



Standard Ethics Rating [corpSER]: **EE**
 Long Term Expected corpSER [3y to 5y]: **Stable**

Issuer: Banca Popolare di Sondrio
Listing: Milan Stock Exchange
ISIN: IT0000784196
Market Capitalisation: 1,1 Bn EUR
Sector: Financials
Industry: Banking
Type of rating: Corporate Standard Ethics Rating [SER]
Date: 9th March 2021
Expiry Date: 15th December 2021
Last action: 9th April 2021
Previous corpSER: EE-
Type of document: Rating Report

Level of Compliance

EEE	EEE-	EE+	EE	EE-	E+	E	E-	F
Full	Excellent	Very strong	Strong	Adequate	Non-compliant	Low	Very Low	Lowest level

Investment Grade	Lower Investment Grade	Non-investment Grade
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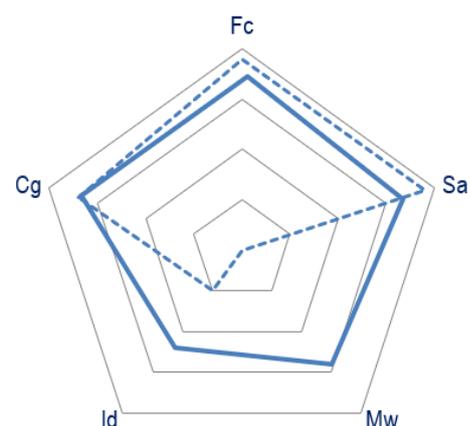
Summary

Banca Popolare di Sondrio, the holding company of the Group of the same name, has consistently followed international sustainability guidelines. Its progress has been continuous and has involved issues relating to corporate governance, to environmental and social matters. This has given rise to a non-financial reporting activity that is fully in compliance with the best practices in its business sector.

As a cooperative, and also in relation to its size and close relationship with the community it serves, the Bank has very good relations with its stakeholders. The transformation into a joint stock company, which may take place within 2021, will bring new challenges for all ESG (Environmental, Social and Governance) issues, not only in relation to corporate governance.

Standard Ethics' Long Term Expected Rating will take into consideration the possible transformation of the company: if properly managed, this change may produce positive developments in the Company's relations with the market.

Snapshot (adj.)



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BACKGROUND, METHODOLOGY, RATING

New elements – such as the evolution of the Internet – have created open and transparent financial markets, in which growing segments of the population participate. This has resulted in:

- greater attention to **extra-financial** factors, both tangible and intangible, with repercussions on the level of trust and credibility of issuers;
- new assessments of the quality and long-term durability of listed financial products, related to both companies (stocks, bonds, green bonds) or institutional issuers (such as government bonds).

Standard Ethics has ascertained that we have reached the end of the classic financial era, which was focused exclusively on economic variables. Despite their fallibility and volatility, regulated markets have evolved and are proving to be the most important and independent system in assessing the long-term **sustainability**¹ of numerous human activities.

The Standard Ethics Rating helps refine the strategies, language and ways in which an issuer operates on the market.

STANDARD ETHICS

Standard Ethics Ltd (SE) is a Self-Regulated Sustainability Rating Agency² that issues Non-Financial Solicited Ratings to companies and sovereign nations. The Standard Ethics® brand has been around since 2004 in the world of “sustainable finance” and ESG (Environmental, Social and Governance) studies.

Standard Ethics is supervised by internal control and audit offices. The composition of the Board complies with the international guidelines on diversity of nationality, professional skills, independence and gender equality.

STANDARD ETHICS RATING

The Standard Ethics Rating, which has been put to the test over the last 15 years, is a Solicited Sustainability Rating (SSR). It has 3 main characteristics:

- **Solicited:** it is issued only at the request of an applicant, by means of a direct, bilateral and regulated agreement.
- **Standard:** it is always comparable to other ratings, as the methodology and issuance parameters are aligned to pre-established guidelines, and the algorithm takes into account the size and typology of the issuer.
- **Independent:** in order to remain third party to investors, Standard Ethics does not provide any individual investor with advice, analysis or data regarding companies under rating, it does not use the data gathered for asset.

