtuous spirals that self-perpetuate.

The approach to these requests is to listen to a multitude of specific questions, rather than focusing on high-profile initiatives. In fact, the identification of deserving subjects does not start from a mere budget analysis, but listens to incoming requests, monitoring the ceiling so as to collect as many deserving applications as possible. Multiple requests were therefore accepted notably from parties strictly connected with BPS reference Community, such as nursing homes, social support, humanitarian and voluntary bodies, recreation centres and religious institutions; from schools of all levels; from cultural, artistic and music associations. Charitable actions notably include encouragement of fundraising for hospitals and non-profit sector organisations, which, among other things, carry out research in the medical and scientific fields.

When approving the distribution of the year's profit, the Bank allocates a sum to be used for charitable donations, which are assessed by a specific Charity Commission that meets, except in special cases, on a weekly basis.



Solidarity Current Account

Since 1996, Banca Popolare di Sondrio has offered customers the possibility of opening accounts that have certain ethical purposes.

In particular, the Solidarity Current Account is an exclusively deposit account for which, at the end of each year, the Bank provides for the donation, from the Charitable Fund and based on the choices made by account holders, of an amount equal to 0.25% of the average annual balance.

	UoM	2023	2022	2021
AIRC	€	35,500	36,400	31,000
UNICEF	€	21,000	21,700	20,700
AVIS	€	4,500	3,800	3,200
AISLA	€	3,800	5,200	3,200
ADMO	€	2,700	3,200	2,400
Total	€	67,500	70,300	60,500

Donations*

	UoM	2023	2022	2021
Welfare organisations	€	54,500	42,650	46,750
Humanitarian and voluntary organisations	€	49,353	42,707	24,803
Cultural and artistic associations	€	7,492	32,920	4,153
Recreational organisations	€	15,364	12,297	10,046
Music associations	€	13,079	8,701	9,049
Schools	€	2,200	5,800	3,985
Public bodies	€	215	202	3,165
Religious bodies	€	33,714	8,702	12,720
Trade associations	€	8,197	7,865	2,727
Various other associations	€	22,833	111,816	41,304
Total	€	206,947	273,660	158,702

* The figure for donations also includes the amounts donated through the Solidarity Current Account.



Sponsorships

	UoM	2023	2022	2021
Cultural and recreational associations	€	55,668	38,960	37,346
Trade associations	€	6,136	2,870	2,200
Schools and religious associations	€	11,355	6,587	13,481
Sports and various other associations	€	202,268	136,431	114,633
Total	€	275,427	184,848	167,660

In 2023, a total of 211 requests for advertising contributions were received (35 more requests than in 2022), with an increase in the total amount disbursed of approximately 62% compared to the previous year.

The initiatives supported by BPS include the Valtellina Wine Trail, an event in which the Bank is the main sponsor. An initiative immersed in nature, in which the combination of food and wine and local territory is enriched by the values of inclusiveness and social spirit of sport.

“ For Banca Popolare di Sondrio, being part of the Valtellina Wine Trail is a confirmation of the commitment and strong attention that the Bank has always dedicated to the wine supply chain, a symbol of excellence and uniqueness of our local territory (...). Today, the combination of territory and vineyards are further complemented by the addition of sport, with its values of inclusiveness and social spirit. Banca Popolare di Sondrio proudly wants to be – and will continue to be – the driving force behind this local territory-vineyard-sports triad. ”

Mario Alberto Pedranzini, BPS Managing Director, Wine Trail Press Conference

The Bank once again supported the Sondrio Festival in 2023, an international documentary exhibition on parks of major social and environmental value. During this edition, the Bank donated to spectators the “Plants, men and animals: rights for the environment” publication, a brochure that explores issues such as the coexistence between humans and animals and the relationship between humans and plants.



NOT JUST A BANK

The Bank's cultural activities aim at "listening" to the area where the Bank has its "head, heart and feet", with a view to promoting and enhancing the many naturalistic and other resources available to the community in which it operates, reflecting its strong ties with the local area and the community.

The Bank, sensitive to culture and its dissemination, organises meetings with leading figures both in the financial sector and, more generally, in the cultural scene. In 2023, Fausto De Stefani, legendary climber of the 14 highest peaks in the world, all exceeding 8,000 metres and, even before that, humanitarian and environmental activist, entertained a large audience talking about his mission to support school education for the emancipation of Nepalese people.

Prof. Carlo Cottarelli, director of the Education Programme for Economic and Social Sciences at the Università Cattolica del Sacro Cuore, presented his book entitled "Chimere. Sogni e fallimenti dell'economia" (Chimeras. Dreams and failures of the economy).

In addition, the Bank promoted a meeting in memory of the 1997 Nobel Prize in Literature Winner Dario Fo: the event was built as a journey through the life and works of the great actor and his partner Franca Rame, starting from the couple's declarations, interviews and writings, with reference to their early education, contrasted artistic experiences and the civil battles that led them to unprecedented international success.

For several years now, on the initiative of the ABI – the project coordinator –, on the first Saturday in October bank buildings across the country welcome all those who wish to learn about Italy's cultural and civil history.

Banca Popolare di Sondrio joined the initiative from the very first editions, opening the doors of the unique building in Stelvio that houses the Carlo Donegani Museum, focusing on the White War and the sporting events linked to the history of the Stelvio Pass, as well as on the environmental and naturalistic features of the Stelvio National Park. The head office located in Sondrio and the Luigi Credaro Library also participated. Thanks to this initiative, the public was able to admire the interiors and the collection of paintings, most of which can also be viewed in "The Art Gallery" on the

www.popsoarte.it website, the name adopted by the Bank for an online communication project through which its artistic heritage formed over the last fifty years through acquisitions and cultural initiatives is made available to the public.

The Luigi Credaro Library, opened on 6 October 2007 by the then Minister of Education Giuseppe Fioroni, is an important attraction due to its special character, and the wealth and uniqueness of its library collection.

With regard to cultural aspects, mention must also be made of "Milanesiana", an important art and culture event, and "Notizario", the Bank's four-monthly publication which is particularly notable for the famous authors of its articles, the diversity of the topics it covers and the popularity with its readers.

The "Notizario" publication contains a section entitled "Il Pianeta che cambia" (The Changing Planet) devoted to environmental issues.





Popsoarte

Nineteen years ago, in 2004, popsoarte made its debut on the web; Banca Popolare di Sondrio created this art site with the specific intention of sharing with the general public its art collection, formed over more than seventy years of acquisitions and cultural patronage.

In 2004 popsoarte was one of the first Italian art banking sites dedicated to the knowledge and dissemination of a bank's artistic heritage.

Popsoarte has stood out for the ease of access to its content, including by people with disabilities who, thanks to a customised software, can access a special section of the descriptions of the works which allow them to view the image of the specific work through a detailed verbal description of all its parts. 19 years have passed and the site content, which initially presented 60 works by 20 artists spanning from the Middle Ages to the 20th century, has gradually been enriched and today includes nearly 390 works.



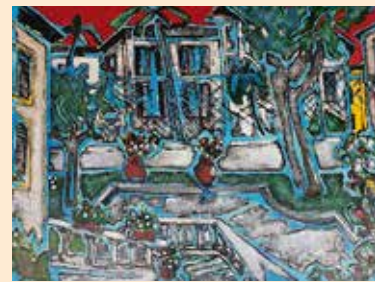
Mattina in Valmadrera (Morning in Valmadrera)
Silvio Poma



Chiavenna
Livio Benetti



Cavalli (Horses)
Vittoria Personeni Quadrio



Il cortile di giugno (June courtyard)
Fernando Valenti



Pirovano

The acquisition of Pirovano Stelvio SpA by BPS – which took place in 1985 – is in line with the corporate vocation as a local bank whose function is also to support the economic and social development of its components, enhancing natural resources, on the one hand, and the creativity and entrepreneurial spirit of its people, on the other.

In addition to supporting summer skiing, Pirovano, as a hospitality industry player, promotes all aspects of mountain-related education, and seeks, via various activities, to raise awareness about the inherent beauty of the Stelvio National Park. In this regard, a Virtual Reality Point about the Park has been opened at the Stelvio Pass branch, the “highest” in Europe, where the Carlo Donegani Museum focusing on the Great War is also located.

Following the total shutdown caused by the Covid-19 pandemic, the subsidiary Pirovano Stelvio SpA resumed operations to ensure hospitality for summer ski enthusiasts and for those looking to relax body and mind by enjoying the natural beauty of the mountains.



Supply chain management

Relations with suppliers are governed by the Code of Ethics, which includes commitments to guarantee transparent and fair relations, as well as by the Regulation on outsourcing, which contains the general terms concerning suppliers' eligibility requirements to ensure compliance with regulations on environment protection and workers' rights. Therefore, preference is generally given to suppliers who adopt high standards and good environmental practices.

As a complex organisation comprising numerous operating units at central and branch level – spread across a wide area – the Bank has a constant need for supplies of diversified goods and services from third parties in order to carry out its activities effectively. These supplies therefore contribute to operational efficiency, commercial competitiveness, regulatory compliance in multiple areas and the safety of persons, working environments and installations. Accordingly, it is necessary to precisely define and govern the procurement process, in terms of the related authorisations and administrative activities, with the goal of achieving both optimal supply levels, benefiting the requesting company structures and therefore their operations, and the best economic value for the Bank in terms of the quality/price ratio of the supplies.





The Bank has implemented an Organisation, Management and Control Model, pursuant to Italian Legislative Decree 231/2001, which is updated to reflect any changes in operating conditions. The objective of this model is to mitigate and, where possible, prevent commitment of the environmental and other offences identified in the regulation, pursuant to the provisions of Italian Legislative Decree 121/2011, as amended and supplemented. Bank suppliers are informed about the organisational model adopted in a clause contained in their contract forms; they are also requested to comply with the instructions contained in the corporate Code of Ethics.

The supply chain is managed by selecting each supplier based on the ability to perform the required services over time: each is identified by specific mandatory administrative data, as well as optional data considered useful for qualification purposes. Suppliers that contribute individual or total annual supplies in excess of €100,000 are qualified by the Supply Office for transparency purposes. Their structure, references and historical record are then assessed and a reasoned summary judgement is made. These quantitative and qualitative assessments are reviewed whenever problems arise.

With regard to the Group's different member companies, various considerations were made as to which suppliers could be considered local, taking into account the location and distribution of each company's activities. For Banca Popolare di Sondrio, the Region of Lombardy is identified as the local boundary, for Factorit it consists of Milan and its province, for Pirovano Stelvio SpA it covers the provinces of Sondrio and Trento/Bolzano, for BPS (SUISSE) SA it covers Switzerland, while the concept of local service provider does not apply to Banca della Nuova Terra due to its widespread banking service operations across Italy.

The Group operates in line with the 2030 Agenda and in particular with SDG 12 "Ensure sustainable consumption and production patterns".

Proportion of spending on local suppliers

	UoM	2023	2022	2021
Procurement spending	€	327,026,071	296,900,253	276,936,436
of which on local suppliers	€	223,918,102	201,111,669	185,785,832
% of total	%	68.47%	67.74%	67.09%

The above figures refer to the Parent Company, Pirovano Stelvio SpA, Factorit, BNT and BPS (SUISSE) SA.

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For the first application of the ESG Assessment Methodology, a representative sample of 80% of the Bank's turnover was used

Breakdown of the Bank's most relevant suppliers into clusters

ESG assessment of suppliers

In line with the 2022-2025 Business Plan, in 2023 the Bank launched a project to assess the sustainability performance of its suppliers, starting with the most significant data in terms of turnover and considering companies that provide outsourced services.

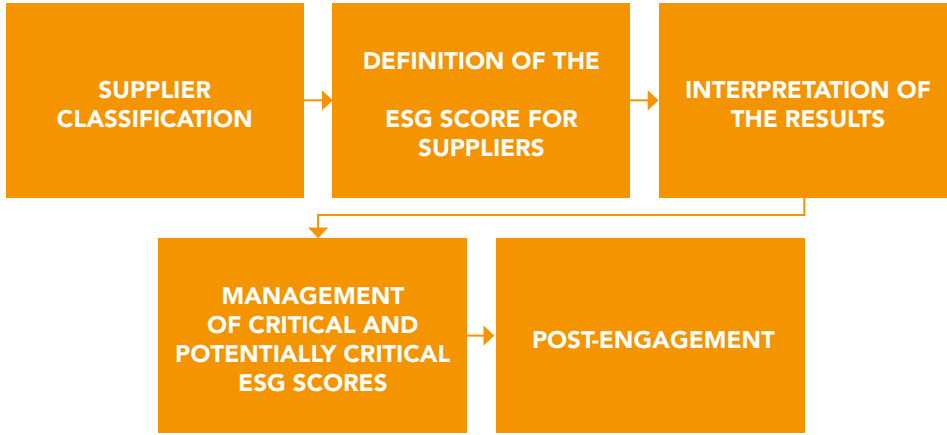
The Bank has carried out an ESG assessment of its suppliers, prioritising the use of public information such as ratings, ESG scores, sustainability reports and non-financial statements and, where this information is not present, direct engagement of suppliers potentially belonging to critical categories.



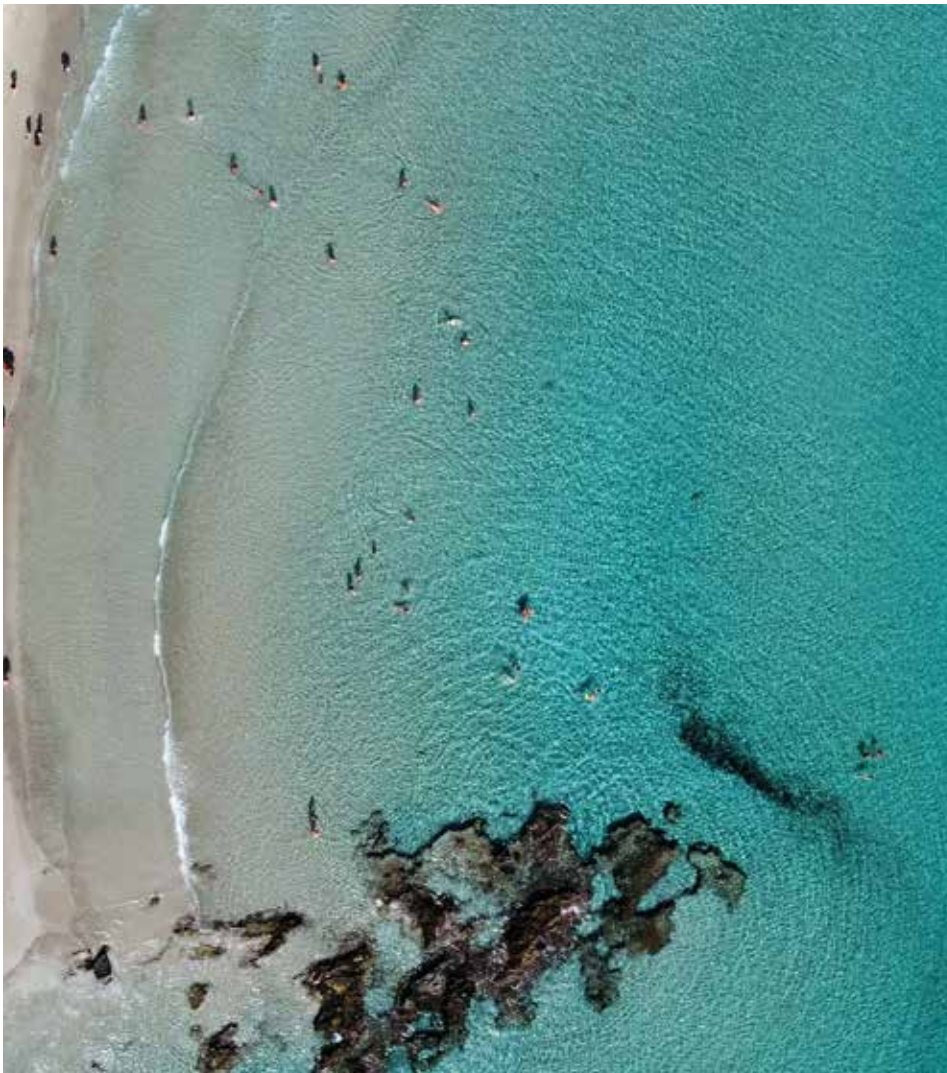
An impact assessment was performed out on suppliers that do not submit public information, taking into account their location and sector, to identify critical issues and consequently to identify suppliers which would be directly engaged. In addition to the sector and geographical area, the ATECO codes that BPS considers to belong to critical sectors from an ESG perspective have also been taken into account.

Once this mapping was carried out, an evaluation model was developed to be applied with respect to topics considered to be critical, indirectly in the case of a supplier for which public information was available and directly, through surveys, in the case of a supplier without the availability of public information. In the weighting the KPIs, this model takes into account the Bank's material topics.

If scores considered potentially critical are confirmed even after the direct engagement, the supplier is officially considered critical from an ESG point of view. From this phase, therefore, two options arise depending on whether the supplier is considered as strategic – in other words if it presents a value attributable to criteria such as intimacy, its geographical positioning, the quality and specific nature of the service it provides –, or if it is considered as non-strategic. In the first case, a path is evaluated with the supplier to return within the non-criticality thresholds. In the second case, its replacement is evaluated.



Supplier ESG assessment methodology



Human rights



The Group's Sustainability Policy expressly mentions the commitment to promote and respect human rights, as also set out in the United Nations Global Compact.

For the Group, respect for human rights is a fundamental and essential requirement; therefore, it safeguards and promotes their protection and the continuous dissemination of these rights in the performance of its activities.

The United Nations Guiding Principles on Business and Human Rights, approved in 2011, are the global reference standard for the protection of human rights, in particular defining how governments and companies should conduct themselves to prevent and cope with the impact of their business activities. While the public duty is to protect human rights, companies have a duty to respect them and the need to strengthen access to appropriate and effective remedies for victims of abuse. The Principles establish that through their activities companies can generate different impacts on human rights: positive, such as the provision of innovative services that improve people's quality of life, or negative, such as the exploitation of workers or the forced transfer of people or entire communities. In addition, companies may be indirectly involved in violations committed by other companies or states.

The Group recognizes the value of the principles of responsibility and ethics, respect for human rights and protection of the environment, as set out at international and national level by regulations and guidelines, including above all the Constitution of the Italian Republic and the Universal Declaration of Human Rights by the United Nation. It has also adhered to the United Nations Global Compact since 2004, inspiring its strategy and corporate culture from the Ten Principles represented therein.

The human rights topics is also mentioned in the Code of Ethics and in the relevant section of the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001. These documents are binding upon all the members of the Board of Directors, of the Board of Statutory Auditors and of the Supervisory Body, employees, collaborators and the independent auditors.

Acts of psychological violence or attitudes or behaviour that discriminate or harm people, their beliefs or preferences in internal or external work relationships are not allowed.

In the context of ordinary business relations, respect for human rights is also of particular importance on the part of the Bank's partners and suppliers, including through the provision of specific contractual clauses.

Some examples of how the Group's activities can have a positive impact on respect for human rights are presented below.





Investment Services

The issue of human rights and social aspects is also particularly relevant for the Group in the investment sector.

The ESG Investment Policy applies negative selection criteria aimed at excluding counterparties operating in the non-conventional weapon sector from the investable universe, as well as those on which clear violations of the Principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises are reported.

As specified in the Statement on the principal adverse impacts of investment decisions on Sustainability factors, the Bank has implemented and intends to continue to adopt investment decisions aimed at mitigating adverse impacts also with regard to the Portfolio Management service, eliminating direct exposure and severely limiting indirect exposure to companies that do not adopt a human rights policy, in line with the sensitivity and importance attributed to the issue of the protection of human rights.

Human rights issues are also relevant in investment activities

Asset Management

The asset management of the Dinamica Bilanciata 30% Valori Responsabili funds involves the adoption of an investment policy characterised by the search and selection of issuers (governments or corporate), which stand out for their respect for human rights and environmental protection, or whose activities are inspired by the principles of the Catholic religion. This line mainly invests in shares of UCIs of the Etica Sgr and Christian Brothers Investment Services (CBIS).

Sustainable products and services

The Group offers a range of banking products and services designed to express environmental, solidarity and social inclusion goals for weaker or disadvantaged members of the population, together with investment solutions that can create return opportunities. They benefit the real economy and reward businesses that adopt virtuous practices respectful of the law, human rights and shared ethical values.



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Incidents of discrimination

The Bank considers it essential to promote a work environment that respects the principles of Diversity and Inclusion, also by virtue of its impact on people's motivation, trust and health, with consequences on work performance and on the Bank's reputation. Any inappropriate behaviour must therefore be reported: for these reasons, an internal reporting channel named "Diversity and inclusion" has been identified.

Each employee of the Bank who needs to report inappropriate facts or conduct will be able to access the section via the corporate Intranet to make their report: this communication channel ensures the necessary privacy, confidentiality and security of the information received.

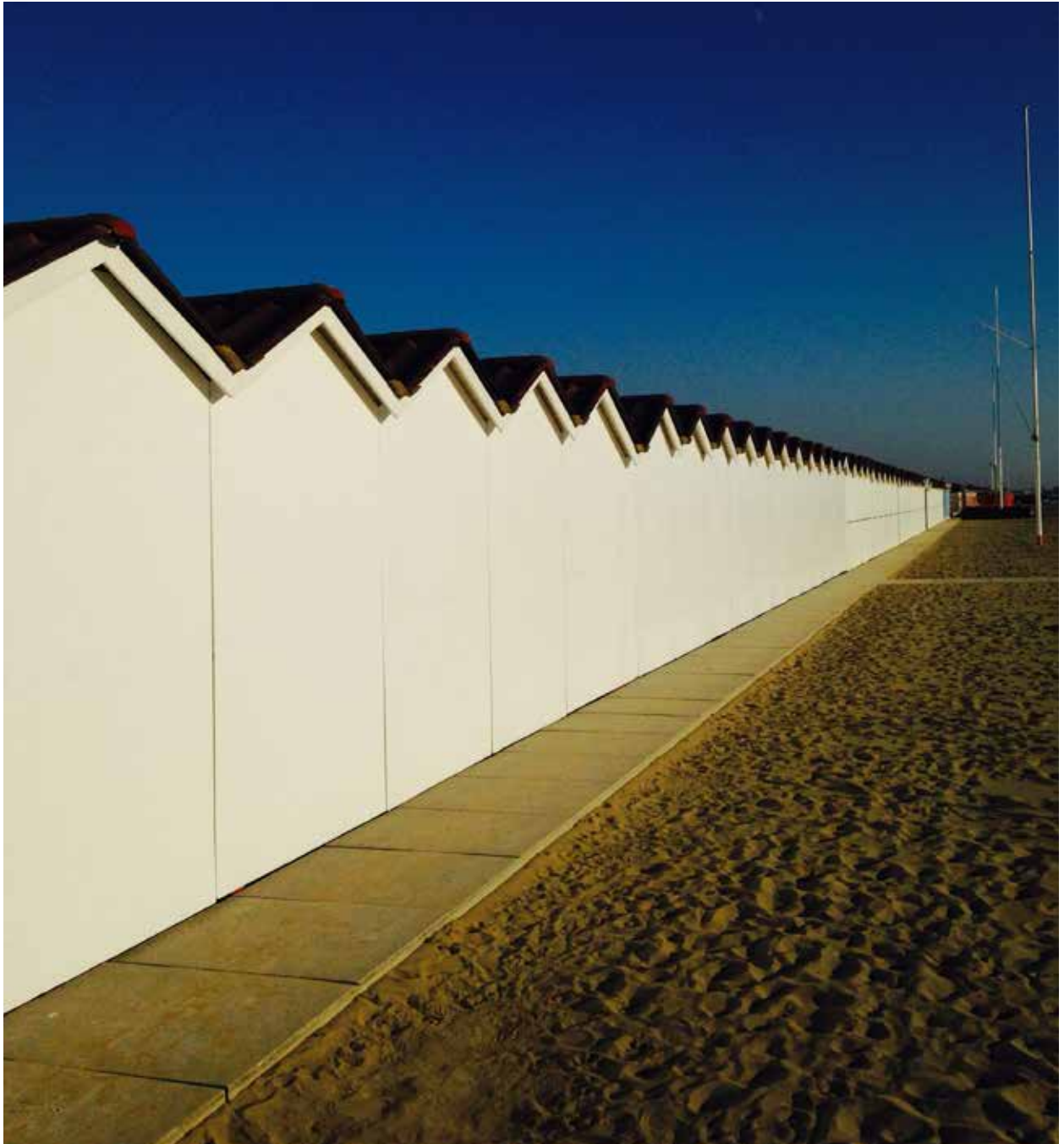
No cases of discrimination were identified during the reporting period, in line with previous years.





A mountain goat kid with brown and white fur is peering over a large, grey, layered rock formation. The background is filled with dense green vegetation, including some spiky plants and a thistle-like flower. A white, jagged graphic element is positioned above the text.

04. GOVERNANCE: A SUSTAINABLE ADMINISTRATION



Governance: a sustainable administration

Governance is the system through which an organisation makes and implements the decisions to pursue its goals: it is the implemented choices and activities that can make a significant contribution to sustainable development. The corporate structure therefore constitutes the Company's institutional framework and, in order for the Company to effectively adopt strategies that respect and enhance the other two factors (Environmental and Social), governance must also be guided by ethical principles in line with Sustainability values.

In particular, these guidelines are reflected in the Bank's Code of Ethics, a document that sets out commitments and ethical responsibilities in conducting the Bank's business and activities, while also defining the set of values and principles, as well as the conduct, that must be adopted by Directors and Statutory Auditors, by all persons connected to the Bank by employment relationships (employees), and, in general, by all those who work with the Bank, regardless of the relationship that connects them (collaborators and third parties).

The Code expressly states that it is forbidden to engage in or instigate others to engage in corrupt practices of any kind in dealings with external authorities (e.g. Supervisory Authorities, Financial Administration, Authorities in charge of checking the correctness of social security and welfare obligations and Judicial Authorities). Furthermore, in business dealings with customers, suppliers and consultants, donations, benefits both direct and indirect, gifts, acts of courtesy and hospitality are prohibited, unless they are of a nature and value such as not to compromise the Bank's image and not to be interpreted as aimed at obtaining favourable treatment that is not determined by market rules.

In the most recent update of the Code of Ethics, completed on 31 March 2023, references to international principles and good practices in the field of Sustainability were made explicit and described in detail.



The Code of Ethics: integration of environmental, social and corporate governance factors

(...) The Bank recognizes the value of the principles of responsibility and ethics, respect for human rights and protection of the environment, as set out at international and national level by regulations and guidelines, including above all the Constitution of the Italian Republic and the Universal Declaration of Human Rights by the United Nation.

It has also adhered to the United Nations Global Compact since 2004, inspiring its strategy and corporate culture from the Ten Principles represented therein.

These are the ethical principles the Bank adheres to and from which it derives its models of conduct in order to compete effectively and fairly on the market, meet the expectations of the communities in the areas in which it operates, improve customer satisfaction, increase shareholder value and develop the skills and professional growth of its human resources.

(...)

In line with the provisions of the Sustainability Policy, the Bank identifies its commitment and approach in order to maximize the creation of shared value in the long term, through sustainable development from an economic, environmental and social point of view.

In defining its business strategy, as well as its current operations, the Bank bases its actions on the United Nations Sustainable Development Goals (SDGs), paying particular attention to those objectives considered relevant in light of its business activities and the provisions of the Global Compact with reference to financial companies.

(...)

Behavioural principles with regard to climatic and environmental aspects

The Bank is aware that the protection of the natural environment in which we live and the implementation of practices that do not adversely affect the climate and the environment are a prerequisite for sustainable long-term development.

In line with what is defined in the Sustainability Policy, the Bank's approach is based on the gradual reduction of direct and indirect impacts on the environment and climate, while paying attention to the consequences of the behaviours adopted, with the aim of promoting environmental protection.

Therefore, in carrying out its activities and relations with customers, suppliers, associates and business and non-business partners, the Bank ensures that they are undertaken taking into account environmental and social costs and impacts in order to minimise the negative effects that could fall on the community and the quality of the environment and the climate. (...)



The Group intends to identify a clear path towards sustainable development that can guide not only its operations, but also those of the players all along the value chain.

Sustainability Policy

The Bank promotes knowledge of and compliance with the Code of Ethics, among all Directors, Statutory Auditors, employees and collaborators of every kind. Where appropriate, this is also extended to commercial and financial partners, consultants and suppliers under specific contractual agreements that envisage, in the event of infringement, suitable contractual or disciplinary sanctions.

Governance that preserves personal integrity and operates with fairness and transparency, valuing both economic soundness, accessibility of information, and innovation, is the basis for a corporate identity that can be positively perceived by both internal (employees) and external stakeholders (investors, shareholders, ESG rating agencies, etc.).

Protecting the confidentiality and security of customers' and employees' data and information is one of the fundamental elements of the activities carried out by the Bank, which is committed to ensuring that personal data is collected and processed in compliance with the provisions of the law and the applicable regulations on the subject.

In the 2022-2025 "Next-Step" Business Plan, governance and related issues are among the enabling factors to ensure an effective implementation of what has been defined therein: the maintenance of corporate identity, the development of skills and expertise and the strengthening of ESG governance are, in fact, the basis for the effective implementation of the Bank's ESG strategy.

In addition to the important changes to the ESG governance structure described in the "Sustainability governance" section, in 2023 the commitment to increasingly robust and sustainable governance also took shape through:

2023 ESG commitment		Compliance with Borsa Italiana's Corporate Governance Code
		Update of the Code of Ethics and the Sustainability Policy
		Adaptation of procedures relating to internal whistleblowing systems
		Reorganisation of the Anti-Money Laundering function , expanding its scope of responsibility
		Activation of Advanced Electronic Signature available on Scigno Internet
		Organisation of the BPS Metabanking Week , BPS's event in the Metaverse
		Launch of the ESG Data Lake project





Corporate Governance Code

Banca Popolare di Sondrio has adhered to the Corporate Governance Code promoted by the Corporate Governance Committee of Borsa Italiana SpA.

The Bank has created its organisational structure in compliance with the relevant regulations and, in particular, with the EU regulations for the sector, the Italian Legislative Decree no. 385/1993 (Consolidated Banking Act), as well as the relevant provisions issued by the Bank of Italy.

The Report on Corporate Governance and Ownership Structure sets out, in the respective sections, the ways in which BPS adheres to the Principles and Recommendations set out in the Code, in compliance with the **comply or explain principle**. It should be noted that the Corporate Governance Code can be consulted on the Borsa Italiana website and includes a section dedicated to Sustainability (www.borsaitaliana.it).



Financial solidity and economic performance



461
€m
Net profit

Robust economic performance underpins the organisation's sustainability and ensures the financial stability and security for all stakeholders.

The issue of financial solidity and economic performance is an aspect with a priori relevance, as its nature is intrinsic to the Group's mission and stands as one of the foundations for its Sustainability reporting.

In a macroeconomic and geopolitical context characterised by many adverse factors and a high level of uncertainty, while benefiting from a particularly restrictive monetary policy, the Group has been able to achieve important results which confirm the strength of its business model: the net profit for the period amounted to €461 million. Thanks to its diversified offer, the quality of products and services, the ability to penetrate commercial areas and the high level of management efficiency, the Group can count on solid foundations to meet, indeed exceed, the development objectives outlined in the 2022-2025 "Next Step" Business Plan, month after month.

The Bank operates in line with the 2030 Agenda, the United Nations document aimed at achieving respect for human rights, and in particular it supports SDG 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", and SDG 9 "Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation".

Banca Popolare di Sondrio's commitment to sustainable economic performance is also made clear by its adherence to the financial partnership of the United Nations Environment Programme (UNEP FI) and the initiatives promoted by the Principles for Responsible Banking (PRB) and the Net-Zero Banking Alliance (NZBA).





The Group produces wealth, contributing to the economic growth of the social and environmental context in which it operates and measures this wealth in terms of added value produced and distributed to its stakeholders. The representation below is based on the standard drawn up by the GBS (Gruppo di Studio per il Bilancio Sociale, Italian study group for the social report) association and the GRI guiding principles. The values shown here on a consistent basis over the various financial years refer to continuing operations.

GRI
201-1

Direct economic value generated and distributed

	UoM	2023	2022	2021
Direct economic value generated	€K	1,416,214	1,033,609	990,937
a) Revenues (net sales plus revenues from financial investments and sales of assets)	€K	1,416,214	1,033,609	990,937
Economic value distributed	€K	1,075,451	809,997	751,382
b) Operating costs (payments to suppliers, non-strategic investments, royalties and facilitation payments with a clear commercial objective)	€K	254,811	245,220	230,528
c) Employee wages and benefits [total expenses for employees (current payments, not future commitments)]	€K	300,268	272,331	269,900
d) Payments to providers of capital (all financial payments made to lenders of the organisation's capital)	€K	253,896	127,000	90,677
e) Payments to government [(gross taxes) the tax charges deducted from operating costs must be added to this item, which does not include deferred taxes]	€K	266,201	165,261	160,109
f) Community investments (voluntary donations and investment of funds in the broader community)	€K	275	185	168
Economic value obtained: Economic value generated less Economic value distributed	€K	340,763	223,612	239,555

The added value produced in the year amounted to €1,416 million, an increase of €383 million compared to 2022.



With regard to the main reference stakeholders, the added value was distributed as follows*:



21.2%

Employees

Through direct remuneration in the form of wages and salaries and post-employment benefits and indirect remuneration, such as social security contributions and the cost of personnel-related services (canteen, reimbursement of travel expenses)



18.8%

Public Administration

Through direct and indirect tax payments



17.9%

Shareholders

Through dividend payments



18%

Suppliers

Through payment for services received from professionals or other services

* The percentages have been calculated with respect to the added value produced

The added value produced was also reinvested in the Group in the form of depreciation and amortisation of the tangible and intangible assets used in the production process, as well as in the form of self-financing for the development and supply of new services to the areas and markets served.

The total amount of donations and investments in local communities amounts to €482,374. This is further complemented by the support for activities with a strong impact on the local economy, capable of generating beneficial effects on other local activities, with particular reference to the tourism sector. The amount to arrive at the total added value equals the economic value obtained (24.1%).



Broad shareholder base

Banca Popolare di Sondrio believes that discussion with the Company's investors and the main stakeholders, pursued through clear forms of dialogue, can help ensure a better understanding of each other's prospects and raise the Bank's level of governance.

A constructive, open and frank exchange, in compliance with current regulations and corporate best practices, is considered to be fundamentally important by the Bank, with a view to ensuring maximum transparency of information, increasing the level of involvement in strategic decisions, improving the Group's financial and non-financial results, taking into account environmental, social and corporate governance factors, and, last but not least, to fostering, more generally, sustainable success and value creation in the medium to long term.

Aiming at this goal, the Bank operates in compliance with applicable laws and regulations, ensuring transparency in a fair and non-selective manner to guarantee equal treatment of shareholders and investors in the same situation.

The Board of Directors is the body responsible for promoting the Bank's dialogue with shareholders, investors and the public. This general duty encompasses the Board's competence to set the guidelines for dialogue and to monitor its effectiveness over time, ensuring proper interaction with investors and adequate information to all Board members about their views and expectations.

In January 2022, the Directors-Shareholders Dialogue Regulation was approved – a document which sets out the rules adopted by the Bank to promote and regulate dialogue between the Board of Directors and shareholders on issues within the Board's remit, defining the procedures for its implementation, identifying parties involved, topics to be discussed, methods, timing and interaction channels. According to what is defined in the Regulation, all shareholders can initiate dialogue through a written request to be sent by registered mail to Banca Popolare di Sondrio SpA, Planning and Investor Relations Office – Headquarters, P.zza Garibaldi, 16 - 23100 Sondrio, Italy with a document bearing a handwritten signature, indicating a contact email address within the request or by email to the dedicated email address (engagementpopso@popso.it).

More in-depth information regarding the shareholding structure as at 31 December 2023 can be found in the Annual Financial Report, as well as in the specific section of the Group's corporate website (<https://istituzionale.popso.it/en/investor-relations>) and in the Report on Corporate Governance and Ownership Structure (<https://istituzionale.popso.it/en/governance/corporate-governance-reports>).

As at that date, no shareholder exercises control over the company.



GRI
207-1

Approach to taxation

Taxes are one of the most important sources of government revenue for investing in the development of society and communities, and therefore play a vital role in long-term value creation.

Through the key tax mechanism, the Banca Popolare di Sondrio Group actively contributes to the sustainability and development of the economy of the areas in which it operates.

Starting from October 2020, thanks to an internal control unit dedicated to the training of resources and with the implementation of the technical and taxback-office, Banca Popolare di Sondrio has assisted around 17,000 customers (both individuals and companies) in the transfer of tax credits deriving from "super/ecobonus" procedure, thus supporting the improvement and energy efficiency enhancement of properties in the geographical areas where it operates.

As defined in the Bank's Code of Ethics, the Group's tax approach, based on principles of truthfulness and fairness, is centred around full formal and substantive compliance with tax regulations.

The Head of the Tax Office, in agreement with the Head of the Administration and General Accounting Service, reports to the corporate management bodies on the most important tax issues.

In particular, the approach to regulatory compliance in tax issues is governed by a specific service agreement between the Tax Office, in its capacity as a specialist supervisor, and the Bank's Compliance Function.

In order to promote greater system-level knowledge of best practices and to investigate any regulatory developments in the tax area, Banca Popolare di Sondrio's Tax Office plays an active role in the various meetings organised by trade associations (such as ABI and ASSOSIM). Moreover, these Associations, where necessary, represent a valid intermediary between the Bank and Tax Authorities, thus promoting better collaboration between the parties.

In 2023, the Tax Regulations and Litigation Office was established within the Bank's Administration and General Accounting Service with the aim of ensuring specialist supervision for the interpretation of tax regulations and to provide advisory and assistance services to central business units and branches. The main activities of the new organisational unit include the supervision of tax legislation, the management of tax litigation and the purchase of tax credits, managing the related process of sale and offsetting.



Tax governance, control, and risk management

To ensure adequate risk management, the Bank has set up a versatile model aimed at controlling and minimising the risk of tax disputes.

A dedicated monitoring and management structure is the basis for the measures implemented in the development and fine-tuning of tax risk reduction policies.

Specifically:

- The tax compliance model is the specialised control tool set up to constantly monitor the compliance of the Bank's tax processes with current regulations and consequently prevent the risk of non-compliance with tax regulations in order to preserve the company's reputation and limit, as far as possible, the economic effects arising from the risk of penalties and compensation.
- As part of the monitoring of tax-related operational risks, a diagnosis mechanism is in place with a possible subsequent revision of deficient processes.
- The processes, described in the Operations Manual for Tax Compliance, were designed to suit the organisational structure and minimise risks.

The Bank's Risk Control Service, in addition to monitoring and identifying risks of a fiscal nature, is entrusted with reviewing the specific control model. Moreover, the Bank's Compliance Function periodically reviews the Bank's compliance with tax regulations and related operational processes.

In addition, in order to ensure increasingly punctual compliance with tax regulations, the Bank uses the alerting service provided by ABI, called ABItacs.

GRI
207-2



GRI
207-3

Stakeholder engagement and management of concerns related to tax

The Banking Group maintains a collaborative and transparent relationship with the Tax Authorities and with all the Supervisory Authorities related to it. Aware of the fact that taxation represent a key mechanism aimed at the economic and social development of the context in which it operates, it undertakes to comply with the tax regulations of the various jurisdictions in which it operates, providing for the timely fulfilment of the various tax obligations required by the regulations in force and the correct calculation of its tax burden, including through an adequate control system aimed at minimising tax risks.