¹ Standard Ethics synthesizes Its vision in three cornerstones of **sustainability**:

1. *Sustainable development policies are about the generations of the future; they have taken on a global dimension; and they are implemented on a voluntary basis. It is up to the main supranational organisations, officially recognised by nations across the globe, to establish the definitions, guidelines and strategies related to sustainable development through science.*

2. *Economic entities do not define the guidelines, goals and strategies on sustainability: they pursue them to the extent deemed possible.*

3. *Measuring the sustainability of economic entities means providing comparable and third-party data on their overall compliance with international guidelines.*

² In the absence of supervisory bodies and international legislative standards for ESG solicited ratings to corporates, Standard Ethics has, since the beginning of its activity, been **self-regulating applying the models of credit rating agencies**. In the main: Standard Ethics' clients are the companies that apply for a rating (Applicant-pay Model); in order to remain third party to investors, Standard Ethics does not provide any individual investor with advice, analysis or data regarding companies under rating.

- management advisory services (to banks or funds) and it does not share it with third parties.

In short, the Standard Ethics Rating indicates the level of compliance by companies (and sovereign nations) in the field of sustainability on the basis of documents and guidelines published by:

- the European Union (EU);
- the Organisation for Economic Cooperation and Development (OECD);
- the United Nations (UN).

Standard Ethics uses an analyst-driven rating process, meaning the analysis performed does not require applicants to fill out forms and questionnaires or to provide any documents other than those already available and that Standard Ethics does not use artificial intelligence or software either in data analysis or in decision-making.

SE ANALYSIS UNIT

According to the methodology, guidelines and procedures of Standard Ethics, the Analysis Unit working on this rating has carefully analysed the following areas based on the set-up of the Client (the areas have been divided into about 220 analysis points):

1. MARKET AND COMPETITORS (13 analysis points)
2. MARKET AND DOMINANT POSITIONS (10 analysis points)
3. CONTRACTS, FINANCING AND PUBLIC AID (7 analysis points)
4. MARKET DISTORTIONS, FAVOURITISM & CORRUPTION (8 analysis points)
5. OWNERSHIP, SHARE CAPITAL AND SHAREHOLDERS (8 analysis points)
6. INTERNAL VOLUNTARY RULES ON DIRECTORS (8 analysis points)
7. INDEPENDENCE AND CONFLICTS OF INTEREST (12 analysis points)
8. PROTECTION OF NON-CONTROLLING (MINORITY) SHAREHOLDERS AND APPOINTMENT OF DIRECTORS (7 analysis points)
9. COMMUNICATION, INFORMATION AND TRANSPARENCY (5 analysis points)
10. TRANSPARENCY OF BOARD OF DIRECTORS AND EXECUTIVE GROUPS (9 analysis points)
11. INTERNAL VOLUNTARY RULES ON MANAGEMENT (10 analysis points)
12. DIRECTORS AND CONFLICTS OF INTEREST (13 analysis points)
13. DISCLOSURE AND TRANSPARENCY (22 analysis points)
14. PARTICIPATING AND VOTING IN GENERAL SHAREHOLDERS' MEETINGS (5 analysis points)
15. HIRING POLICIES AND HUMAN RESOURCE MANAGEMENT (11 analysis points)
16. HEALTH AND SAFETY IN THE WORKPLACE (16 analysis points)
17. ADAPTING TO CHANGES (6 analysis points)
18. ENVIRONMENT (17 analysis points)
19. CONSUMERS AND QUALITY (9 analysis points)
20. SCIENCE AND TECHNOLOGY (4 analysis points)
21. LOCAL COMMUNITIES (3 analysis points)
22. BUSINESS PARTNERS (9 analysis points)
23. HUMAN RIGHTS (6 analysis points)
24. EUROPEAN STRATEGIES (2 analysis points)