With the publication of Italian Law-Decree 209 of 28 December 2023, Directive (EU) 2022/2523 of the Council of 15 December 2022 on global minimum taxation was transposed into Italian law. The "Global anti-base erosion model rules" OECD tax reform introduced a so-called two-pillar model (hereinafter referred to as "Pillar 2") to address tax matters arising from the digitalisation of the economy. In addition to Italy, the Banca Popolare di Sondrio Group operates in Switzerland with Banca Popolare di Sondrio (Suisse) and through a permanent establishment of the latter in the Principality of Monaco. In the Swiss Confederation, the favourable outcome of the referendum on 18 June 2023 allowed the introduction of the "Global minimum tax framework (BEPS Pillar 2)" as provided for by the OECD tax reform.





Pillar 2's policy is to ensure – through the adoption of common rules – that in each jurisdiction in which the Group is established, effective taxation is not less than 15% (rate agreed by the OECD). If the local taxation is lower than this measure, the Group will need to levy a supplementary tax. This task is primarily entrusted to the parent company of the constituent entities (CE) located in the low-tax jurisdiction. Effective taxation in the jurisdictions in which the Banca Popolare di Sondrio Group operates does not appear to have the characteristic of low taxation as per the definition agreed upon by the OECD.

Data contained in the country-by-country reporting, pursuant to Bank of Italy's Circular no. 285/2013 "Supervisory provisions for banks" is provided below

Balance as at 31 December 2023 – Consolidated Financial Statements (Amounts expressed in thousands of €)	Italy	Switzerland	Principality of Monaco	Overall data
Turnover	1,342,888	116,328	12,629	1,471,845
Employees*	3,158	331	17	3,506
Profit before tax	622,378	31,719	6,187	660,284
Taxes on profit	190,623	7,002	1,497	199,122
Public grants received	0	0	0	0

*Number of employees on a full-time equivalent basis.





Innovation and digital transformation

“ The financial world has its distinctive characteristics, we all need to maintain a high level of oversight on ESG issues, supporting and facilitating the transition of our customers. And the use of technology and its innovation along this path is essential. Because Sustainability is truly implemented only if it is measured and measurable: we need a measurement process and useful data for this purpose, a monitoring capability to evaluate our Sustainability performance. And if we think of the world of data, it is easy to understand that Sustainability can hardly be achieved without the use of technology. ”

Milo Gusmeroli, Deputy General Manager, Chief Information and Operations Officer Banca Popolare di Sondrio

Banca Popolare di Sondrio's interest in digital innovation has always been strong, translating into actions aimed at improving the efficiency of operations, strengthening customer relationship channels from an open banking perspective, and collaborating with the Fintechs.

The Bank operates in line with the 2030 Agenda, the United Nations document aimed at ensuring the protection of human rights, and in particular it supports SDGs.





The Group firmly believes that if disseminated at every organisational level, innovation is an important engine capable of generating value for the entire company, with the aim of seizing wide-ranging opportunities, enabling new ways of interacting and gradually offering new products and services to customers in an ecosystem perspective. To achieve this, BPS has developed a streamlined organisational model featuring a flexible decision-making process, in relation to the type of initiative to be evaluated and undertaken. Banca Popolare di Sondrio's digital transformation is based on two main stimuli: the technological innovations that are intercepted and evaluated by the IT Function, and the innovative solutions arising from business needs. In the first case we are referring to "IT-centric" innovation, in which it is the IT Function that primarily scouts for technological innovation and has the mandate to experiment, with the aim of proposing new solutions to internal customers if they have an impact on efficiency and business development.

The operational process of innovation starts from the identification of an idea, which can be promoted by an internal or external player of the Bank. Generally, the IT Function raises awareness of the enabling nature and merit of the idea, to then activate an experimentation process and form a transversal and multidisciplinary team, in charge of overseeing this phase. In the event that the idea progresses to the next step of implementation, the initiative is carried out based on a classic project approach. For each proposal the objective and any economic returns are defined, in order to appropriately evaluate the investment, which in some cases may not be immediately finalised in the context of a trial, as was the case while exploring the blockchain technology, with study and training activities.

Experimentation can also take place in collaboration with innovative entities such as Fintechs: if one of these is assessed as having synergies with the Bank's business or an open vision towards related areas, a project initiative is directly launched. In this case, the relationship can be managed with the same tools used to manage traditional suppliers and based on the same procurement processes.

In order to effectively assess the main investment initiatives promoted by the Bank, a "Risk-Based Business Case" methodology has been introduced.

The methodology, a component of the innovative Proactive Thinking strategic alignment framework, allows BPS to pursue a gradual path of change, quantifying the value created by transformation initiatives, in relation to the achievement of the objectives defined in the Business Plan.

Key outputs of a Risk-Based Business Case include:

- a complete description of the objectives, measurable through Key Results Indicators (KRIs);
- a clear definition of the initiative to be implemented, including, where applicable, a set of high-level requirements for any digital component of the initiative;
- an assessment of the feasibility of the objectives linked to the initiative;
- an action plan to mitigate the risks associated with the investment, including execution risks;
- an analysis of the value associated with the initiative, in light of the estimated costs, including those related to risk mitigation;
- a work plan for the implementation of the initiative.

The "Risk-Based Business Case" Methodology for evaluating investment initiatives



The focus on the digital offer saw an acceleration during the period characterised by the Covid pandemic. In addition, following the approval of the 2022-2025 Business Plan, numerous initiatives have been added with a view to an omni-channel approach, with the goal of strengthening the offer on the digital channel and increasing customer loyalty.

SCRIGNO*bps*, the Bank's digital portal, has evolved over time to meet different needs of customers, offering a series of services on the web, apps, as well as on smartwatches.

There has been a proliferation in the network of so-called advanced ATMs, which allow money and cheques to be acquired in a secure environment, by simply and immediately depositing them into one's account. We are also witnessing the growing diffusion, among our customers, of Nexi Debit and Nexi Credit cards and the conversion of their payment card into a digital card on their enabled devices. The digital card can be added to the main digital wallets: Apple Pay, Samsung Pay, Google Pay, Garmin Pay, Fitbit Pay, Swatch Pay! and Xiaomi Pay. This phenomenon promotes greater security for the user, who can circulate without carrying cash or physical payment cards.

Another feature worth noting is the ability to pay for public transport in various Italian cities (such as Milan, Rome, Naples), using contactless payment cards, including through digital wallets on smartphones and smartwatches, directly at the enabled turnstiles and without stopping to buy a paper ticket, with a clear contribution to environmental sustainability.

Some of the most innovative features that contribute to the reduction of the Group's direct environmental impacts, as they reduce the use of paper and printing, as well as, for certain channels, the physical flow to our branches, promoting the safe use of primarily online processes, include:

■ Use of online and physical channels

Channel	2023	2022	2021
ATM	12.95%	12.51%	11.32%
Internet	32.56%	32.61%	37.52%
Mobile	3.13%	3.04%	2.44%
Online – corporate	34.36%	33.43%	29.70%
Branch	16.88%	18.31%	18.92%
"PagoFacile" service	0.13%	0.10%	0.09%

■ Online correspondence

Channel	2023	2022	2021
SCRIGNO <i>bps</i> enabled users	638,360	606,302	560,239
Online correspondence enabled users	618,289	578,455	533,195
% of users who have activated the online correspondence	96.86%	95.41%	95.17%



■ Digital signature

The digital signature is a service that allows the customer to approve remotely the purchase of the products and services made available through the digital banking services and the Contact Centre.

The documents are signed digitally, guaranteeing the authenticity of the subscription by the customer and the non-modifiability of the document. The signature allows for communications to be sent remotely during the subscription process, ensures high levels of security for both the Bank and the customer, and allows document management in paperless mode.

■ Graphometric signature

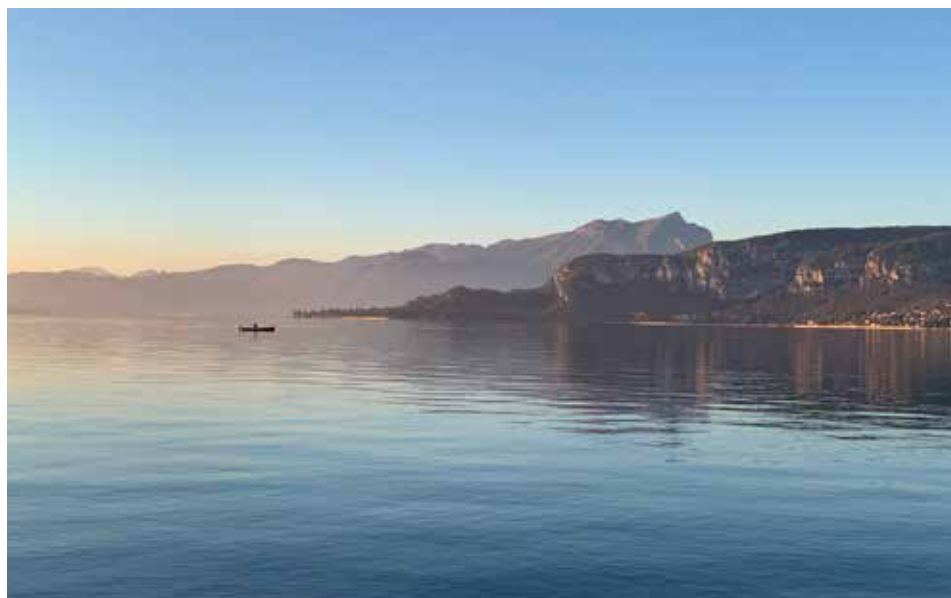
Another tool that is useful for reducing consumption is the graphometric signature, a means of signing banking documents in digital format, eliminating the use of paper, also at branches. This method of signing documents involves the use of an electronic device (the so-called signature pad) with a manual gesture that is entirely comparable to a handwritten signature on paper and which meets the technical, IT and legal requirements necessary to qualify as an "advanced electronic signature" in accordance with the law.

These requirements are contained in Italian Legislative Decree no. 82/2005 (Digital Administration Code) and in the Prime Ministerial Decree of 22/02/2013 (Technical rules on the generation, affixing and verification of advanced, qualified and digital electronic signatures). Use of the graphometric signature is enabled for signing current account contracts, SCRIGNO Internet Banking contracts, contract for the main products that can be purchased at a branch, as well as accounting and forms relating to the purchase and sale of the main financial instruments.

■ Notifications

Notifications allow customers to receive alerts concerning their accounts or online transaction through different channels: EMAIL, SMS and PUSH notifications.

It should be noted that, in the case of PUSH notifications, the message sent consists of a summary that does not contain confidential data: in order to view its content, it is in fact necessary to authenticate in the usual way. These messages are therefore characterised by a high level of confidentiality and data security.



■ MyBank

MyBank is a European current account-based payment service that allows online purchases of goods and services to be made through the Internet Banking service of the providers affiliated with this circuit, recognisable through the special brand; a simple method that facilitates access to the vast e-commerce market through the familiarity and security of digital banking.

■ Navigosereno

Navigosereno is a service that provides information and news about IT security and can check for the most common vulnerabilities affecting computers, smartphones and tablets. It also provides the user timely and simple guidance on how to solve any detected critical concerns.

■ Instant bank transfer

The instant bank transfer is used to transfer money in ten seconds, without the option to revoke the transaction, to beneficiaries who are customers of banks participating in the service within the SEPA area.

The service, launched in 2018, has radically changed the payment system: it eliminates waiting times for the beneficiary and speeds up the possibility for the customer to obtain goods and services. The instant bank transfer is available in a multi-channel perspective both at a branch level and for **SCRIGNO***bps* and **SCRIGNO***app* customers.

■ SCRIGNObudget

SCRIGNO*budget* is the PFM (Personal Financial Management) service aimed at private customers who use the **SCRIGNO***bps* platform to help keep the family budget under control, classifying movements based on the typical spending categories of a family. To this end, it allows customers to connect the current account and cards with IBANs held at third-party banks.





Artificial intelligence (AI)

The term Artificial Intelligence (AI) refers to a rapidly evolving group of technologies, capable of bringing a wide range of economic and social benefits. The use of AI, ensuring improved forecasting, optimisation of operations and resource allocation, as well as a personalised service delivery, can contribute to the achievement of significant results and competitive advantages.

2023 has been referred to as “the year of AI” by numerous observers in the tech industry. In this context, Generative Artificial Intelligence has been the main player in the diffusion of the potential of AI to the general public. This model, based on deep neural networks, is capable of generating and understanding text, images, audio and video in natural language, with possible applications in various sectors such as research, security, health, education, media and finance.

However, the same elements and techniques driving the benefits can also lead to new risks or negative consequences for individuals or companies. Therefore – particularly at the European level – various players, including the European Supervisory Authorities, prepared regulations for the management of AI systems, with the aim of promoting the development of new technologies in accordance with the values, fundamental rights and regulations already in place in the sectors where AI systems are used. In order to ensure favourable conditions for the development and use of AI, while limiting potential negative impacts, Europe has therefore chosen a legislative approach proportionate to the risk involved, supported by codes of conduct for AI systems not deemed to be high-risk.

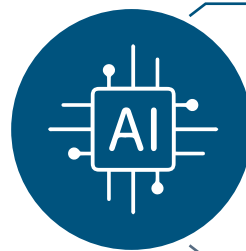
AI encompasses various techniques and approaches that can be differentiated based on the scope pursued:

- Machine Learning (ML) is the portion of AI that we are most familiar with (for example chatbots, recommendation systems, image recognition, etc.);
- Deep Learning is one of the ML techniques that relies on the use of neural networks;
- the portion of AI that does not include ML is also called General AI and pertains to the creation of sentient systems that are able to imitate – and exceed – human behaviour in various fields simultaneously (hence the difference with restricted AI).
- The concept of Machine Learning Operations (hereinafter referred to as “MLOps”) covers a set of practices designed to simplify and automate workflows.

In line with the provisions of the proposal for a EU Regulation on artificial intelligence, in 2023 the Bank approved a Corporate Regulation for the governance and management of business solutions based on Artificial Intelligence (“AI Regulation”). The aim is to formalise the general principles and internal procedures that the Bank has defined and applies to ensure a management of AI systems that is in line with other corporate regulations, international best practices and regulations currently being defined.



The IA Regulation of Banca Popolare di Sondrio:



Identifies the regulatory assumptions of AI

Exposes, for the internal knowledge of the users, the vocabulary, the main methodologies and concepts on the subject

Defines a structured process for the development and management of AI systems, specifying roles and responsibilities, adoption and monitoring processes

During 2023, several training courses on the topic of AI were organised, which explored aspects related to transparency and applications of the technology. In fact, this aspect is considered essential to build trust in the technology and promote its acceptance and adoption, in a use context in which the role of human operators remains essential.

Banca Popolare di Sondrio receives the MF Innovazione Award 2023 in the “New operating models” category

On the evening of Tuesday 18 April 2023, at the 20th edition of the MF Banking Awards, the annual event organised by Milano Finanza to reward the best innovations and operations in the financial sector in Italy, Banca Popolare di Sondrio received the MF Innovation Award 2023 in the “New operating models” category for the Òminà operating system. This important recognition, which for 16 years has put the spotlight on products, services and projects that have been able to combine Innovation and Sustainability to generate long-term value in the financial sector, has recognised the ability of Banca Popolare di Sondrio’s Òminà operating system to ensure the adequacy and compliance of the Bank’s internal processes with national (Bank of Italy) and European (EBA) provisions on product governance. In addition, thanks to the use of AI, this technological solution not only analyses historical customer and product data, but also suggests customer-product opportunities that are consistent in terms of characteristics, costs and risks. A system that, by replacing the traditional model based on questionnaires, is therefore more effective and faster for both the customer and the banking operators.





The 2022-2025 Business Plan – Development Guideline – “Digital evolution of customer relations”



The Bank’s service model is based on a direct relationship with customers at the branch, which is accompanied by an increasingly significant use of digital channels. The initiatives in this development direction aim to further evolve the traditional branch model, towards a multi-channel interaction of a physical/digital type (so-called *phygital*), also thanks to the robotisation and automation of processes to improve the customer experience and free up commercial energies.

- The “universal” branch remains the key place for customer relations, which are strengthened thanks to the support of specialist skills.
- The initiatives are aimed, on the one hand, at freeing up branch staff time to devote to commercial activities and, on the other, at integrating the traditional method of interaction with increasingly popular alternative “remote” channels.
- On the multi-channel front, the initiatives envisage leveraging the Virtual Unit in order to:
 - enhance this unit by attracting new digital native customers (+36,000 customers over the course of the Plan);
 - evolve towards a multi-channel “phygital” model to respond to the changing needs of traditional customers.
- The Plan provides for major investments in technology and human capital to:
 - enhance the technological infrastructure and data management;
 - introduce additional resources in the most requested areas and launch an extraordinary digital training and up-skilling campaign for resources with high innovation potential.

Innovation at Banca Popolare di Sondrio (SUISSE) SA



During 2023, the main innovation initiatives implemented by BPS (SUISSE) SA are:

- Upgrade of the e-banking platform for a better user experience on mobile devices;
- Credit cards equipped with e-wallet functions (Apple Pay/Samsung Pay);
- Development of a platform for digital and centralised management of credit agreements and related flows and controls;
- Development of a platform for automatic management of stock exchange order compliance requirements;
- Introduction of Interactive Voice Response (IVR) at the call centres to improve routing;
- Implementation of Direct Banking activities.



Accessibility is a prerequisite for fair use of the Bank's services to be closer aligned with its stakeholders

AA level in terms of the Web Content Accessibility Guidelines (WCAG)

An accessible bank

The concept of digital accessibility means that persons with impaired or absent motor or sensory functions can obtain information and services from the Internet without constraints and in a fully autonomous manner.

In this regard, the Bank has always been committed to ensuring that its main contact points are accessible to customers: in fact, some activities are currently underway to enhance overall accessibility of the digital ecosystem. Specifically, these measures will also allow individuals with disabilities to access and use the Bank's services through dedicated technological aids (such as screen readers and voice synthesizers).

The availability of a wide range of banking services, both for obtaining information and giving instructions, allows a high degree of financial inclusion, breaking down barriers related to the need for "physical" access to the Bank during opening hours. The services made available include instant bank transfers with immediate settlement for the counterparty, current account statements in Braille, reloading of prepaid cards, F24 payments needed to pay taxes, IMU (Municipal Property Tax), Tari (Waste Tax), Tasi (Municipal Tax on indivisible services) and excise duties, and payments to the Public Administration via the pagoPA application, which also allows car tax bills to be paid.

Available tools also include **SCRIGNO** *PagoFacile*, the portal that allows users to pay – simply, quickly and securely – for utilities, fees, taxes and dues to counterparties (public and private bodies, companies, etc.) that participate in the initiative. The service is also available to those who are not customers of the Bank.

Open Banking

Finally, in the Open Banking context, we would like to mention the **SCRIGNO** *pis service* (aimed at retail customers) which allows the customer to initiate a transfer order via **SCRIGNO** *bps* with a debit on a third party account. Lastly, we would like to mention **SCRIGNO** *budget*, the service aimed at private customers which makes it possible to analyse and automatically classify spending into the typical categories of expenses incurred by families with the aim of keeping expenses and income under control.

Online banking

SCRIGNO Internet Banking hosts a number of initiatives relating to social issues in the broadest sense, the values of solidarity, the progress of science, territory and culture. Customers can thus learn about existing projects and, if necessary, support their work.

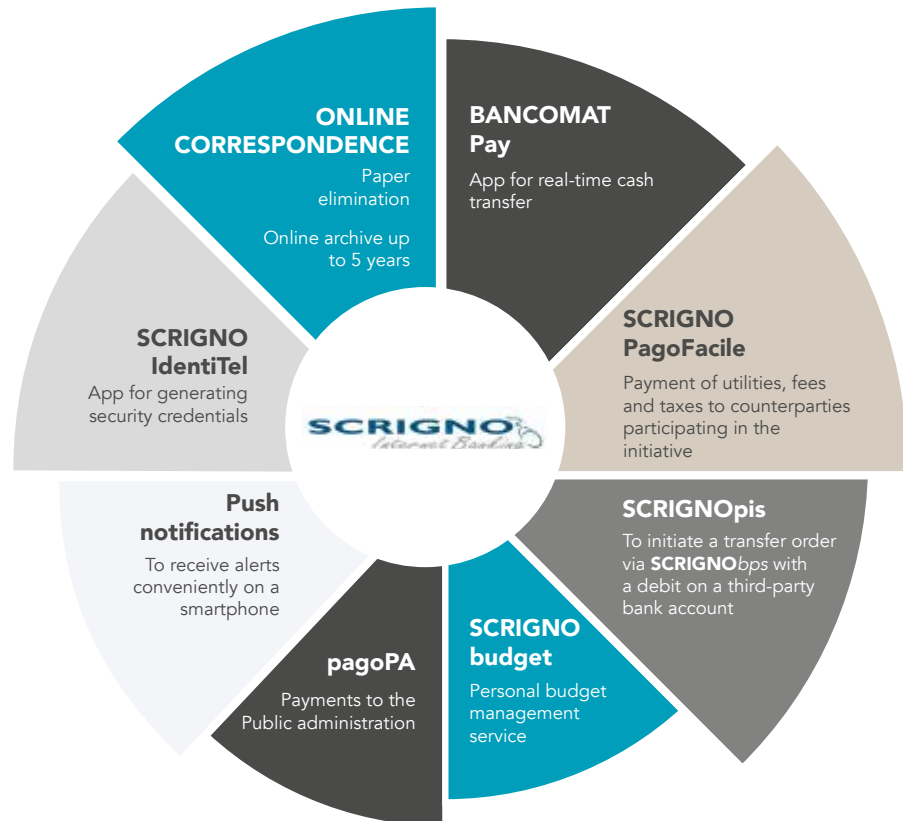


To facilitate language-neutral use, the digital banking service is offered not only in Italian, but also in English, French and German. **The SCRIGNO app**, which allows the use of banking services on the go, is also available in English, as well as the **SCRIGNOIdentiTel** app that allows for use of the Push IdentiTel and QR IdentiTel advanced authentication methods.

90% of SCRIGNO transaction authorisations are generated through the **SCRIGNOIdentiTel** app. Considering the fact that 80% of these are carried out through the advanced authentication mode, this brings a benefit in terms of reducing fraud. The customer views and verifies the key elements of a transaction that he/she is authorising on the **SCRIGNOIdentiTel** app (e.g. in the case of a bank transfer: payee, IBAN, payee's bank and amount). In addition, the OTP is not entered manually, but transmitted to SCRIGNO automatically, reducing the possibility of potential fraud. It should also be noted that only 10% of transactions are still generated via the "physical token". We aim to drastically reduce this percentage, also to reduce the environmental impact deriving from the production, disposal and distribution of this tool.

Before authorising an online transaction, the customer sees the key elements of the transaction in the SCRIGNOIdentiTel app to evaluate whether or not to confirm the payment





A strategic and very important service, especially for the current context, is the **"Communications"** service, which allows Digital Bank customers to communicate easily and securely with the branch to request information and receive feedback, including on products and services offered. This opportunity was stimulated by the start of the Covid-19 pandemic to facilitate the customer's relationship with the branch, avoiding physical meetings.





Privacy and IT security

Protecting the confidentiality and security of information is a key factor in the activities of BPS, which is committed to ensuring that the collection and further processing of personal data are carried out in full compliance with applicable regulations. Accordingly, as a fundamental part of its assets, the Bank protects this information by applying appropriate technical and organisational measures to contain the risks associated with its processing, as well as by employing specialised resources to oversee the issue, who handle the operational and regulatory aspects in cooperation with other figures inside and outside the company.

In the age of digitisation, the creation and use of increasingly more innovative technologies require the definition of strategies that allow the sustainable development goals to be combined with data protection and increased IT security.

These issues were examined by the United Nations during the drafting of the 2030 Agenda for Sustainable Development.

These goals also include "Industry, innovation, infrastructure", whose purpose consists precisely in building resilient infrastructure, promoting inclusive and sustainable industrialisation, and enhancing innovation.

From this goal it can be deduced that today privacy, IT security and Sustainability are intrinsically linked as fundamental concepts to support the competitiveness of companies in the global scenario and enable their economic development.

The Bank recognises the right to the protection of personal data, as stated in Article 12 of the "Universal Declaration of Human Rights", which reads: *"No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks."* In this context the right to privacy is recognised, which is not to be understood as the right to anonymity or to be alone, but as the right to maintain control over one's data or information, as a prerequisite for the exercise of many other freedom rights.



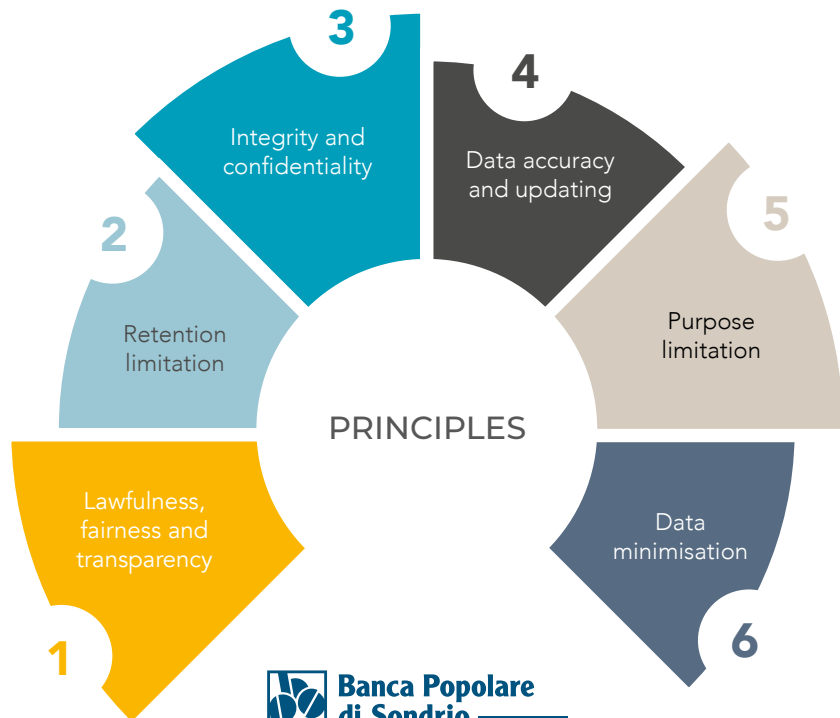
Privacy and cybersecurity are essential elements for sustainable development



Data protection

The Group promotes and maintains a constant commitment to protecting the privacy of its customers and of all other natural persons who interact with the various Group companies, in compliance with the regulatory requirements in force at Italian and European level, as well as with the decisions and provisions from time to time issued by the Italian Data Protection Authority.

The Group pays particular attention to aspects related to data privacy and security, areas in which it has certified safeguards in place





In light of the entry into force of Regulation (EU) 2016/679 (hereinafter referred to as "GDPR"), the Bank has progressively adapted its internal organisation and information systems to a specific Personal Data Protection Operating Model, formalised in its Regulation on the Protection of Personal Data.

Subject to specific legal/regulatory and company updates, the Regulation applies to all Group Companies, including BPS (SUISSE) SA, insofar as they process personal data. The Parent Company provides the necessary guidelines to ensure that the decisions taken by Subsidiaries are consistent and coordinates the process of managing and monitoring risks of this kind, verifying compliance with the relevant regulations and the implementation of the provisions contained in the Regulation itself.

In order to comply with the law, a Data Protection Officer (DPO) was appointed, within the pre-existing Compliance Function, and an operational data protection control unit was introduced within the Chief Information and Operations Officer Area, tasked with defining policies and overseeing the issue in line with corporate strategic guidelines.

The aforementioned corporate Regulation, together with the detailed annexes, defines the essential principles for the legal compliance of data processing activities, including the protection of the rights of data subjects, also prescribing proactive conduct aimed at cooperation between the various company structures and compliance with the additional rules applicable on each occasion.

The Group policies are mainly aimed at:

- defining the organisational model and business processes for the protection of personal data;
- effectively implementing the principles of data protection, identifying the subjects involved and their roles in the related processing activities;
- identifying appropriate technical and organisational measures to contain the risks related to the processing of personal data, reviewing and updating them where necessary;
- identifying the documentary support for the protection of personal data;
- establishing roles and control activities that ensure proper application of the relevant data protection regulations.

The most significant data protection measures include:

- the introduction of Registers of data processing activities, aimed at identifying and recording the processing operations carried out with or without the help of external providers appointed as Data Processors, together with those carried out by the Bank on behalf of third parties;
- the implementation of specific training courses for employees, such as "The European regulation on personal data", "Security of personal data within the Bank", "Protection of privacy in the promotion and sale of products and services within the Bank", and "Management of employee data within the Bank";
- the management of data breaches integrated into the pre-existing process for managing serious incidents;
- the integration of the privacy/data protection area within the Bank's Integrated ICT Risk Framework, defining the risk scenarios related to the issue and obtaining ISO/IEC 27701:2019 certification specifically on aspects related to data protection;

* Each employee is directly responsible for the confidential processing of information, in paper or electronic form, that he/she produces, receives and manages



- the introduction, during 2021, of the ICT Risk Technical Committee, which, besides the DPO, as an additional member with data protection expertise, receives reports on IT incidents classified as “Major – potentially serious”;
- the gradual introduction, as an additional security measure, of data masking for non-production test or development environments, minimising the exposure of personal data and reducing risk.

ISO 27001 and ISO 27701 Security Certifications

Since 2006, Banca Popolare di Sondrio’s Information Security Management System (ISMS) has been certified ISO/IEC 27001:2013 (ISO 27001) by the DNV certification body and is constantly evolving.

Since 2021, the verification of the requirements for certification has been also extended to the area of personal data protection, resulting in a further ISO 27701 certification. On this occasion, the scope covered by the Bank’s Information Security Management System (ISMS) was also extended and defined as follows: “Information Security Management System related to the design, development and maintenance of online banking services, tools and services to support application design and development and the management of IT systems and networks located in the Server Farm”.

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Substantiated complaints concerning breaches of customer privacy and losses of customer data

Channel	2023	2022	2021
Total number of complaints concerning breaches of customer privacy	6*	3	2
<i>of which from external parties</i>	5	3	2
<i>of which from regulators</i>	0	0	0

* During 2023, six complaints relating to the issue of personal data were received and handled appropriately in accordance with internal Policies. In the same year, there was a decrease in “requests to exercise the rights of data subjects” (26 requests: erasure, rectification, opposition, etc.) mostly relating to requests for erasure and/or opposition to receiving commercial communications.

Data breaches are not included in the reporting for confidentiality reasons. Any incidents are appropriately handled in accordance with internal Policies.

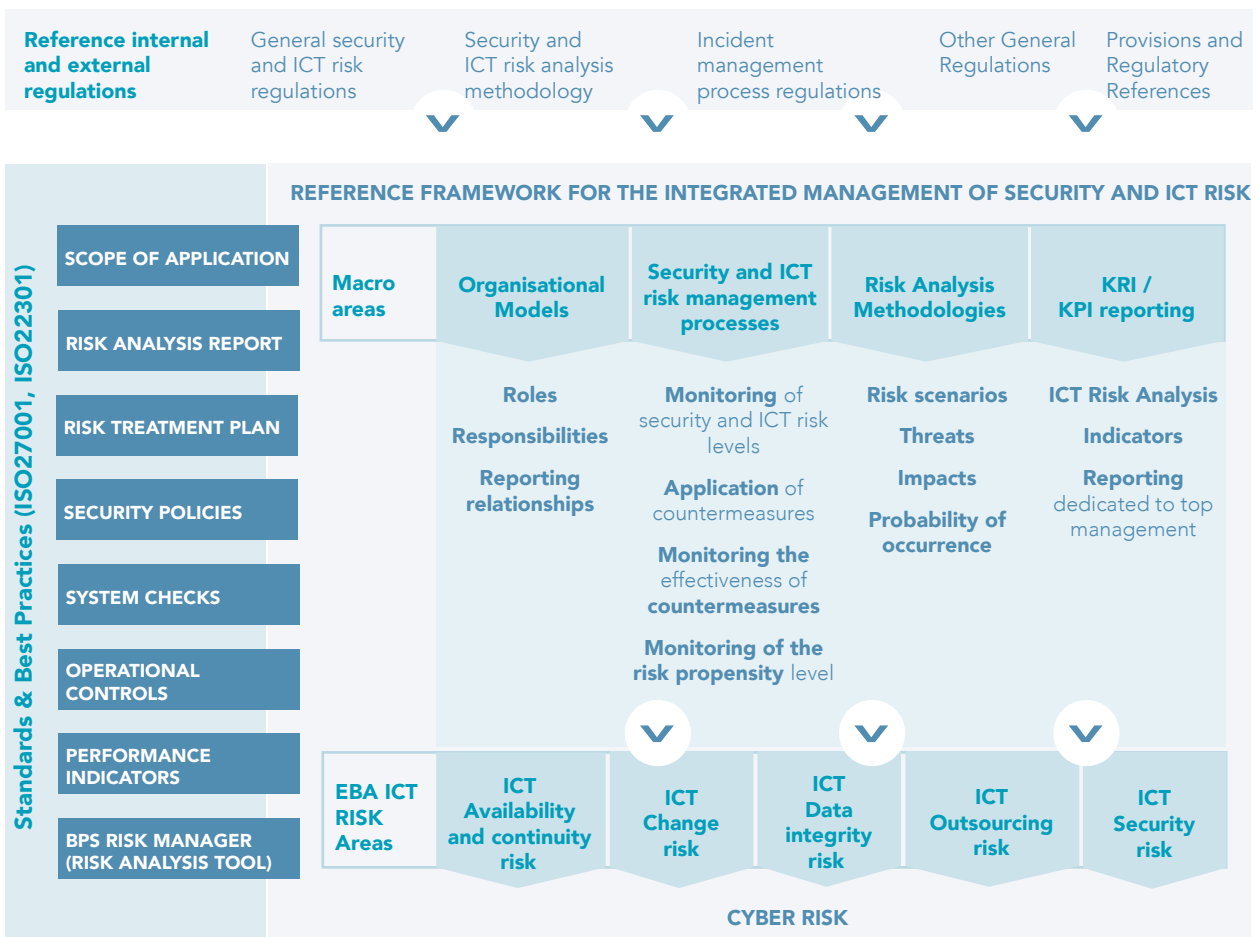




Cybersecurity

The Banca Popolare di Sondrio Group constantly monitors the issue of cybersecurity with the aim of safeguarding the integrity, availability and confidentiality of data and systems, developing countermeasures suitable for dealing with cyberattacks, with a focus on resilience and enabling systems to evolve based on reasonable timeframes and costs (agility).

In order to effectively manage this process, the Group has chosen to adopt a Reference Framework for the integrated management of security and ICT risk, illustrated below, based on international standards and reference best practices for the sector and consistent with the relevant provisions defined by the EBA.



The structure of the Framework and the processes that govern it have been created to enable the proactive and dynamic management of these risks, necessary to address the sudden changes in risk scenarios driven by the ongoing evolution of ICT threats, especially in the cyber sphere.

Cybersecurity is the responsibility of the Security Officer and is managed through a control Framework (annual, monthly and continuous controls). Any IT or security incidents follow a notification process that immediately involves the Security Officer, who then manages any escalation to pre-defined organisational levels. Through the Risk Committee and a special section in the monthly security report, corporate management is informed of any incidents occurred. Annually, the entire control Framework is evaluated by means of a Security assessment addressed to the Company's Executive Board; in addition, the entire process is aligned with FINMA (Swiss Financial Market Supervisory Authority) regulations and regularly audited.

Cybersecurity education

Criminals direct their attention towards "the weakest link in the chain", in other words the customers, who prove to be more vulnerable than the Company's security safeguards, which today are well consolidated. The end user is often manipulated by *cybercriminals* into providing personal data and credentials to perform transactions such as wire transfers or e-commerce payments.

Banca Popolare di Sondrio constantly carries out a series of initiatives to disseminate the culture of IT security and confidentiality.

Examples of this include the communications that are sent to customers on a quarterly basis, informing them of new attacks and practices to avoid falling into criminals' increasingly more sophisticated traps.

In particular, during 2023, a user handbook was released that provides recommendations in short snippets on the best behaviours to adopt in the use of digital banking services. As part of this initiative, a campaign against smishing was published on the Internet and on a local television station, in which, through a short video, useful information is provided to avoid falling into the trap.

It is also worth noting BPS' participation in the online "**Cybersicuri – impresa possibile**" initiative, promoted by CERTFin, the Italian Financial CERT (Computer Emergency Response Team), with the support of public entities and various financial, insurance and banking institutions, to raise awareness among companies on the importance of investing in IT security. Thanks to this initiative, the risks of fraud and cyber attacks were illustrated in a format inspired by TV quizzes.



Rules for the use of workstation and IT services

Continuous regulatory and technological developments, together with the related impacts on the business processes involved, have made it necessary to revise the Rules for the use of workstation and IT services, issued in November 2015, which govern the use of IT tools and services in the workplace, so as to encourage even more prudent and careful management of company data. The document was updated taking into account the current regulations on data management and protection, including the specific provisions adopted by the Italian Data Protection Authority, the Workers' Statute (Italian Law no. 300 of 20 May 1970), and the practices and rules already in place and currently applied at a company level.

The Regulation includes two important subject areas: the management and cataloguing of so-called EUDAs (End User Developed Applications) and the remote working regulation. The regulation in question is inspired by compliance with the principles of responsibility and confidentiality, and seeks to increase awareness of the need to ensure the confidentiality of information and the security of the IT equipment used to process it.

Correct and effective data protection cannot be separated from equally fruitful customer awareness on these issues. To this end, in accordance with the EBA's Guidelines on ICT and security risk management, the Bank defined and implemented processes to increase the knowledge of payment service users in relation to the security risks associated with these services.



ESG data monitoring

The focus on Sustainability, the continuous evolution of regulatory Frameworks and the breadth of ESG issues, entail new needs for information and interoperability between continuously developing areas and business processes. For this reason, in June 2023 Banca Popolare di Sondrio launched the innovative “ESG data governance” project focused on defining the design of the model and structured governance of ESG data.

Engaging key business functions, the Bank has conducted an extensive mapping of ESG data currently used and useful in the near future, in particular in compliance with the relevant regulations, identifying the data process, its life cycle and its main owners. The mapping of the ESG information needs illustrate the level of data availability in the Bank’s current governance and data management system and the related integration and improvement interventions to be implemented. It was thus possible to:

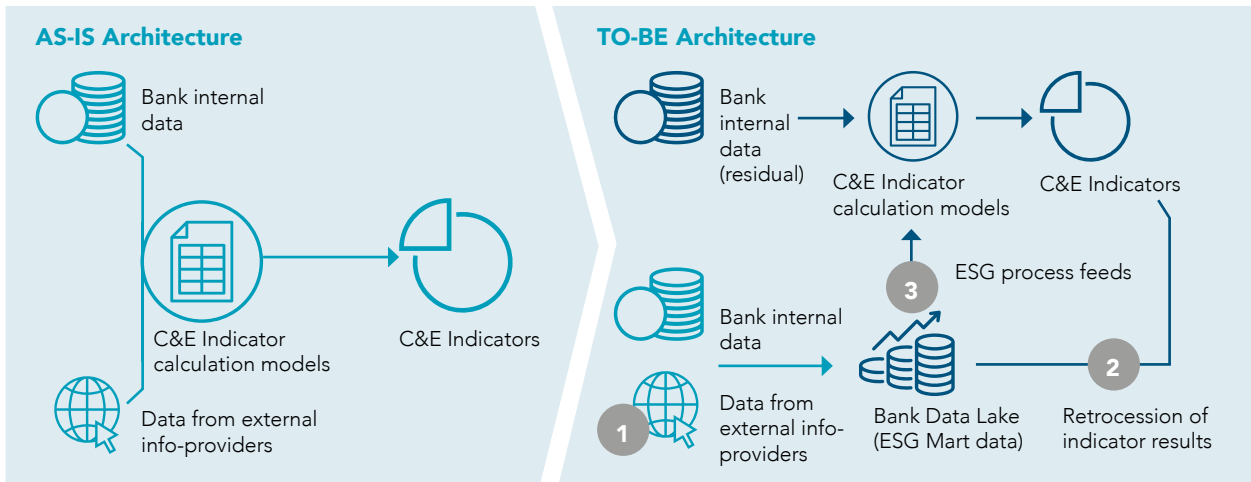
- obtain a clear and complete view of the scope of the necessary ESG data and to identify possible initiatives designed to support the codified engineering and management of the same;
- identify the action priorities for a more effective and informed use of the data available in the Company’s information assets.