RESEARCH OFFICE AND RATING COMMITTEE

The Research Office compiles a Final Report and issues a rating based on its review of the work of the Analysis Unit.
 The Rating Committee analyses the conformity of the collected data and the ensuing conclusions and it approves the issued rating.
 Chinese Walls between the Analysis Unit, the Research Office, the Rating Committee and all other company offices ensure maximum transparency. A Compliance Officer oversees all steps and processes.

S.E. ALGORITHM OF SUSTAINABILITY ©

Standard Ethics has developed a **proprietary algorithm** based on five “standards” and a premium variable - “k” - to process the data provided by the Analysis Unit (F_{CEU} ; $S_{aEU-OECD}$; Mw ; $I_{dEU-OECD}$; $Cg_{UN-OECD-EU}$). The balance between the five "standards" is the final pre-assessment underlying the rating.

F_{CEU} = Fair competition. Main areas: Fair competition, including analysis of dominant positions, market distortions, cartels. Factors that can affect the other variables (Sources: the EU, and the main OECD regulators).

$S_{aEU-OECD}$ = Shareholders’ agreements. Main areas: Shareholders’ agreements, rights of minority shareholders, access to information (Sources: the EU and OECD, and the main OECD regulators).

Mw = Market weight. Main areas: Shareholding structure, weight and type of major shareholders, potential conflicts of interest in relation to other variables (Sources: mainly OECD regulators).

$I_{dEU-OECD}$ = Independent directorship. Main areas: Structure and quality of boards and executive groups, ESG Risk and Control Management system, Risk Analysis. This standard is most likely to mitigate the risks associated with other variables and can increase the "k" variable. (Sources: the EU and the OECD).

$Cg_{UN-OECD-EU}$ = Corporate Governance and Sustainability. Main areas: Overall assessment of applicant’s ESG strategies and corporate governance (in terms of shareholding structure and sustainability) by weighting the various elements also in relation to the balance of the other variables (Sources: the EU, OECD and UN).

k = Sustainability at Risk (SaR). Statistical projections:

$\frac{(F_{CEU} + S_{aEU-OECD} + I_{dEU-OECD} + Mw * f(S_{aEU-OECD}) * f(I_{dEU-OECD}) + Cg_{UN-OECD-EU} * f(F_{CEU}) * f(I_{dEU-OECD}))}{10} + k$	©
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ISSUED RATING

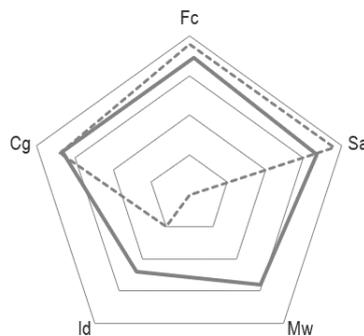
Corporate Standard Ethics Rating [^{corp}SER]: **EE**
 Long Term Expected ^{corp}SER [3y to 5y]: **Stable**

ALGORITHM – INPUT VALUES (SUMMARY)

The values for each standard are between **0 and 2**.
 Assigned and input values are as follows:

- Fc**_{EU} = 1.9
- Sa**_{EU-OECD} = 1.9
- Mw** = 1.9
- Id**_{EU-OECD} = 0.5
- Cg**_{UN-OECD-EU} = 1.7

The values are subsequently adjusted by the algorithm.
 See final diagram below:



Other companies in the *Banking Industry*³:

FinecoBank	EE+	Skandinaviska Enskilda B.	EE-	Natixis	E+
Unicredit	EE+	Societe Generale	EE-	Raiffeisen Bank Int.	E+
Banca Generali	EE	Standard Chartered	EE-	UBS Group (neg.)	E+
BBVA	EE	AIB Group (pos.)	E+	Banca Finnat	E
BNP Paribas	EE	Banca Mediolanum	E+	Banca Ifis	E
BPER Banca	EE	Banca Profilo	E+	Banca Intermobiliare	E
HSBC Holding	EE	Banco Comercial Port.	E+	Banca Sistema	E
Intesa SanPaolo	EE	Banco Desio Brianza	E+	Bank of Communications	E
Nordea Bank	EE	Banco Santander (pos.)	E+	Barclays Plc	E
Svenska Handelsbanken	EE	Bank of China HK Holdings	E+	BNP Paribas Fortis	E
Swedbank (neg.)	EE	Bank of Ireland	E+	China Construction Bank	E
ABN Amro	EE-	Bank Pekao	E+	CITIC Limited	E
Banca MPS (pos.)	EE-	Bankinter	E+	Credit Industriel et Com.	E
Banco BPM (pos.)	EE-	CaixaBank	E+	Credito Emiliano	E
Banco de Sabadell	EE-	Credit Agricole	E+	KBC Group	E
Bankia	EE-	Credit Suisse	E+	National Bank of Greece	E
Commerzbank	EE-	CYBG Plc	E+	Bank of China	E-
Credito Valtellinese	EE-	Erste Group Bank	E+	Deutsche Bank	E-
Deutsche Pfandbriefbank	EE-	Goldman Sachs	E+	Natwest Group	E-
JPMorgan Chase	EE-	Hang Seng Bank	E+	Banca Carige	Pen.
Mediobanca	EE-	ING Group	E+	Danske Bank	Pen.
Mizuho Financial Group	EE-	Lloyds Banking Group	E+	DNB Group	Pen.
PKO Bank Polski	EE-	Mitsubishi UFJ Financial	E+		

³ A full list of other global and Italian companies in the industry can be found at www.standardethicsrating.eu.

BANCA POPOLARE DI SONDRIO REPORT

1. MARKET AND DOMINANT POSITIONS

Banca Popolare di Sondrio (hereafter BP Sondrio or the Bank or the Company), incorporated as a cooperative company limited by shares and the holding company of **Banca Popolare di Sondrio Banking Group**, was established in Sondrio on 4 March 1871. It began its activity working out of its headquarters in Sondrio and the branch in Morbegno, and expanded as its assets increased, initially limiting its activity to the province of Sondrio.

In 1974 the Company opened a representative office in Milan which by 1978 had become a fully operational branch.

In 1995 Banca Popolare di Sondrio (SUISSE) SA, a company incorporated under Swiss law, was established in Lugano. That same year, the two companies – Banca Popolare di Sondrio and Banca Popolare di Sondrio (SUISSE) SA – established the Banca Popolare di Sondrio Banking Group which, at present, also includes the following subsidiaries: Factorit S.p.A., Sinergia Seconda S.r.l., Popso Covered Bond S.r.l., Banca della Nuova Terra. Banca Popolare di Sondrio (SUISSE) SA is a retail commercial bank which is also active in the field of asset management. Gradually, as its operational sectors increased, so did its territorial expansion. At present the Swiss subsidiary has 19 branches in eight cantons, as well as a branch in the Principality of Monaco.

Among the efforts undertaken by the Bank to extend its range of activities and increase the products and services offered to its customers, we must mention the project launched in 1999 by the subsidiary Banca Popolare di Sondrio (SUISSE) SA establishing the Luxembourg-based Popso (SUISSE) SICAV Investment Fund.

The national and European financial **market** in which the Bank operates is **open and free**.⁴

Its activities are supervised and strictly regulated.⁵

As far as **fair competition** is concerned, the Company is subject to the **Bank of Italy's** Supervisory Provisions and, in particular, to the Supervisory Provisions on Corporate Governance.

⁴ There are no market restrictions or barriers, since it operates within the European Single Market, pursuant to the provisions established by the Lisbon Treaty, and specifically the principles on the free movement of persons, goods, capital and services.