ESG Data Governance – Data Governance Model: outlook

The “ESG Data Governance” programme aims to standardise the practices around data used and/or produced by ESG processes to guarantee its quality/certification (data quality and consistency) and traceability (dictionalisation, classification and lineage), so that the same data becomes an asset for the Bank.



During 2024, the foundations will be laid for a gradual adaptation towards the target design through three key interventions:

- 1. Progressive integration of Info-provider data within the Data Lake
- 2. Progressive acquisition of C&E indicators within the Data Lake
- 3. (Pilot) First integration of a C&E calculation process



THE NEEDS TO BE ADDRESSED

- Ensuring **adequate operational “flexibility”** (e.g. data, processes, resources, etc.) to respond to the evolution of the regulatory **framework**
- **Managing the growing demand for increasingly diverse data**
- **ESG Data Governance: acquisition, control, dictionalisation and classification**



OBJECTIVES OF THE SOLUTION

Adopting a Framework for the governance of ESG data which can be used effectively by all the Bank’s functions

- **Maximising the governance of ESG data**
- **Having a single bank-wide environment** with certified ESG data
- **Increasing the accessibility/usability** of different users
- **Improving the efficiency of producing** ESG reporting and analysing ESG data



Integrity and fight against corruption



Business activities are based on compliance with the criteria of loyalty, seriousness, honesty, competence and transparency. For these purposes, full compliance with the laws and regulations in force and the adoption of appropriate organisational safeguards aimed at minimising the risk of corruption are promoted. These controls require that individual and collective behaviours comply with the Code of Ethics and the Organisation and Management Model (OMM) pursuant to Italian Legislative Decree 231/2001 and that any violations may be promptly reported by all staff pursuant to Article 52-bis of the Consolidated Banking Act (*whistleblowing*).

Sustainability Policy





The Group conducts its activities with the aim of providing products and services to its customers in accordance with the value of integrity, which in turn is reflected in the principles of loyalty, seriousness, honesty, competence and transparency.

To this end, it operates coherently with the 2030 Agenda and in particular with the objectives of SDG 16 "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels".

In this context, the Group actively adopts the principles of the United Nations Global Compact, which call for the development of policies to fight corruption, protect human and workers' rights and safeguard the environment.

Compliance with the internal and external regulations and codes of conduct is also important from a strategic standpoint. Accordingly, the Group is firmly convinced that the respect for rules and fair business dealings are fundamental elements in conducting banking activities, which by its very nature is based on trust and transparency. Thanks to this approach, it implements a prudent and sound management of business dealings and of activities with all stakeholders.

The Supervisory Body (SB) must be informed without delay by employees, Head of the various corporate Functions, corporate bodies and external subjects regarding events that could generate liability on the Bank's part pursuant to Italian Legislative Decree 231/2001.

The Group bases its corporate culture on the Ten Principles of the UN Global Compact

In July 2023, the Bank adapted its procedures for the implementation of Italian Legislative Decree no. 24/2023 on internal whistleblowing systems. Some of the key innovations included in the new discipline are:

- extending the possibility of reporting to freelancers, consultants and suppliers, volunteers and trainees, shareholders and persons with administrative, managerial, control, supervisory or representative functions at the Bank, in addition to current employees;
- broadening the objective scope of application and, in fact, in addition to what is already provided for in the regulations governing whistleblowing in the specific banking and financial sector, significant offences pursuant to Italian Legislative Decree no. 231/2001 or violations of organisational models may also be reported. By way of example but not limited to this includes offences falling within the scope of European Union or national acts relating to the financial services, products and markets and the prevention of money laundering and terrorist financing, product safety and compliance, transport safety and environmental protection;
- requesting the possibility of making the report, through the procedure, both in writing and orally, as well as providing for the need to issue the whistleblower with an acknowledgement of receipt of the report within seven days from the date of receipt and to provide feedback on the report within three months from the date of receipt.

With regard to these innovations, the Bank has taken the following steps:

- updating of the "Comunica Whistleblowing" IT application;
- reviewing and updating the Policy on internal reporting of violations – Whistleblowing, approved by the Bank's Board of Directors on 30 June 2023.



The reporting procedures include the use of the “Comunica Whistleblowing” application, which is no longer accessible from the corporate Intranet, but is available on the Bank’s website at <https://www.popso.it/home>. Users can access the application following registration and, therefore, with evidence of the reporting person’s identity. With regard to reports that concern anti-money laundering regulations, the reporting channel guarantees anonymity. However, the whistleblower may reveal their identity, at their sole discretion. The application is aimed at sending reports and managing the related activities. This consists of receiving, examining and evaluating the reports made and, finally, informing the corporate Bodies of those situations deemed relevant for the adoption of possible measures that may be required, including of a disciplinary nature. The management of reports is the responsibility of the Head of the Internal Reporting System, identified as the pro tempore Head of the Compliance Function and DPO. He/she assesses the various cases reported in a timely manner, on the basis of their responsibilities and skills, also by engaging the whistleblower who reported the alleged violation, the person responsible for it and any person potentially involved.

The Bank guarantees the confidentiality of the information received and keeps the identity of the whistleblower confidential. The whistleblower must not be subjected to retaliatory, discriminatory or otherwise unfair conduct as a result of the report. The Bank adopts the same forms of protection extended to the whistleblower to also guarantee the protection and confidentiality of the reported person, without prejudice to any further form of liability provided for by law that imposes the obligation to communicate the name of the reported person.

Information and Training

The organisational models established by the Parent Company and the subsidiaries Factorit SpA and BNT Banca SpA, aimed, inter alia, at preventing the crime of corruption, explicitly stipulate that the body carries out information and training activities for all staff covered by the OMM and the Code of Ethics. Information is provided through publication on the corporate Intranet, in a dedicated section, of circulars and all reference internal regulations.

Training is provided through classroom courses and compulsory courses accessible via the multimedia platform.

In 2023, the training activity on Italian Legislative Decree no. 231/2001 was proposed in line with the previous year, through the provision of an e-learning module aimed at all employees and classroom courses aimed at newly hired staff. The Chairman of the SB also provided specific training for corporate representatives.



Communication and training about anti-corruption policies and procedures

In 2023, the percentage of employees who received anti-corruption training was 85%, up from 81% in 2022 and 2021. All members of the governing bodies, for the three-year period under review, were informed about the Bank's anti-corruption policies and procedures.

With reference to BPS (SUISSE) SA, the corporate bodies and the independent control functions are aware of the risks associated with corruption. However, the Swiss laws in force do not require that the Bank carries out specific training on anti-corruption policies or procedures. The situation in Switzerland does not currently represent a material risk, so much so that in international statistics it is in the bottom ranks of the most corrupt states. On the other hand, the Supervisory Authority requires the Bank to provide adequate training on Compliance, Anti-Money Laundering and Rules of Conduct in the market, which takes place regularly. All members of the governing bodies of BPS (SUISSE) SA, its employees and also business partners were informed about the anti-corruption policies and procedures adopted, in line with previous years.

In addition to the specific issue of corruption envisaged under the OMM, training of the Bank's staff also covers anti-money laundering and counter-terrorism. The multimedia platform on the corporate Intranet contains training modules aimed at all staff, as well as information modules for new employees (issued every six months) specifically dedicated to these important topics.

Confirmed incidents of corruption and actions taken

No cases of corruption were identified during the reporting period, in line with previous years.

Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

No legal actions were brought against the Bank in relation to this matter during the reporting period, in line with previous years.

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Group Compliance

The Parent Company's Data Protection Officer (DPO) and Compliance Function controls and assesses – with respect to the issues within its expertise as set out in the Function's Operations Manual, therefore excluding the regulatory areas covered by the other second-level corporate control functions – effective monitoring of the risk of regulatory non-compliance, defined as the risk of incurring judicial or administrative penalties, significant financial losses or reputational damage as a result of violations of external (laws) and/or self-regulatory rules.

The Function's operational mandate is specified in the General Non-Compliance Risk Regulations (level 1), the Compliance Function Regulations (level 2) and the Non-Compliance Risk Management Process Operations Manual. The latter defines the operating procedures connected to the non-compliance risk management model described in the aforementioned General Regulations.

The Function collaborates with the Specialised Control Units in the following areas: tax, labour and social security, occupational health and safety, collateral funding, supervisory reporting, labour law and issuer discipline. In addition, regulatory compliance is supported by the Compliance Contact Person*, notably for related parties and the prevention of interlocking.

The adopted operating model is that of widespread compliance, which is implemented both through the direct activity of the Function in relation to core issues (especially concerning consumer protection, i.e. investment services, transparency, usury, privacy, consumer code) and through collaboration with certain professionals from the Specialised Control Units and the Compliance Contact Person in the aforementioned areas of their respective expertise.

To support its activities, the Function, the Specialised Control Units and the Compliance Contact Person use the ABICS (ABI Compliance System) online application, developed by ABI. In short, the procedure provides regulatory updates via daily email alerting messages, thereby offering access to a legal inventory for compliance activities. Furthermore, as of 2021, the Function has been equipped with the ABICS Anticipation service aimed at anticipating the deliberate entry into force and operational implementation of EU and Italian reform projects in the banking/financial sector.

* The Compliance Contact Persons are identified among the service/office heads and/or employees who have gained knowledge and skills over time, capable of ensuring that the various phases of the process under their responsibility are always aligned with the corporate rules and regulations; they have therefore adequate experience and the necessary professional skills in implementing the corporate guidelines.



Compliance activities are also carried out with the support of specific application procedures, namely:

- the Compliance Tracking Tool for tracking and monitoring improvement measures related to the resolution of anomalies found during the conducted audits and assessments;
- the Internal Governance, Risk and Compliance (GRC) system to enable the involvement and support of the different levels of management and Head of operations in the different phases of compliance analysis;
- work tools to organise and classify activities, in particular for the purposes of monitoring the Compliance Plan, in a structured and detailed manner in order to achieve better management of the activities assigned to each employee and the relevant time to conduct them.

In order to further increase compliance-related performance, thus ensuring optimisation of activities, further refinements have been developed, in particular with regard to the *Compliance Tracking Tool*. The above-mentioned software now offers new features related to the possibility of reviewing the scoring of expired and rescheduled actions, maintaining a history of the outcomes. In this context, in order to better measure the adequacy and effectiveness of the various phases of compliance activities, specific metrics have been introduced consisting of Key Performance Indicators (KPIs).



Activities carried out by the Compliance Function in relation to the corporate management of regulatory obligations and compliance in relation to ESG issues

During 2023, the Function conducted a series of activities related or akin to ESG issues, in particular:

- verification of sustainability-related disclosures in the financial services sector pursuant to Regulation (EU) 2019/2088 and Regulation (EU) 2022/1288 on regulatory technical standards;
- verification relating to the corporate management of regulatory obligations and compliance regarding the Non-Financial Statement;
- verification regarding sustainable finance as part of customer profiling, suitability assessment and product governance processes;
- verification of the drafting and content of Banca Popolare di Sondrio's Green Bond Framework;
- verification of the adoption and of the related implementation of a specific organisational model on sustainability, which discloses the need to prepare a broader body of internal regulations on sustainability facilitating the operational implementation of what is defined in the Bank's Policies;
- verification of the corporate management of the obligations and fulfilments introduced by Italian Legislative Decree no. 104/2022 (the so-called "Transparency Decree");
- verification of the corporate management of occupational health and safety measures in temporary or mobile work sites.

In addition, the Function conducted assessments concerning regulatory compliance, primarily with reference to the drafting of the ESG Investment Policy, updates to the Sustainability Policy, pre-contractual disclosures on the ESG management guidelines and Sustainability disclosures at an entity and product level published on the Bank's website. In addition, opinions were issued with regard to the Statement on the principal adverse impacts (PAI) on Sustainability factors pursuant to Regulation (EU) 2022/1288.

Swiss compliance

The Compliance Office is a unit of the Legal & Compliance Office (L&C), which aims to identify and prevent risks that could damage the Bank's reputation and to ensure irreproachable, diligent and compliant banking activities both in Switzerland and abroad. The Legal & Compliance Service is an essential contact point for both the Board of Directors and the Head of operations to outline and implement careful business management and effective risk management.

The objectives of the Compliance Officer are therefore to endorse, formulate and then implement within the Bank, subject to Top Management approval, rules of conduct in areas such as money laundering, due diligence agreement, PEP (Politically Exposed Persons), bribery/gift-taking, data protection, confidentiality, internal and external communication, HR operations, complaints, insider information, conflicts of interest, internal training, performance of investment services, and customer/consumer protection discipline.



Incidents of non-compliance with regulations concerning product and service information and labelling

In line with previous years, there have been no reports of non-compliance with regulations or voluntary codes concerning product and service information and disclosures, not even if they relate to marketing activities (including advertising, promotion, and sponsorship).

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Incidents of non-compliance with regulations concerning marketing communications

In line with previous years, there have been no reports of non-compliance with regulations or voluntary codes concerning marketing activities (including advertising, promotion, and sponsorship).

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Complaints management

Complaints are dealt with in compliance with applicable regulations and organised as follows:

- for banking and insurance services they are entrusted to the Legal and Regulatory Office; the office itself also handles complaints lodged with the Banking and Financial Ombudsman (ABF) with regard to banking services or with the Institute for the Supervision of Insurance (IVASS) with regard to insurance services. In particular, with regard to the subsidiary BNT Banca, it should be noted that the Complaints Office has been identified within the Secretariat, Legal and General Affairs Service. The unit handles complaints and appeals to the ABF independently of the corporate functions responsible for marketing banking services and products, in accordance with specific and consolidated internal procedures that correctly identify the activities, roles, functions, different levels of responsibility, and conduct to adopt, as well as the information flows necessary for handling complaints and participating in the proceedings before the ABF;
- for investment services, they are entrusted to the Compliance and DPO Function, assisted where necessary by the Legal and Regulatory Office and the office/branch to which the complaint relates and, where appropriate, by the Central and Branch Inspectors Office. This also relates to any customer appeals addressed to the Financial Dispute Arbitrator (ACF).

Complaints by customers and the Bank's reply can be sent by both ordinary mail, email and certified email.

The procedures based on which customers can submit complaints to the Bank, the ABF, the ACF and IVASS are available on the Bank's website, in the "transparency" section.

The staff in charge of handling complaints have adequate knowledge of regulations, constantly monitoring their development. They interact with the Compliance Function and benefit, to the extent necessary for the analysis of certain positions, from the cooperation of other Bank offices. Complaints are examined and acknowledged, in compliance with the timeframes established by the regulations in force.

The progress of complaints received by the Bank is reported to the corporate Bodies and the Supervisory Authorities through periodic reports as required by the applicable regulations.





Complaint management at BPS (SUISSE) SA

The philosophy of BPS (SUISSE) SA – which prioritises customers – mainly aims at offering services that reflect customer needs. If, however, this is not the case, customers may address their comments and complaints in writing directly to the relevant advisor, specifying the subject matter and providing their contact details and account number in order to find a solution. In the event that no agreement is reached, however, customers have the option of appealing to the Swiss Banking Ombudsman, a neutral and cost-free mediation body. In general, complaints are handled through internal procedures based on the relevant circulars. In particular, the Bank's Risk Control Service is responsible for recording all complaints centrally and, where necessary, carrying out specific analyses in the event of inherent weaknesses in the internal control system. On a quarterly basis, the status of complaints (open, closed, ongoing), with their causes listed systematically on the basis of the cases identified by the Parent Company, is presented to the Risk Committee and to the Executive Board.



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The critical concerns relating to the RAF are formalised within the “Risk Appetite Framework Regulation”

Communication of critical concerns

The Bank considers situations of non-compliance related to regulations – in other words when the procedures do not comply with the regulations in force – to be critical, thus presenting high risk profiles in relation to which it is possible to receive administrative or criminal sanctions.

The control functions are required to inform the corporate Bodies, in a timely manner, of any significant violations or deficiencies found and to periodically report on the results of the activities carried out, monitoring the resolution of any critical issues identified.

Critical concerns can be more or less serious depending on whether the risk of incurring sanctions is more imminent. Among the different degrees of critical concerns, situations linked to the RAF (Risk Appetite Framework) are those at risk of the most imminent sanctions, and therefore the most serious in nature.

In particular, the process for managing cases where the risk trigger parameter* has been exceeded is structured in the following phases:

- in the event that an indicator exceeds the risk trigger parameter, the Integrated Risks Office identifies the event in question and ascertains the root causes that have triggered it;
- the Chief Risk Officer, made aware of the nature and circumstances that led to the event, promptly informs the Managing Director, also supported by the Head of the Risk Control Service, so that the actions to be taken can be identified;



* “Risk trigger parameter”: threshold expressing – together with the risk appetite – the general attitude towards risk of the Group or its members, which, where risks can be tolerated beyond the set objective, indicates a distance from the same within levels in any case representative of the ordinary course of business; when exceeded, the activation of the first management actions to contain the risk is evaluated (risk trigger).



- having assessed the situation in consultation with the Chief Risk Officer and, when relevant, with the Head of the Compliance and DPO Function or with the Head of the Anti-Money Laundering Function, the Managing Director may decide, depending on the seriousness of the same:
 - to authorise, for a period of time appropriate to the frequency of the indicator's detection, for the risk trigger parameter to be exceeded, due to circumstances that are temporary or of an extent that is not deemed to be of particular significance;
 - to activate immediate mitigation initiatives, where within his/her powers;
 - to inform the Risk Committee during the first periodic meeting or by convening an extraordinary meeting of the Committee;
 - if he/she deems that the necessary conditions exist, to request for an extraordinary meeting of the Board of Directors to be convened;
- the Risk Committee expresses its opinions and assessments regarding the initiatives to be undertaken, proposing to the Managing Director, where appropriate, interventions for the rebalancing and optimisation of the risk profiles;
- at the first meeting following the identification of the critical concern, the Board of Directors is informed by the Managing Director, supported by the Chief Risk Officer Governance Area, of the event, of any decisions already implemented or planned and of possible further interventions entrusted to the same Body; supported in its assessments by the Control and Risk Committee, it can thus decide:
 - not to proceed with any actions, due to temporary or non-significant circumstances or in cases where the development of the situation has led to a return to the established threshold before the Board meeting;
 - approve the proposal for corrective actions presented by the Managing Director;
 - identify further initiatives deemed necessary to bring the risk parameter back within acceptable values;
- the Managing Director is therefore responsible for:
 - communicating – including through the Heads of the Governance Areas and Executive Board members, according to their respective powers – to the competent Organisational Units the initiatives promoted by the Board of Directors, supervising the implementation of the decisions taken;
 - with the support of the Chief Risk Officer Governance Area, informing the Board of Directors on the progress of the actions undertaken.