⁵ Beginning with the 1926 Banking Law and especially after the 1936 Law was approved, Italy has always enjoyed the benefits of a well-regulated financial and banking sector. Provisions introduced between 1944 and 1947, and later, from 1960 to 1990, extended the powers and the number of supervisory bodies. It is worth remembering that Article 47 of the Italian Constitution clearly instructs lawmakers to "protect savings in all their forms", stressing that any activity in this sector must be supervised and regulated by law. National legislation became increasingly effective in the 1990s thanks to revised and updated provisions (cfr. the 1991 Law and the 1993 TUBC – Consolidated Law on Banking). Today the finance sector is substantially regulated by the TUB (Consolidated Law on Banking), the TUF (Consolidated Law on Finance), the law protecting savings (no. 262/2005) and subsequent amendments, such as the reform of the regulation on financial intermediation in Legislative Decree no. 141/2010 which implements European Directive no. 48/2008/EC. The overall purpose of the provisions is to ensure a satisfactory degree of transparency and strengthen the guarantees offered to savers. There are specific powers, spheres of action, coordination and exchange of information among different authorities, such as the Bank of Italy, CONSOB (Italian Securities & Exchange Commission), COVIP (Supervisory Committee on Pension Funds), ISVAP (Institute supervising private pension funds) and AGCM (Italian Antitrust Authority).

Corporate governance became a priority in Europe starting in the 1990s. Based on the OECD's 1999 Principles of Corporate Governance, the **Basel Committee** (BCBS) approved in 1999 its Enhancing Corporate Governance for Banking Organisations, revised in 2006 to include the updated version of the OECD Principles issued in 2004. There is a wide range of guidelines, such as for example the BCBS's Principles for Enhancing Corporate Governance published in 2010, and the Corporate Governance Principles for Banks (2015) produced by the **Financial Stability Board**. Nor should we neglect the EBA's Guidelines (2011) on internal organisation, or its 2012 guidelines on assessing the suitability of top management figures, or the **European Union Directive 2013/36/EU** on the central importance of governance and the more recent (May 2018) proposals for a regulation on ESG (COM 2018/354; COM 2018/353; COM 2018/353).

The Bank of Italy's provisions regulate the essential elements needed to ensure the healthy and prudent management by intermediaries, such as organisational set-up, corporate governance, risk control systems, transparency of contractual terms and conditions, and ethical conduct. If the Bank of Italy identifies irregularities through its supervisory activities, it has the power to apply **administrative penalties**.⁶

As of 4 November 2014 the Bank is under the Direct Supervision of the European Central Bank.

Possible drawbacks **limiting** the Bank's activities could be due to its **size** or connected to conflicts of interest regulated by national or European-derived provisions. As concerns specifically the Bank's operational activities, it is worth mentioning the national regulation **prohibiting compound interest**, which may have an impact on a range of banking activities.⁷

The Bank is increasing its market share in the sectors of **credit intermediation, payment systems** and **savings administration and management**.⁸

For some time now, the Bank has been able to benefit from its consolidated relations with **Arca Fondi**, a main actor in the field of investment funds. And in November **2017**, before its expiry date, Banca Popolare di Sondrio renewed its *Bancassurance* agreement with Arca Vita and Arca Assicurazioni.⁹

The Bank has **direct shareholdings** in other companies active in its same market¹⁰ which do not appear to give rise to market distortions.

No significant shareholder, based on the weighted criteria used by Standard Ethics, is a public authority or a company operating in the same market.

2. CONTRACTS, FINANCINGS AND PUBLIC AIDS

BP Sondrio has not benefited from public financing, incentives or other forms of State aid.

⁶ In compliance with the innovations introduced by Directive 2013/36/UE ("CRD IV") the Bank of Italy is now empowered to take the following measures to punish breaches committed after 1 June 2016: it may impose administrative pecuniary penalties upon companies or other entities and, in specific cases, upon the natural persons responsible for the breaches; in the case of offences of lesser gravity or danger, it may issue an order to companies and other entities to 'cease and desist' within a stated deadline; in cases of more serious breaches, it may impose upon natural persons not only a pecuniary penalty, but also an additional administrative penalty consisting in a temporary ban, for anywhere between six months and three years, from exercising functions in credit institutions or intermediaries.

⁷ Italian Law no. 49/2016, which in Article 17-bis revises the wording in Article 120 of the TUB, stating that "*debtor interest matured, including interest on loans given on credit cards, cannot produce further interest, except for those relating to late repayments, and are calculated exclusively based on the principal; credit granted on current accounts and on payment accounts, for overdrafts even in the absence of an overdraft agreement or if in excess of overdraft threshold.*" In implementing this legislation, the Interministerial Committee on Credit and Savings (CICR) on 3 August 2016, issued a detailed resolution on the matter.

⁸ The Group is made up as follows: 349 branches in seven regions in Northern Italy, as well as in Rome and its province; 134 windows providing payment services on behalf of public bodies and institutions; 19 branches of "SUISSE" in the Cantons of Grigioni, Ticino, Bern, Zurich, Basel, Neuchâtel, Vaud and Valais, as well as the virtual Direct Banking service in Lugano, the representative office in Verbier and its subsidiary abroad, in the Principality of Monaco. Source: corporate source.

⁹ Source: Pres Release, 8 November 2017.

¹⁰ Based on the information provided on the Company's website, the Banca Popolare di Sondrio has the following subsidiaries: Banca Popolare di Sondrio (SUISSE) SA; Banca della Nuova Terra spa; Factorit spa; Pirovano Stelvio spa; Sinergia Seconda srl; Rajna Immobiliare srl; Popso Covered Bond srl; Rent2Go srl; Servizi Internazionali e Strutture Integrate 2000 srl. Among its related companies, we must mention: Arca Vita spa; Arca Holding spa; Polis Fondi Immobiliari di Banche Popolari S.G.R.p.A.; **Unione Fiduciaria spa** – a company founded and owned by "Popolari" or cooperative banks which is active in the historically important field of trusteeships; it also provides services for banks, financial intermediaries and companies. Source: corporate website.

3. MARKET DISTORTIONS, FAVOURITISM & CORRUPTION

The Bank has submitted offers and won **public tenders** promoted within the context of the **European Union**.

The Bank's **Code of Ethics** addresses the issues of its relationship with public institutions, the supervisory authorities and the judiciary.

The Bank protects itself against the risk of **favouritism, nepotism** and all forms of behaviour that jeopardize the dignity of its employees, as well as their professionalism and equality, through the provisions in its Code of Ethics.

In general terms, the issue of **fighting corruption** is addressed in its "Organisation Model 231" and in the policies it has implemented.¹¹

The Bank endorsed the United Nations **Global Compact** as early as 2004¹² and has resolved to pursue Goal 16 of the UN SDGs.¹³

At present the Bank does not appear to have introduced voluntary policies on **tax avoidance** beyond existing legal provisions contained in national legislation or in the rules of other countries in which the Bank is active, either directly or through its subsidiaries.

As far as **whistleblowing** is concerned, the national legislation is very advanced¹⁴ and the Bank has implemented an internal procedure, extending to the entire Group, for reporting any illicit practices.¹⁵

4. INTERNAL VOLUNTARY RULES ON OWNERSHIP

Banca Popolare di Sondrio is listed on the **Italian Stock Exchange**.