Within the Group, the Managing Director is responsible for:

- coordinating the actions pertaining to the Parent Company and the Subsidiaries;
- formally communicating to the corporate Bodies of the Subsidiaries the corrective measures to be taken, in the event that it is deemed appropriate to intervene in this sense;
- it is the responsibility of the Chief Risk Officer, including with the support of the Head of the Risk Control Service and with the help of the Integrated Risks Office and of the Office responsible for monitoring the specific indicator, as well as – when relevant – in agreement with the Head of the Compliance and DPO Function or with the Head of the Anti-Money Laundering Function, to verify the development of the parameter exceeded, reporting regularly to the Risk Committee until the threshold has been restored.

With regard to compliance activities, critical concerns are communicated annually to the Managing Director and General Manager, the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors. In 2023, an issue concerning a critical concern within regulatory area was identified, pursuant to the BNT non-compliance risk appetite calculation methodology, which resulted in a partially unsatisfactory rating. In particular, a specific analysis was carried out on the processing of personal data, which did not lead to incurring any sanctions or financial penalties.

As regards the specific activity of the Internal Audit Function, in cases where the situation is immediately considered to have a serious impact with respect to the assumptions of sound and prudent corporate management, the aforementioned Service immediately produces a report addressed to the Company's Top Management. In 2023, no such cases were recorded, despite having guaranteed periodic half-yearly reporting to the Administrative Body and quarterly reporting to the Control and Risk Committee, together with the Board of Statutory Auditors.





Glossary

Disclosure	ACRONYMS
	<i>Non-exhaustive list of acronyms mentioned in the NFS</i>
TERM	DEFINITION
ABI	Italian Banking Association.
COP	Annual meeting of the Conference of the Parties to the Climate Change Convention. Among the COPs, COP 21 held in Paris in December 2015 was particularly notable. It was attended by 195 nations along with many international organisations and led to the approval of the Paris Agreement, a key document for defining strategies to tackle climate change.
CSR	Corporate Social Responsibility – the set of behaviours that businesses should adopt to conduct their activities in a responsible manner towards society as a whole, contributing to Sustainable Development.
CSRD	Corporate Sustainability Reporting Directive – Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) no. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting.
NFS	Consolidated Non-Financial Statement – a reporting document prepared pursuant to Italian Legislative Decree 254/2016 concerning the disclosure of non-financial information at a Group level.
EFRAG	European Financial Reporting Advisory Group – the body responsible for developing standards for sustainability reporting.
ESG	Environmental, Social and Governance: Sustainability integration pillars; “Environmental” refers to the environmental impact of a company’s activities; “Social” relates to respect for human rights, gender policies, labour standards and relations with the civil community; “Governance” refers to corporate governance practices, from control procedures to the composition of the Board of Directors and the remuneration policy for managers.
ESGeo	Tools for monitoring and reporting sustainability performance.
FEduF	Foundation for Financial Education and Savings.
GCNI	Global Compact Network Italia – a foundation established with the primary purpose of contributing to the development of the United Nations Global Compact in Italy, an initiative to promote the culture of corporate citizenship supported and managed on a global scale by the United Nations.
GRI	Global Reporting Initiative – an international non-profit body established with the aim of defining standards for reporting the sustainable performance of organisations of all sizes, belonging to any sector and country in the world.
KPIs	Key Performance Indicators – measurable values that demonstrate how effectively a company is achieving its core business objectives.
OMM	Organisation, management and control model adopted pursuant to Italian Legislative Decree 231/2001 to prevent the offences defined therein.
NFRD	Non-Financial Reporting Directive 2014/95/EU – Directive of the European Parliament and of the Council of 22 October 2014, amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.
SB	Pursuant to Italian Legislative Decree 231/2001, the task of supervising the operation of and compliance with the Model, as well as the updating of the same, has been assigned to a body with independent powers of initiative and control.
HWTP	Home-Work Travel Plan – a planning document aimed at reducing private vehicle traffic, it identifies measures to steer the employees’ home-work travel towards sustainable forms of mobility as an alternative to the individual use of private motor vehicles, based on an analysis of the employees’ home-work journeys, their mobility needs and the state of the transport services available in the relevant area.
SDGs	Sustainable Development Goals – 17 goals launched as part of the United Nations 2030 Agenda; they are also divided into 169 targets, which aim to end poverty, fight inequality and to social and economic development.



Disclosure		ACRONYMS
<i>Non-exhaustive list of acronyms mentioned in the NFS</i>		
TERM	DEFINITION	
SFDR	Sustainable Finance Disclosure Regulation – Regulation (EU) 2019/2088 on transparency of sustainability-related disclosures in the financial services sector; it requires, inter alia, financial players and financial advisors to disclose how ESG risks are considered at the subject and product level.	
TCFD	Task Force on Climate-Related Financial Disclosures – an initiative set up in December 2015 by the Financial Stability Board. It aims to make the information provided by companies on the financial impact of climate change on their activities and strategies complete and comparable. In June 2017, it published 11 recommendations to companies (particularly financial companies) concerning transparency of climate risk information, dividing them into four broad subject areas: governance, strategy, risk management, metrics and targets.	
UNEP FI	United Nations Environment Programme – Finance Initiative – partnership between the United Nations Environment Programme and the world of finance, with the aim of mobilising the private financial sector for sustainable development.	
UNEP FI NZBA	Description: Net-Zero Banking Alliance – an initiative, promoted by the United Nations, aiming to accelerate the sustainable transition of the banking sector, through the commitment of member banks to align their loan and investment portfolios to achieve the goal of net zero emissions by 2050.	
UNEP FI PRB	Principles for Responsible Banking – a programme developed through an innovative partnership between banks around the world and UNEP FI, which aims to promote actions to foster the development of a sustainable banking sector by aligning it with the goals of the United Nations 2030 Agenda and the 2015 Paris Climate Agreement.	
UNEP FI PSI	Principles for Sustainable Insurance – a programme developed through an innovative partnership between insurance companies from around the world and UNEP FI, which aims to promote actions to foster the development of a sustainable insurance sector.	
UN PRI	United Nations Principles for Responsible Investment – an initiative launched by the United Nations in 2006 with the aim of promoting the dissemination of sustainable and responsible investment among institutional investors and sector operators.	

Disclosure		DEFINITIONS
<i>Non-exhaustive list of certain sustainability-related terms in the NFS</i>		
TERM	DEFINITION	
Paris Agreement on Climate Change (2015)	An international agreement with the long-term goal of averting dangerous climate change by limiting global warming to well below 2 °C and continuing efforts to limit it to 1.5 °C. It also aims to strengthen the ability of signatory countries (195) to address the impacts of climate change and to support them in their efforts. The Paris Agreement is the first universal and legally binding agreement on climate change, adopted at the Paris Climate Conference (COP21) in December 2015.	
Materiality analysis	A process that consists of determining the significance of a set of thematic areas of economic, social and environmental sustainability for the company and its stakeholders.	
Climate Delegated Act	Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 – so-called Taxonomy – and establishing the technical screening criteria for determining the conditions under which an economic activity can contribute substantially to climate change mitigation or adaptation and for determining whether that economic activity causes significant harm to any of the other environmental objectives.	
Disclosure Delegated Act	Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 – so-called Taxonomy – and specifying the content and presentation of information to be disclosed by companies pursuant to Articles 19a or 29a of Directive 2013/34/EU on environmentally sustainable economic activities, and specifying the methodology for complying with this reporting obligation.	
Benchmark	A methodology based on systematic comparison that allows companies applying it to compare themselves with the best ones and above all to learn from them in order to improve.	
Biodiversity	A concept defined by the United Nations Convention on Biological Diversity as the variety and variability of living organisms and the ecological systems in which they live, emphasising that it includes diversity at the genetic, species and ecosystem levels.	
Climate change	Any alteration of the global atmosphere that is directly or indirectly attributable to human action, as defined by the United Nations.	





Disclosure	DEFINITIONS
<i>Non-exhaustive list of certain sustainability-related terms in the NFS</i>	
TERM	DEFINITION
Code of Ethics	A document that defines the ethical commitments and responsibilities in conducting the bank's business and corporate activities, the set of values and principles that must be assumed by Directors, Statutory Auditors, Employees and, in general, by all those who work with the bank, regardless of the relationship that connects them to it, as well as by those who have business relations with the bank.
Corporate Governance	A set of measures, rules and mechanisms at all levels governing the management of the company in the interest of the different stakeholder categories. Corporate governance also includes the relations between the various stakeholders and the company's objectives.
Diversity	A concept that refers to all the differences between groups and individuals and defines people as identities that are distinct from each other. In this sense, the definition of diversity encompasses everything that makes people unique and incomparable, including ethnicity, age, style, gender, personality, religious and political convictions, experiences, sexual and affective orientation, psychological, cognitive, physical and social differences specific to each individual, and much more.
ESG factors	Environmental, social or governance elements that may have a positive or negative impact on the financial performance or solvency of an entity, a sovereign subject or an individual.
Sustainable finance	Finance that supports economic growth, while reducing pressures on the environment by taking into account social and governance aspects, as defined in the European Action Plan of the same name.
FINREP	Type of reporting with supervisory statistical content prepared by investment companies, banks and financial groups subject to the Capital Requirements Directive IV (CRD IV) and using IFRS or national accounting standards.
European Green Deal	A set of policy initiatives adopted by the European Commission on 11 December 2019 with the overall goal of achieving climate neutrality in Europe by 2050 (at least 50% reduction of EU greenhouse gas emissions by 2030). The intention is to review every existing climate law and, in addition, to introduce new laws on the circular economy, building renovation, biodiversity, agriculture and innovation.
Greenwashing	A practice used as a marketing and communication strategy by some companies to demonstrate their commitment to the environment, but without any real, concrete results; the aim is to enhance the company's reputation and obtain benefits in terms of turnover, to the detriment of a concrete environmental commitment.
GRI Standards	Global Reporting Initiative Standards – global best practices for sustainability reporting that provide information on an organisation's positive or negative contribution to sustainable development and allow it to report on its economic, environmental and social impacts.
Impact	Effect that the organisation has or could have on the economy, the environment and people, including the protection of human rights, assessed by estimating the (negative or positive) contribution to sustainable development.
Inclusive	An environment or company in which physical, socioeconomic, ethnic and gender differences are valued so as to give everyone an equal chance to grow in a fair and cohesive system that cares for all citizens, ensuring their dignity, respect for differences and equal opportunities.
Letter of Assurance	A declaration of compliance drawn up by the independent auditor appointed to certify the Consolidated Non-Financial Statement. The assurance process is based on the ISAE 3000 standard, issued in 2004 by the International Auditing and Assurance Standards Board (IAASB), the same body responsible for issuing auditing standards.
Materiality matrix	The materiality analysis allows the organisation to clearly identify the relationships between the company's interests and those of its stakeholders, thus highlighting the areas of sustainability of mutual interest on which the content of reporting and strategic actions should focus.
Corporate mission	A statement of intent of an organisation or business, namely its ultimate purpose that distinguishes it from its competitors and enables it to achieve predetermined results.
Sustainable mobility	All activities and initiatives that aim to ensure that transport systems meet society's economic, social and environmental needs, while minimising their negative impact on the economy, society and the environment.
Corporate Mobility Manager	A professional figure in charge of managing a company's sustainable mobility, with ongoing support tasks in decision-making, planning, programming, management and promotion of optimal solutions. Introduced by the so-called Ronchi Decree (Italian Interministerial Decree of 27 March 1998), it was confirmed by the Relaunch Decree (Italian Decree-Law no. 34 of 19 May 2020).



Disclosure	DEFINITIONS
	<i>Non-exhaustive list of certain sustainability-related terms in the NFS</i>
TERM	DEFINITION
Action Plan for Sustainable Finance	A Plan launched in March 2018 by the European Commission, outlining the strategy and measures to be taken for the establishment of a financial system capable of promoting economically, socially and environmentally sustainable development, contributing to the implementation of the Paris Agreement on Climate Change and the UN 2030 Agenda for Sustainable Development.
ESG risks	Negative materialisations of ESG factors, assessed in a “double materiality” perspective, according to which an organisation may simultaneously be subject to the negative influence of ESG factors (“outside-in” perspective – financial materiality) and have, itself or through the economic and financial activities of its counterparties or investment activities, a negative impact on ESG factors (“inside-out” perspective). The NFS discloses ESG risks related to each material topic, with a specific focus on C&E risks.
Climate-related and environmental risk (C&E)	Risk related to the possibility that climate change and environmental degradation will give rise to impacts that affect economic activity and, consequently, the financial system and that may arise both from the current and prospective impact of climate and environmental factors on counterparties or investment assets, as well as from the performance of an organisation’s operational activities.
Stakeholders	<p>Individuals or groups that have an interest in the company and notably that, in relation to the company’s activities or a specific project:</p> <ul style="list-style-type: none"> - could be affected positively or negatively; - have or could have some influence on them; - are interested in the results and possible consequences. <p>Some stakeholder categories may be: shareholders, employees, customers, suppliers, public institutions, local communities, etc.</p>
Stakeholder Engagement	A process for involving stakeholders which, through the identification, analysis, planning and implementation of certain actions and/or projects, aims to create a constructive dialogue for both parties, enabling a better understanding of the needs, viewpoints and vision that “the outside world” has about the company (e.g. one-to-one interviews, online questionnaires, etc.).
Renewed sustainable finance strategy	A package of measures adopted in July 2021 by the European Commission to help improve the flow of money for financing the transition to a sustainable economy. The goal is to enable investors to redirect their investments towards more sustainable technologies and companies.
Sustainable development	Development that ensures that the needs of the present generation are met without compromising the ability of future generations to meet their own needs. The definition was first reported in the Brundtland Report (Our Common Future), published by the World Commission on Environment and Development (WCED, 1987).
Targets	Qualitative and quantitative objectives that guide the identification of actions to implement the sustainability strategy, to be monitored over time on the basis of specific KPIs.
EU Taxonomy	Regulation (EU) 2020/852 that introduced a classification of activities considered sustainable based on their alignment with EU environmental objectives and compliance with certain social clauses.
United Nations Global Compact	An initiative launched in 2000 with the intention of synergistically involving the world of business and non-governmental organisations in the major challenges facing humanity in order to provide further impetus towards achieving the Millennium Development Goals. The Global Compact encourages companies around the world to create an economic, social and environmental framework to promote a healthy and sustainable world economy that guarantees everyone the opportunity to share the benefits. To this end, the Global Compact requests member firms and organisations to adopt, support and apply, within their spheres of influence, a set of fundamental principles relating to human rights, working standards, environmental protection and the fight against corruption.
Whistleblowing	Rules on protecting employees who have reported wrongdoing of which they have become aware in the course of their work from discrimination or retaliation.





GRI Content INDEX

Statement of use	Banca Popolare di Sondrio SpA presented a report in compliance with the GRI Standards for the 01.01.23 to 31.12.23 period
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI G4 Financial Services Sector Disclosures

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS			CHANGES IN SCOPE
			Requirements omitted	Reason	Explanation	
GENERAL DISCLOSURES						
GRI 2: General disclosures 2021	2-1 Organisational details	I; II; from 7 to 9				
	2-2 Entities included in the organisation's sustainability reporting	86				
	2-3 Reporting period, frequency and contact point	II; 86; 87				
	2-4 Restatements of information	136; 140; 193; 209; 210				
	2-5 External assurance	Auditor's Report				
	2-6 Activities, value chain and other business relationships	from 6 to 23; from 259 to 265				
	2-7 Employees	209; 210				
	2-8 Workers who are not employees	This requirement does not apply to the Group	a; b; c	Not applicable	The Bank does not have any non-employee workers	
	2-9 Governance structure and composition	from 24 to 29				
	2-10 Nomination and selection of the highest governance body	24; 25				
	2-11 Chair of the highest governance body	24				
	2-12 Role of the highest governance body in overseeing the management of impacts	33				
	2-13 Delegation of responsibility for managing impacts	33				
	2-14 Role of the highest governance body in sustainability reporting	33				
	2-15 Conflicts of interest	27				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS			CHANGES IN SCOPE
			Requirements omitted	Reason	Explanation	
GRI 2: General disclosures 2021	2-16 Communication of critical concerns	from 311 to 313				
	2-17 Collective knowledge of the highest governance body	40; 219; 220				
	2-18 Evaluation of the performance of the highest governance body	232; 233				
	2-19 Remuneration policies	from 230 to 234				
	2-20 Process to determine remuneration	from 230 to 233				
	2-21 Annual total compensation ratio	233				
	2-22 Statement on sustainable development strategy	from 11 to 20				
	2-23 Policy commitments	from 10 to 20; from 204 to 217; from 225 to 229; from 269 to 271; 237				
	2-24 Embedding policy commitments	from 10 to 20; from 218 to 222				
	2-25 Processes to remediate negative impacts	from 6 to 82; from 309 to 310				
	2-26 Mechanisms for seeking advice and raising concerns	from 95 to 99				
	2-27 Compliance with laws and regulations	from 305 to 307				
	2-28 Membership associations	254; 255; 207				
	2-29 Approach to stakeholder engagement	from 95 to 97				
	2-30 Collective bargaining agreements	224				





GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS			CHANGES IN SCOPE
			Requirements omitted	Reason	Explanation	
MATERIAL TOPICS						
GRI 3: Material topics 2021	3-1 Process to determine material topics	from 72 to 75				
	3-2 List of material topics	74				
ENVIRONMENT, CLIMATE CHANGE AND C&E RISKS MANAGEMENT						
GRI 3: Material topics 2021	3-3 Management of material topics	from 123 to 126				
GRI 301: Materials 2016	303-1 Materials used by weight or volume	130				Including the subsidiary Pirovano Stelvio SpA
	301-2 Recycled input materials used	131				Including the subsidiary Pirovano Stelvio SpA
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	128	BNT fuel consumption data	Information not available/ incomplete	BNT fuel consumption data are partial, therefore they have not been reported	Including the subsidiary Pirovano Stelvio SpA
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	127				Including the subsidiary Pirovano Stelvio SpA
	305-2 Energy indirect (Scope 2) GHG emissions	136				Including the subsidiary Pirovano Stelvio SpA
	305-3 Other indirect (Scope 3) GHG emissions	143				Including the subsidiary Pirovano Stelvio SpA
GRI 306: Waste 2020	306-1 Waste generation and significant waste- related impacts	132				Including the subsidiary Pirovano Stelvio SpA
	306-2 Management of significant waste-related impacts	133				Including the subsidiary Pirovano Stelvio SpA
	306-3 Waste generated	134				Including the subsidiaries Pirovano Stelvio SpA and Sinergia Seconda Srl



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS			CHANGES IN SCOPE
			Requirements omitted	Reason	Explanation	
SUSTAINABLE FINANCE AND RESPONSIBLE CREDIT						
GRI 3: Material topics 2021	3-3 Management of material topics	from 166 to 172; from 185 to 192				
GRI G4 Financial Services Sector Disclosures	FS7: Monetary value of products and services designed to deliver a specific social benefit	195; 241; 248				
GRI G4 Financial Services Sector Disclosures	FS8: Monetary value of products and services designed to deliver a specific environmental benefit	180; 195				
GRI G4 Financial Services Sector Disclosures	FS11: Percentage of assets subject to positive and negative environmental or social screening	193				
GRI G4 Financial Services Sector Disclosures	FS15: Policies for the fair design and sale of financial products and services	181				
SUPPORT TO THE COMMUNITY AND TIES WITH THE LOCAL AREA						
GRI 3: Material topics 2021	3-3 Management of material topics	238				
GRI 204: Procurement practices 2016	204-1	260				Including the subsidiary Pirovano Stelvio SpA
FS6	Percentage of the portfolio for Business Lines by specific region, size and by sector	240				
Donations	Total economic value of the Group's charitable donations, broken down by type of event/activity	253; 254				
Sponsorships	Economic value of the Group's investments in sponsorship, for advertising purposes, of events/activities to financially support the community	253; 255				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS			CHANGES IN SCOPE
			Requirements omitted	Reason	Explanation	
ENHANCEMENT OF HUMAN RESOURCES						
GRI 3: Material topics 2021	3-3 Management of material topics	204; 205				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	211				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	206				
GRI 402: Labour/ Management relations 2016	402-1 Minimum notice periods regarding operational changes	223				
	403-1 Occupational health and safety management system	212				
	403-2 Hazard identification, risk assessment, and incident investigation	213				
	403-3 Occupational health services	213				
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	214				
	403-5 Worker training on occupational health and safety	214				
	403-6 Promotion of worker health	215				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	215				
	403-9 Work-related injuries	217				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS			CHANGES IN SCOPE
			Requirements omitted	Reason	Explanation	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	211				
	404-3 Percentage of employees receiving regular performance and career development reviews	205	Comparison with previous years	Information not available/incomplete	Indicator reported for the first year	
	DIVERSITY AND EQUAL OPPORTUNITY					
GRI 3: Material topics 2021	3-3 Management of material topics	from 225 to 229				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	29; 237				
	405-2 Ratio of basic salary and remuneration of women to men	235	a; b: referring to the subsidiary BPS (SUISSE) SA	Confidentiality constraints	In accordance with the privacy protection laws and relevant jurisprudence, BPS (SUISSE) SA does not report any remuneration-related data.	
HUMAN RIGHTS						
GRI 3: Material topics 2021	3-3 Management of material topics	263; 264				
GRI 401: Employment 2016	401-3 Parental leave	236				
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	265				





GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS			CHANGES IN SCOPE
			Requirements omitted	Reason	Explanation	
INTEGRITY AND FIGHT AGAINST CORRUPTION						
GRI 3: Material topics 2021	3-3 Management of material topics	263; 264				
GRI 401: Employment 2016	401-3 Parental leave	236				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	265				
INTEGRITY AND FIGHT AGAINST CORRUPTION						
GRI 3: Material topics 2021	3-3 Management of material topics	from 301 to 303				
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	304				
	205-3 Confirmed incidents of corruption and actions taken	304				
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	304				
GRI 417: Marketing and Labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	308				
	417-3 Incidents of non-compliance concerning marketing communications	308				



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSIONS			CHANGES IN SCOPE
			Requirements omitted	Reason	Explanation	
PRIVACY AND IT SECURITY						
GRI 3: Material topics 2021	3-3 Management of material topics	from 292 to 295				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	295	b) total number of identified leaks, thefts, or losses of customer data	Confidentiality constraints	The data has not been provided as it is confidential	
FINANCIAL SOLIDITY AND ECONOMIC PERFORMANCE						
GRI 3: Material topics 2021	3-3 Management of material topics	from 273 to 276				
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	274				
	201-2 Financial implications and other risks and opportunities due to climate change	From 123 to 125, TCFD Report				
GRI 207: Tax 2019	207-1 Approach to tax	277				
	207-2 Tax governance, control and risk management	278				
	207-3 Stakeholder engagement and management of concerns related to tax	279				
Country-by-country disclosure	Data contained in the country-by-country public disclosure, pursuant to Bank of Italy's Circular no. 285/2013 "Supervisory provisions for banks"	280				



Independent Auditor's Report



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Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 2018 (Translation from the original Italian text)

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

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Banca Popolare di Sondrio S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended on the 31st of December 2023 in accordance with article 4 of the Decree approved by the Board of Directors on the 15th of March 2024 (hereinafter "NFS"). Our limited assurance engagement does not cover the information included in the paragraph "Taxonomy: eligibility disclosure pursuant to Article 8 of Regulation (EU) 2020/852" of the NFS, that are required by art.8 of the European Regulation 2020/852.

Responsibilities of Directors and Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Standards" published by GRI - Global Reporting Initiative as well as sector supplements "Financial Services Sector Supplements" (hereinafter "GRI Standards") identified by them as a *reporting standard*.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the NFS that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the NFS within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the NFS, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Account, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. During the reference period of this engagement our audit firm applied the

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International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintained a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the NFS with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the NFS is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the NFS, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant topics in relation to the activities and characteristics of the Group reported in the NFS, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the NFS with those included in the Group's consolidated financial statements;
4. understanding of the following aspects:
 - o Group's management and organization business model, with reference to the management of the topics indicated in article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in art. 3 Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the NFS.





In particular, we have conducted interviews and discussions with the management of Banca Popolare di Sondrio S.p.A. and with the personnel of Factorit S.p.A. and Banca Popolare di Sondrio (SUISSE) SA and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the NFS.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level:
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- We have selected Banca Popolare di Sondrio S.p.A., Factorit S.p.A. and Banca Popolare di Sondrio (SUISSE) SA based on their activity, relevance to the consolidated performance indicators and location; we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that NFS of Gruppo Banca Popolare di Sondrio for the year ended on the 31st of December 2023 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Our conclusions on the NFS of the Group do not refer to the information included in the paragraph "Taxonomy: eligibility disclosure pursuant to Article 8 of Regulation (EU) 2020/852" of the NFS itself, that are required by art.8 of the European Regulation 2020/852.

Milan, 5th April, 2024

EY S.p.A.
Davide Lisi
(Auditor)

This report has been translated into the English language solely for the convenience of international readers.

Layout:
Messagegroup

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Photos

Thanks to all BPS colleagues who participated in the photographic contest and contributed to making this NFS a communication tool that is increasingly closer to our people.

Alessia Dell'Oca, Alex Galli, Andrea Carrà, Andrea Lazzeri, Carlo Baroncelli, Carmen Pellegrini, Daniele Antonelli, Dario Musotto, Diego Gallotta, Diego Innocenti, Elisa Masa, Fabio Ticozzi, Flavio Nogara, Giovanni Zavattari, Ivan Fioratti, Ivano Gianoli, Luca Della Marianna, Manuel Fanoni, Marco Gherardi, Marco Tonali, Martina Faldrini, Monica Mecca, Paolo Osmetti, Romina Bozzini, Samuele Tavola, Sandro Moretti, Stefano Biscotti.



TASSONOMIA

Summary of KPIs	3	DISCOLURE RELATIVA ALLE ATTIVITÀ ECONOMICHE LEGATE A	
CAPEX - 1. Covered assets 31/12/2023	4	NUCLEARE E GAS FOSSILE	
CAPEX - 1. Covered assets 31/12/2022	5	Template 1	18
CAPEX - 2. Sector information	6	Template 4 (ONBALANCE STOCK TURNOVER)	19
CAPEX - 3. GAR KPIs Stock 31/12/2023	7	Template 4 (ONBALANCE STOCK CAPEX)	20
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CAPEX - 4. GAR KPIs flow	9	Template 4 (ONBALANCE FLOW CAPEX)	22
CAPEX - 5. FinGar, AuM KPIs	10	Template 4 (OFFBALANCE STOCK CAPEX)	23
TURNOVER - 1. Covered assets 31/12/2023	11	Template 4 (OFFBALANCE STOCK TURNOVER)	24
TURNOVER - 1. Covered assets 31/12/2022	12	Template 4 (OFFBALANCE FLOW CAPEX)	25
TURNOVER - 2. Sector information	13	Template 4 (OFFBALANCE FLOW TURNOVER)	26
TURNOVER - 3. GAR KPIs Stock 31/12/2023	14	Template 5 (ONBALANCE STOCK TURNOVER)	27
TURNOVER - 3. GAR KPIs Stock 31/12/2022	15	Template 5 (ONBALANCE STOCK CAPEX)	28
TURNOVER - 4. GAR KPIs flow	16	Template 5 (ONBALANCE FLOW CAPEX)	29
TURNOVER - 5. FinGar, AuM KPIs	17	Template 5 (ONBALANCE FLOW TURNOVER)	30



		Total environmentally sustainable assets ¹ (Million EUR)	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	679,1	1,14%	1,67%	69,32%	40,85%	30,68%
		Total environmentally sustainable activities ¹ (Million EUR)	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	168,9	0,75%	1,32%	76,97%	51,98%	23,03%
	Trading book*	N.D.	N.D.	N.D.			
	Financial guarantees	6,1	0,64%	0,77%			
	Assets under management	7,2	0,34%	1,09%			
	Fees and commissions income**						

1 - Based on CAPEX. The total amount of environmentally sustainable assets based on TURNOVER is 464,9 Million EUR

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

**Fees and commissions income from services other than lending and AuM

Institutions shall disclose forwardlooking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

*** % of assets covered by the KPI over banks' total assets

****based on the Turnover KPI of the counterparty

*****based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

CAPEX - 1. Covered assets 31/12/2023



Million EUR	Total [gross] carrying amount	Disclosure reference date T																															
		Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)				Water and marine resources (WTR)			Circular economy (CE)				Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)								
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)											
		Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)											
		Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling						
GAR - Covered assets in both numerator and denominator																																	
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	16.718	8.891	673	147	4	284	8	6	0																		8.899	679	147	4	284	
2	Financial undertakings	1.954	408																									408					
3	Credit institutions	1.527	391																									391					
4	Loans and advances	329	78																									78					
5	Debt securities, including UoP	1.198	313																									313					
6	Equity instruments																																
7	Other financial corporations	426	17																									17					
8	of which investment firms	304																															
9	Loans and advances																																
10	Debt securities, including UoP	304																															
11	Equity instruments																																
12	of which management companies	120	17																									17					
13	Loans and advances																																
14	Debt securities, including UoP	42	8																									8					
15	Equity instruments	78	9																									9					
16	of which insurance undertakings	3	0																									0					
17	Loans and advances																																
18	Debt securities, including UoP	3	0																									0					
19	Equity instruments																																
20	Non-financial undertakings	2.225	812	526		4	284	8	6	0																		819	532		4	284	
21	Loans and advances	1.660	483	262		3	152	7	6	0																		490	268		3	152	
22	Debt securities, including UoP	502	318	263		1	132	1	0	0																		319	263		1	132	
23	Equity instruments	63	11	1		0	0	0	0	0																		11	1		0	0	
24	Households	12.443	7.667	147	147																							7.667	147	147			
25	of which loans collateralised by residential immovable property	8.510	7.475	147	147																							7.475	147	147			
26	of which building renovation loans	53	53																									53					
27	of which motor vehicle loans	38	38																									38					
28	Local governments financing	97	4																									4					
29	Housing financing	1	1																									1					
30	Other local government financing	96	3																									3					
31	Collateral obtained by taking possession: residential and commercial immovable properties																																
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	23.990																															
33	Financial and Non-financial undertakings	22.800																															
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	22.313																															
35	Loans and advances	20.420																															
36	of which loans collateralised by commercial immovable property	2.656																															
37	of which building renovation loans	64																															
38	Debt securities	1.245																															
39	Equity instruments	647																															
40	Non-EU country counterparties not subject to NFRD disclosure obligations	488																															
41	Loans and advances	460																															
42	Debt securities	28																															
43	Equity instruments	0																															
44	Derivatives	2																															
45	On demand interbank loans	164																															
46	Cash and cash-related assets	176																															
47	Other categories of assets (e.g. Goodwill, commodities etc.)	847																															
48	Total GAR assets	40.708	8.891	673	147	4	284	8	6	0																		8.899	679	147	4	284	
49	Assets not covered for GAR calculation	18.017																															
50	Central governments and Supranational issuers	13.353																															
51	Central banks exposure	4.514																															
52	Trading book	150																															
53	Total assets	58.725	8.891	673	147	4	284	8	6	0																		8.899	679	147	4	284	
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																	
54	Financial guarantees	797	10	6		0	0	0	0	0																		10	6			0	
55	Assets under management	662	45	7		3	4	0	0																			45	7		3	4	
56	Of which debt securities	78	8	5		2	3																					8	5		2	3	
57	Of which equity instruments	37	7	3		1	1	0	0																			7	3		1	1	





Million EUR	Total [gross] carrying amount	Disclosure reference date T-1																																				
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)															
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)																		
		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)																		
		Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling															
ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk								
GAR - Covered assets in both numerator and denominator																																						
1 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	15,887	8,467	667	143	5	299	8	6	0																		8,475	673	143	5	299							
2 Financial undertakings	1,805	375																										375										
3 Credit institutions	1,230	318																										318										
4 Loans and advances	319	80																										80										
5 Debt securities, including UoP	911	238																										238										
6 Equity instruments																																						
7 Other financial corporations	575	57																										57										
8 of which investment firms	502	48																										48										
9 Loans and advances	0	0																										0										
10 Debt securities, including UoP	250																																					
11 Equity instruments	252	48																										48										
12 of which management companies	71	9																										9										
13 Loans and advances																																						
14 Debt securities, including UoP	41	8																										8										
15 Equity instruments	30	1																										1										
16 of which insurance undertakings	2	0																										0										
17 Loans and advances	0	0																										0										
18 Debt securities, including UoP	2	0																										0										
19 Equity instruments																																						
20 Non-financial undertakings	1,914	847	523		5	299	8	6	0																			855	530		5	299						
21 Loans and advances	1,408	578	315		4	202	7	6	0																			585	321		4	202						
22 Debt securities, including UoP	438	258	208		1	97	1	0	0																			259	208		1	97						
23 Equity instruments	68	12	1		0	0	0																					12	1			0						
24 Households	12,103	7,240	143	143																								7,240	143	143								
25 of which loans collateralised by residential immovable property	8,061	6,947	143	143																								6,947	143	143								
26 of which building renovation loans	162	162																										162										
27 of which motor vehicle loans	22	22																										22										
28 Local governments financing	64	4																										4										
29 Housing financing	1	1																										1										
30 Other local government financing	64	3																										3										
31 Collateral obtained by taking possession: residential and commercial immovable properties																																						
32 Assets excluded from the numerator for GAR calculation (covered in the denominator)	23,134																																					
33 Financial and Non-financial undertakings	22,012																																					
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	21,593																																					
35 Loans and advances	19,510																																					
36 of which loans collateralised by commercial immovable property	2,635																																					
37 of which building renovation loans	69																																					
38 Debt securities	1,245																																					
39 Equity instruments	839																																					
40 Non-EU country counterparties not subject to NFRD disclosure obligations	418																																					
41 Loans and advances	391																																					
42 Debt securities	27																																					
43 Equity instruments	0																																					
44 Derivatives	0																																					
45 On demand interbank loans	140																																					
46 Cash and cash-related assets	179																																					
47 Other categories of assets (e.g. Goodwill, commodities etc.)	803																																					
48 Total GAR assets	39,021	8,467	667	143	5	299	8	6	-	0																		8,475	673	143	5	299						
49 Assets not covered for GAR calculation	19,829																																					
50 Central governments and Supranational issuers	12,636																																					
51 Central banks exposure	7,013																																					
52 Trading book	180																																					
53 Total assets	58,850	8,467	667	143	5	299	8	6	0																			8,475	673	143	5	299						
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																						
54 Financial guarantees	826	9	6		0	0	0	0																								10	6	0				
55 Assets under management	698	44	6		3	4	0	0																									45	7	3	4		
56 Of which debt securities	101	4	3		2	1																												4	3	2	1	
57 Of which equity instruments	38	7	3		1	3	0	0																											8	4	1	3





	Disclosure reference date T																														
	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				Proportion of total assets covered				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)												
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)												
Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling									
GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	53%	4%	1%	0%	2%	0%	0%		0%																53%	4%	1%	0%	2%	28%
2	Financial undertakings	21%																								21%					3%
3	Credit institutions	26%																								26%					3%
4	Loans and advances	24%																								24%					1%
5	Debt securities, including UoP	26%																								26%					2%
6	Equity instruments																														
7	Other financial corporations	4%																								4%					1%
8	of which investment firms																														1%
9	Loans and advances																														
10	Debt securities, including UoP																														1%
11	Equity instruments																														
12	of which management companies	14%																								14%					0%
13	Loans and advances																														
14	Debt securities, including UoP	19%																								19%					0%
15	Equity instruments	11%																								11%					0%
16	of which insurance undertakings	14%																								14%					0%
17	Loans and advances																														
18	Debt securities, including UoP	14%																								14%					0%
19	Equity instruments																														
20	Non-financial undertakings	36%	24%		0%	13%	0%	0%		0%																37%	24%		0%	13%	4%
21	Loans and advances	29%	16%		0%	9%	0%	0%		0%																29%	16%		0%	9%	3%
22	Debt securities, including UoP	63%	52%		0%	26%	0%	0%		0%																64%	52%		0%	26%	1%
23	Equity instruments	17%	1%			0%	0%	0%																		17%	2%			0%	0%
24	Households	62%	1%	1%																						62%	1%	1%			21%
25	of which loans collateralised by residential immovable property	88%	2%	2%																						88%	2%	2%			14%
26	of which building renovation loans	100%																								100%					0%
27	of which motor vehicle loans	100%																								100%					0%
28	Local governments financing	4%																								4%					0%
29	Housing financing	100%																								100%					0%
30	Other local government financing	3%																								3%					0%
31	Collateral obtained by taking possession: residential and commercial immovable properties																														
32	Total GAR assets	22%	2%	0%	0%	1%	0%	0%	0%	0%																22%	2%	0%	0%	1%	69%





	Disclosure reference date T-1																										Proportion of total covered assets						
	Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)				Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			Proportion of total covered assets							
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)													
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)						Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)													
	Of which Use of Proceeds						Of which Use of Proceeds				Of which Use of Proceeds			Of which Use of Proceeds			Of which Use of Proceeds			Of which Use of Proceeds													
Of which transitional						Of which enabling				Of which enabling			Of which enabling			Of which enabling			Of which enabling														
	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk		
GAR - Covered assets in both numerator and denominator																																	
1 Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	53%	4%	1%	0%	2%	0%	0%		0%																		53%	4%	1%	0%	2%	27%	
2 Financial undertakings	21%																																
3 Credit institutions	26%																																
4 Loans and advances	25%																																
5 Debt securities, including UoP	26%																																
6 Equity instruments																																	
7 Other financial corporations	10%																																
8 of which investment firms	10%																																
9 Loans and advances	21%																																
10 Debt securities, including UoP	19%																																
11 Equity instruments	12%																																
12 of which management companies	12%																																
13 Loans and advances	19%																																
14 Debt securities, including UoP	3%																																
15 Equity instruments	14%																																
16 of which insurance undertakings	24%																																
17 Loans and advances	14%																																
18 Debt securities, including UoP	19%																																
19 Equity instruments	44%																																
20 Non-financial undertakings	44%																																
21 Loans and advances	41%																																
22 Debt securities, including UoP	59%																																
23 Equity instruments	17%																																
24 Households	60%																																
25 of which loans collateralised by residential immovable property	86%																																
26 of which building renovation loans	100%																																
27 of which motor vehicle loans	100%																																
28 Local governments financing	6%																																
29 Housing financing	100%																																
30 Other local government financing	5%																																
31 Collateral obtained by taking possession: residential and commercial immovable properties																																	
32 Total GAR assets	22%	2%	0%	0%	1%	0%	0%	0%	0%																		22%	2%	0%	0%	1%	66%	





%	Disclosure reference date T																										Proportion of total new assets covered				
	Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)				Water and marine resources (WTR)		Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)						
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)						
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)						Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)						
	Of which Use of Proceeds	Of which transitional	Of which enabling				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling								
GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	46%	4%	0%	0%	2%	0%	0%	0%																	46%	4%	0%	0%	2%	25%
2	Financial undertakings	25%																								25%					2%
3	Credit institutions	25%																								25%					2%
4	Loans and advances	24%																								24%					2%
5	Debt securities, including UoP	33%																								33%					0%
6	Equity instruments																														
7	Other financial corporations	14%																								14%					0%
8	of which investment firms																														
9	Loans and advances																														
10	Debt securities, including UoP																														
11	Equity instruments																														
12	of which management companies																														
13	Loans and advances																														
14	Debt securities, including UoP																														
15	Equity instruments																														
16	of which insurance undertakings	14%																								14%					0%
17	Loans and advances																														
18	Debt securities, including UoP	14%																								14%					0%
19	Equity instruments																														
20	Non-financial undertakings	27%	16%		0%	10%	0%	0%	0%																	27%	16%		0%	10%	5%
21	Loans and advances	27%	16%		0%	10%	0%	0%	0%																	27%	16%		0%	10%	5%
22	Debt securities, including UoP																														
23	Equity instruments																														
24	Households	55%	1%	1%																						55%	1%	1%			17%
25	of which loans collateralised by residential immovable property	94%	1%	1%																						94%	1%	1%			10%
26	of which building renovation loans	100%																								100%					0%
27	of which motor vehicle loans	100%																								100%					0%
28	Local governments financing	1%																								1%					0%
29	Housing financing	100%																								100%					0%
30	Other local government financing	0%																								0%					0%
31	Collateral obtained by taking possession: residential and commercial immovable properties																														
32	Total GAR assets	15%	1%	0%	0%	1%	0%	0%	0%																	15%	1%	0%	0%	1%	77%





STOCK		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae				
		Disclosure reference date T: KPIs on stock																																	
% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)						Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)											
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)											
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)						Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)											
	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling					
1	Financial guarantees (FinGuar KPI)	1,20%	0,73%		0,00%	0,05%	0,04%		0,00%																						1,25%	0,77%			0,00%
2	Assets under management (AuM KPI)	6,73%	1,09%		0,48%	0,61%	0,01%	0,00%																							6,74%	1,09%		0,48%	0,61%

FLOW		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae				
		Disclosure reference date T: KPIs on FLOW																																	
% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)						Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)											
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)															
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)						Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)															
	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling					
1	Financial guarantees (FinGuar KPI)	0,50%	0,22%		0,00%	0,00%	0,00%																							0,51%	0,22%			0,00%	
2	Assets under management (AuM KPI)	7,43%	1,60%		0,42%	1,18%	0,00%	0,00%																							7,44%	1,60%		0,42%	1,18%





Million EUR	ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk	Disclosure reference date T-1																
																																Climate Change Mitigation (CCM)			Climate Change Adaptation (CCA)			Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and Ecosystems (BIO)		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)		
																																Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		Of which towards taxonomy relevant sectors (Taxonomy-eligible)		
																																Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)		Of which environmentally sustainable (Taxonomy-aligned)		
	Of which Use of Proceeds	Of which transitional	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling																													
GAR - Covered assets in both numerator and denominator																																																
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	15.887	8.161	465	143	17	116	1	0		0																				8.162	465	143	17	117													
2	Financial undertakings	1.805	369																													369																
3	Credit institutions	1.230	314																													314																
4	Loans and advances	319	78																													78																
5	Debt securities, including UoP	911	235																													235																
6	Equity instruments																																															
7	Other financial corporations	575	56																													56																
8	of which investment firms	502	49																													49																
9	Loans and advances	0	0																													0																
10	Debt securities, including UoP	250																																														
11	Equity instruments	252	49																													49																
12	of which management companies	71	6																													6																
13	Loans and advances																																															
14	Debt securities, including UoP	41	5																													5																
15	Equity instruments	30	1																													1																
16	of which insurance undertakings	2	0																													0																
17	Loans and advances	0	0																													0																
18	Debt securities, including UoP	2	0																													0																
19	Equity instruments																																															
20	Non-financial undertakings	1.914	548	322		17	116	1	0		0																				549	322		17	117													
21	Loans and advances	1.408	392	205		14	76	1	0		0																				393	206		14	76													
22	Debt securities, including UoP	438	155	116		3	40																								155	116		3	40													
23	Equity instruments	68	1	1		0	0																								1	1		0	0													
24	Households	12.103	7.240	143	143																										7.240	143	143															
25	of which loans collateralised by residential immovable property	8.061	6.947	143	143																										6.947	143	143															
26	of which building renovation loans	162	162																												162																	
27	of which motor vehicle loans	22	22																												22																	
28	Local governments financing	64	4																												4																	
29	Housing financing	1	1																												1																	
30	Other local government financing	64	3																												3																	
31	Collateral obtained by taking possession: residential and commercial immovable properties																																															
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	23.134																																														
33	Financial and Non-financial undertakings	22.012																																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	21.593																																														
35	Loans and advances	19.510																																														
36	of which loans collateralised by commercial immovable property	2.635																																														
37	of which building renovation loans	69																																														
38	Debt securities	1.245																																														
39	Equity instruments	839																																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	418																																														
41	Loans and advances	391																																														
42	Debt securities	27																																														
43	Equity instruments	0																																														
44	Derivatives	0																																														
45	On demand interbank loans	140																																														
46	Cash and cash-related assets	179																																														
47	Other categories of assets (e.g. Goodwill, commodities etc.)	803																																														
48	Total GAR assets	39.021	8.161	465	143	17	116	1	0		0																			8.162	465	143	17	117														
49	Assets not covered for GAR calculation	19.829																																														
50	Central governments and Supranational issuers	12.636																																														
51	Central banks exposure	7.013																																														
52	Trading book	180																																														
53	Total assets	58.850	8.161	465	143	17	116	1	0		0																			8.162	465	143	17	117														
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																																
54	Financial guarantees	826	10	5			0																								10	5			0													
55	Assets under management	698	29	3		0	3	0	0		0																			29	3			0	3													
56	Of which debt securities	101	1	1			1																								1	1			1													
57	Of which equity instruments	38	5	2			0	2	0	0		0																		5	2			0	2													

TURNOVER - 2. Sector information

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)		
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)	SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	[Gross] carrying amount			
	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	
1	0610 - Extraction of crude petroleum	0	0	-	-	-	-																		0	0	
2	0910 - Support activities for petroleum and natural gas extraction	20	2	-	-	-	-																			20	2
3	1330 - Finishing of textiles	8	-	-	-	-	-																			8	-
4	1920 - Manufacture of refined petroleum products	90	0	-	-	-	-																			90	0
5	2010 - Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms	-	-	-	-	-	-																			-	-
6	2011 - Manufacture of industrial gases	65	0	-	-	-	-																			65	0
7	2060 - Manufacture of man-made fibres	3	1	-	-	-	-																			3	1
8	2110 - Manufacture of basic pharmaceutical products	45	-	-	-	-	-																			45	-
9	2351 - Manufacture of cement	0	0	-	-	-	-																			0	0
10	2561 - Treatment and coating of metals	-	-	-	-	-	-																			-	-
11	2711 - Manufacture of electric motors, generators and transformers	17	3	-	-	-	-																			17	3
12	2790 - Manufacture of other electrical equipment	44	4	-	-	-	-																			44	4
13	2822 - Manufacture of lifting and handling equipment	7	3	-	-	-	-																			7	3
14	2932 - Manufacture of other parts and accessories for motor vehicles	238	-	-	-	-	-																			238	-
15	3010 - Building of ships and boats	0	0	-	-	-	-																			0	0
16	3011 - Building of ships and floating structures	87	6	-	-	-	-																			87	6
17	3020 - Manufacture of railway locomotives and rolling stock	2	1	-	-	-	-																			2	1
18	3030 - Manufacture of air and spacecraft and related machinery	10	-	-	-	-	-																			10	-
19	3091 - Manufacture of motorcycles	9	0	-	-	-	-																			9	0
20	3500 - Electricity, gas, steam and air conditioning supply	1	0	-	-	-	-																			1	0
21	3511 - Production of electricity	85	38	-	-	-	-																			85	38
22	3512 - Transmission of electricity	43	37	-	-	-	-																			43	37
23	3513 - Distribution of electricity	0	0	-	-	-	-																			0	0
24	3514 - Trade of electricity	21	3	-	-	-	-																			21	3
25	3521 - Manufacture of gas	14	5	-	-	-	-																			14	5
26	3522 - Distribution of gaseous fuels through mains	0	0	-	-	-	-																			0	0
27	3523 - Trade of gas through mains	389	8	-	-	-	-																			389	8
28	3530 - Steam and air conditioning supply	0	0	-	-	-	-																			0	0
29	3811 - Collection of non-hazardous waste	-	-	-	-	-	-																			-	-
30	3821 - Treatment and disposal of non-hazardous waste	0	0	-	-	-	-																			0	0
31	4210 - Construction of roads and railways	3	1	-	-	-	-																			3	1
32	4211 - Construction of roads and motorways	64	27	-	-	-	-																			64	27
33	4212 - Construction of railways and underground railways	17	5	-	-	-	-																			17	5
34	4321 - Electrical installation	0	0	-	-	-	-																			0	0
35	4651 - Wholesale of computers, computer peripheral equipment and software	14	-	-	-	-	-																			14	-
36	4671 - Wholesale of solid, liquid and gaseous fuels and related products	0	0	-	-	-	-																			0	0
37	4711 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	6	-	-	-	-	-																			6	-
38	4719 - Other retail sale in non-specialised stores	5	-	-	-	-	-																			5	-
39	4773 - Dispensing chemist in specialised stores	0	0	-	-	-	-																			0	0
40	4774 - Retail sale of medical and orthopaedic goods in specialised stores	5	-	-	-	-	-																			5	-
41	4910 - Passenger rail transport, interurban	97	59	-	-	-	-																			97	59
42	4931 - Urban and suburban passenger land transport	3	-	-	-	-	-																			3	-
43	5221 - Service activities incidental to land transportation	89	53	-	-	-	-																			89	53
44	5223 - Service activities incidental to air transportation	15	11	-	-	-	-																			15	11
45	5310 - Postal activities under universal service obligation	16	0	-	-	-	-																			16	0
46	5610 - Restaurants and mobile food service activities	1	-	-	-	-	-																			1	-
47	5811 - Book publishing	-	-	-	-	-	-																			-	-
48	5813 - Publishing of newspapers	5	-	-	-	-	-																			5	-
49	6020 - Television programming and broadcasting activities	30	-	-	-	-	-																			30	-
50	6110 - Wired telecommunications activities	76	-	-	-	-	-																			76	-
51	6201 - Computer programming activities	0	-	-	-	-	-																			0	-
52	6419 - Other monetary intermediation	56	-	-	-	-	-																			56	-
53	6420 - Activities of holding companies	2	0	-	-	-	-																			2	0
54	6491 - Financial leasing	62	37	-	-	-	-																			62	37
55	6492 - Other credit granting	413	-	-	-	-	-																			413	-
56	6499 - Other financial service activities, except insurance and pen	49	10	-	-	-	-																			49	10
57	6810 - Buying and selling of own real estate	0	-	-	-	-	-																			0	-
58	6820 - Rental and operating of own or leased real estate	0	0	-	-	-	-																			0	0
59	7820 - Temporary employment agency activities	0	-	-	-	-	-																			0	-
60	8230 - Organisation of conventions and trade shows	0	-	-	-	-	-																			0	-
61	8299 - Other business support service activities n.e.c.	-	-	-	-	-	-																			-	-



%	Disclosure reference date T																									Proportion of total assets covered					
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PP1)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)										
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)										
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)										
	Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which enabling		Of which Use of Proceeds	Of which transitional	Of which enabling								
GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	51%	3%	1%	0%	1%																				51%	3%	1%	0%	1%	28%
2	Financial undertakings	21%																								21%					3%
3	Credit institutions	25%																								25%					3%
4	Loans and advances	23%																								23%					1%
5	Debt securities, including UoP	26%																								26%					2%
6	Equity instruments																														
7	Other financial corporations	3%																								3%					1%
8	of which investment firms																														1%
9	Loans and advances																														
10	Debt securities, including UoP																														1%
11	Equity instruments																														
12	of which management companies	12%																								12%					0%
13	Loans and advances																														
14	Debt securities, including UoP	13%																								13%					0%
15	Equity instruments	11%																								11%					0%
16	of which insurance undertakings	13%																								13%					0%
17	Loans and advances																														
18	Debt securities, including UoP	13%																								13%					0%
19	Equity instruments																														
20	Non-financial undertakings	24%	14%		1%	5%																				24%	14%		1%	5%	4%
21	Loans and advances	20%	10%		1%	4%																				20%	10%		1%	4%	3%
22	Debt securities, including UoP	40%	32%		1%	12%																				40%	32%		1%	12%	1%
23	Equity instruments	2%	1%		0%	0%																				2%	1%		0%	0%	0%
24	Households	62%	1%	1%																						62%	1%	1%			21%
25	of which loans collateralised by residential immovable property	88%	2%	2%																						88%	2%	2%			14%
26	of which building renovation loans	100%																								100%					0%
27	of which motor vehicle loans	100%																								100%					0%
28	Local governments financing	4%																								4%					0%
29	Housing financing	100%																								100%					0%
30	Other local government financing	3%																								3%					0%
31	Collateral obtained by taking possession: residential and commercial immovable properties																														
32	Total GAR assets	21%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	21%	1%	0%	0%	0%	69%





		ag	ah	ai	aj	ak	al	am	an	ao	ap	aq	ar	as	at	au	av	aw	ax	ay	az	ba	bb	bc	bd	be	bf	bg	bh	bi	bj	bk								
		Disclosure reference date T-1																																						
% (compared to flow of total eligible assets)	Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				Proportion of total assets covered														
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)																		
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)						Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)																		
	Of which Use of Proceeds		Of which transitional		Of which enabling		Of which specialised lending		Of which enabling		Of which Use of Proceeds		Of which enabling		Of which Use of Proceeds		Of which enabling		Of which Use of Proceeds		Of which enabling		Of which Use of Proceeds		Of which transitional		Of which enabling													
GAR - Covered assets in both numerator and denominator																																								
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	51%	3%	1%	0%	1%	0%	0%		0%																								51%	3%	1%	0%	1%	27%	
2	Financial undertakings	20%																																	20%					3%
3	Credit institutions	26%																																	26%					2%
4	Loans and advances	25%																																	25%					1%
5	Debt securities, including UoP	26%																																26%					2%	
6	Equity instruments																																							
7	Other financial corporations	10%																																10%					1%	
8	of which investment firms	10%																																10%					1%	
9	Loans and advances	13%																																13%					0%	
10	Debt securities, including UoP																																							
11	Equity instruments	19%																																19%					0%	
12	of which management companies	9%																																9%					0%	
13	Loans and advances																																							
14	Debt securities, including UoP	13%																																13%					0%	
15	Equity instruments	3%																																3%					0%	
16	of which insurance undertakings	13%																																13%					0%	
17	Loans and advances	22%																																22%					0%	
18	Debt securities, including UoP	13%																																13%					0%	
19	Equity instruments																																							
20	Non-financial undertakings	29%	17%		1%	6%	0%	0%		0%																							29%	17%		1%	6%	3%		
21	Loans and advances	28%	15%		1%	5%	0%	0%		0%																							28%	15%		1%	5%	2%		
22	Debt securities, including UoP	35%	26%		1%	9%																											35%	26%		1%	9%	1%		
23	Equity instruments	2%	1%		0%	0%																											2%	1%		0%	0%	0%		
24	Households	60%	1%	1%																												60%	1%	1%			21%			
25	of which loans collateralised by residential immovable property	86%	2%	2%																												86%	2%	2%			14%			
26	of which building renovation loans	100%																															100%					0%		
27	of which motor vehicle loans																																							
28	Local governments financing	6%																															6%					0%		
29	Housing financing	100%																															100%					0%		
30	Other local government financing	5%																															5%					0%		
31	Collateral obtained by taking possession: residential and commercial immovable properties																																							
32	Total GAR assets	21%	1%	0%	0%	0%	0%	0%	0%	0%																						21%	1%	0%	0%	0%	66%			





	Disclosure reference date T																																			
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Water and marine resources (WTR)					Circular economy (CE)					Pollution (PPC)					Biodiversity and Ecosystems (BIO)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)										
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)										
	Of which Use of Proceeds			Of which transitional		Of which enabling		Of which Use of Proceeds			Of which transitional		Of which enabling		Of which Use of Proceeds			Of which transitional		Of which enabling		Of which Use of Proceeds			Of which transitional		Of which enabling									
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af					
GAR - Covered assets in both numerator and denominator																																				
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation																																			
2	Financial undertakings																																			
3	Credit institutions																																			
4	Loans and advances																																			
5	Debt securities, including UoP																																			
6	Equity instruments																																			
7	Other financial corporations																																			
8	of which investment firms																																			
9	Loans and advances																																			
10	Debt securities, including UoP																																			
11	Equity instruments																																			
12	of which management companies																																			
13	Loans and advances																																			
14	Debt securities, including UoP																																			
15	Equity instruments																																			
16	of which insurance undertakings																																			
17	Loans and advances																																			
18	Debt securities, including UoP																																			
19	Equity instruments																																			
20	Non-financial undertakings																																			
21	Loans and advances																																			
22	Debt securities, including UoP																																			
23	Equity instruments																																			
24	Households																																			
25	of which loans collateralised by residential immovable property																																			
26	of which building renovation loans																																			
27	of which motor vehicle loans																																			
28	Local governments financing																																			
29	Housing financing																																			
30	Other local government financing																																			
31	Collateral obtained by taking possession: residential and commercial immovable properties																																			
32	Total GAR assets																																			





STOCK																														
Disclosure reference date T: KPIs on stock																														
% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)			Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)											
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)											
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)											
	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling										
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	
1 Financial guarantees (FinGuar KPI)	1,30%	0,64%		0,02%	0,01%	0,00%		0,00%																	1,30%	0,64%			0,02%	
2 Assets under management (AuM KPI)	4,40%	0,34%		0,00%	0,27%	0,01%	0,00%		0,00%																4,41%	0,34%			0,00%	0,27%

FLOW																														
Disclosure reference date T: KPIs on FLOW																														
% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)			Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)											
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)											
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)											
	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which enabling	Of which Use of Proceeds	Of which transitional	Of which enabling										
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	
1 Financial guarantees (FinGuar KPI)	0,35%	0,27%		0,07%	0,00%	0,00%		0,00%																	0,35%	0,27%			0,07%	
2 Assets under management (AuM KPI)	5,41%	0,44%		0,00%	0,36%	0,00%	0,00%		0,00%																5,41%	0,44%			0,00%	0,36%





Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
Row	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES



Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	5	0,06%	5	0,06%	-	0%
5.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	196	2%	196	2%	-	0%
6.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-					
7.	Amount and proportion of other taxonomy eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	7.944	98%	7.944	98%	-	0%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	8.145	100%	8.145	100%	-	0%



Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
2.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
3.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
4.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0,02%	2	0,02%	-	-
5.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	134	2%	134	2%	-	-
6.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-
7.	Amount and proportion of other taxonomy eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	8.084	98%	8.083	98%	1	100%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	8.220	100%	8.218	100%	1	100%



Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0,04%	1	0,04%	-	
5.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	146	9%	146	9%	-	
6.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7.	Amount and proportion of other taxonomy eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1.558	91%	1.558	91%	-	-
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	1.704	100%	1.704	100%	-	



Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
2.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
3.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
4.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,01%	0	0%		
5.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	99	6%	99	6%		
6.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
7.	Amount and proportion of other taxonomy eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1.645	94%	1.645	94%	0	100%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	1.745	100%	1.744	100%	0	100%



Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
2.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
3.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
4.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
5.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,02%	0	0,02%	-	
6.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
7.	Amount and proportion of other taxonomy eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	41	100%	41	100%	0	100%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	41	100%	41	100%	0	100%



Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
2.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
3.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
4.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
5.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,03%	0	0,03%	-	
6.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
7.	Amount and proportion of other taxonomy eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	32	100%	32	100%	0	100%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	32	100%	32	100%	0	100%



Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
2.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
3.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
4.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
5.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,09%	0	0,09%	-	
6.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
7.	Amount and proportion of other taxonomy eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	9	99,9%	9	99,9%	0	100%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	9	100%	9	100%	0	100%



Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
2.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
3.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
4.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
5.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,15%	0	0,15%	-	0,00%
6.	Amount and proportion of taxonomy eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-		-		-	
7.	Amount and proportion of other taxonomy eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	7	99,8%	7	99,8%	0	100%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	7	100%	7	100%	0	100%



Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0,00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	32.098	100,00%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	32.099	100%



Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0,00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	31.809	100,00%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	31.809	100%



Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	14.706	100,00%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	14.706	100%



Row	Economic activities	Amount	%
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0,00%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	14.820	100,00%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	14.820	100%