The Bank's **share capital** amounts to EUR **1,360,157,331** and is divided into **453,385,777** ordinary registered shares, without nominal value.¹⁶

The legal structure of the Banca Popolare di Sondrio envisages a distinction between a **member shareholder**,¹⁷ each one of whom enjoys ownership and administrative rights, and an **investor shareholder**, who may only exercise ownership rights. Only members are allowed to take part in the **Shareholders' Meetings**.¹⁸

¹¹ The following policies and instruments are worth mentioning: the Bank's Policy on Anti-Money Laundering (AML) and preventing the financing of terrorism, its AML Manual, and the regulation adopted by its AML department.

¹² "The Global Compact encourages businesses throughout the world to create an economic, social and environmental framework within which to promote a healthy and sustainable global economy that enables everyone to share in the benefits. For this purpose, 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." Source: Non-Financial Report 2019, page 47.

¹³ The specific reference target is item 16.5: "substantially reduce corruption and bribery in all their forms." Source: Non-Financial Report 2019, page 37.

¹⁴ Whistleblowing provisions include all those actions and procedures intended to protect an employee who reports an infringement: ensuring their anonymity and protecting them against retaliations. The most recent measure provided for by Italian law on whistleblowing dates from 2017, with Law 179 of 30/11/2017, published in the Official Bulletin on 14/12/2017. The subject of whistleblowing was taken up by the European Commission in 2018, following the campaign to collect comments and suggestions from public opinion that ended on 29 May 2018. A more recent Directive on the subject of whistleblowing was amended and then approved by the European Parliament on 19 April 2019. The most recent European Directive is EU 2019/1937, approved on 23 October 2019, aimed at providing protection for persons reporting breaches of Union law. It is therefore likely that Italian legislation will soon be updated by the competent bodies in order to include the new guidelines. In this regard, the following measures undertaken by the European Commission are worth mentioning: Draft Directive "On the protection of persons reporting on breaches of Union law" COM (2018) 218 final 2018/0106 (COD) and the Communication on "Strengthening the protection of whistleblowers at European Union level" COM (2018) 214 final.

¹⁵ Source: Non-Financial Report 2019, pages 118-119.

¹⁶ As of 31 December 2019. Source: Report on Corporate Governance and Ownership Structure 2020, page 7.

¹⁷ Member shareholders are almost all natural persons: 165,982 members. Source: Annual Report 2019, page 30.

¹⁸ Source: Report on Corporate Governance and Ownership Structure 2020, pages 5 and 8. In 2015 the Company launched the procedure to transform the Banca Popolare di Sondrio into a joint stock company, although this process now awaits the result of decisions to be taken by the judiciary.

Since it is a Cooperative Company, the Bank's nature is such that its share capital is owned by small shareholders. The Bank's only significant shareholder¹⁹ is **Amber Capital UK LLP**, holding **6.34%** of all shares. The remainder is all in small holdings.²⁰

There are no **Shareholders' Agreements**.

5. OWNERSHIP AND CONFLICTS OF INTEREST

The Bank's **Code of Ethics** does not only address the behaviour of management, of employees and associates, but is addressed to all stakeholders, including shareholders and members.

There are also policies addressing conflicts of interest; beginning with related parties, which involves active members of the Bank, such as Directors, Auditors, top level management and members of their families.²¹

At present there are no specific policies facilitating **participation** in the Company's **Shareholders' Meetings**. But it should be noted that the very nature of the Bank, as well as its strong roots in the territory where it operates, means that participation rates in meetings are usually quite high.

The Bank's only significant Shareholder is not involved in national government or in any sectoral regulatory bodies. Amber Capital UK LLP is not an off-shore company.

6. NON-CONTROLLING SHAREHOLDERS (MINORITY) PROTECTION AND DIRECTORS APPOINTMENT

Due to its current ownership model and its corporate governance structure, the Bank does not at present have internal voluntary rules protecting **minority shareholders**, at any rate nothing that goes beyond the provisions envisaged in national legislation. But one must bear in mind that its current corporate structure may be modified.

There are no specific plans providing for **shares to be distributed among employees**.²²

The Bank's Board of Directors establishes ahead of time the number, gender and profile of candidates for the post of Director.²³

7. VOLUNTARY INTERNAL RULES FOR DIRECTORS

The Banca Popolare di Sondrio's **Board of Directors** has **15** members, **6** of whom are women; the majority are Italian citizens.²⁴

The Board's composition reflects **pluralism of competencies, not of nationalities**. It does not meet the requirement of **gender equality**.²⁵

¹⁹ With a holding greater than 5%.

²⁰ Source: Report on Corporate Governance and Ownership Structure 2020, page 8.

²¹ At present, within the Compliance Function, there is a specialist in charge of managing suspect Market Abuse transactions: this is in compliance with current regulations applying to all entities operating on financial instrument markets. These illicit transactions may be the result of misuse of privileged information or market abuse.

²² Source: Report on Corporate Governance and Ownership Structure 2020, page 8.

²³ The results of this analysis are contained in the document "Optimal qualitative and quantitative composition of the Board of Directors of the Banca Popolare di Sondrio," published in advance for the benefit of the members.

²⁴ Currently the Board of Directors of the Banca Popolare di Sondrio has the following members: Venosta Francesco (Chairman); Stoppani Lino Enrico; Pedranzini Mario Alberto; Biglioli Paolo; Carretta Alessandro; Corradini Cecilia; Credaro Loretta; Depperu Donatella; Falck Federico; Ferrari Attilio Piero; Galbusera Cristina; Propersi Adriano; Rainoldi Annalisa; Rossi Serenella; Triacca Domenico. Domenico Triacca is a Swiss national. Source: Report on Corporate Governance and Ownership Structure 2020, pages 12 and 14.

²⁵ Source: Optimal qualitative and quantitative composition of the Board of Directors of the Banca Popolare di Sondrio, published on 05/02/2021.

Independent Board Members,²⁶ of whom there are 6,²⁷ do not represent the **majority** within the Board of Directors.

The Board of Directors has duly established an **Executive Committee**, a **Related Party Transactions Committee**, a **Remuneration Committee**, a **Control and Risk Committee** and an **Appointments Committee**.

There are no provisions or governance rules envisaging the participation of managers to the Board of Directors, except for the Managing Director as provided for in the Articles of Association.²⁸

There is no provision for employees being represented on the Board of Directors.

8. DIRECTORS, CONFLICTS OF INTEREST AND RELATED COMMITTEES

The members of the Board of Directors shall abide by the content of the Articles of Association and the principles enunciated in the **Code of Ethics** and the Organisation and Control Model, known as Model 231.

There are no Board members who are Directors, Managers, Auditors or Advisors for other companies controlled by the Bank's shareholders who are also involved in national or local government institutions, judiciary bodies, or entities granting licences or supervising the market.

The Bank has adopted specific policies on **remuneration** for members of the Board of Directors.²⁹

A managerial committee on Sustainability has been envisaged: it will provide the connection between the different corporate sectors.³⁰

The Bank addresses the issue of the conduct of employees in relation to **gifts or benefits** in its Code of Ethics³¹ and in its Non-Financial Report.³²

9. DISCLOSURE, TRANSPARENCY AND STAKEHOLDERS

The Bank follows a standard **ESG** (Environmental, Social and Governance) **Reporting System**, which is reviewed on a yearly basis. Its Non-Financial Report for 2019 is drawn up according to **GRI Standards** and the United Nations Agenda 2030 SDGs.³³

²⁶ The Board of Directors verifies the requirement of independence of each Director when they are appointed, in compliance with the current legislation; this verification is repeated at any time that circumstances change, and at least once a year.

²⁷ At present, the following are independent Directors: Biglioli Paolo; Carretta Alessandro; Deperu Donatella; Ferrari Attilio Piero; Propersi Adriano; Rossi Serenella.

²⁸ "The General Manager shall attend the meetings of the Board of Directors, in compliance with Article 56." Source: Articles of Association 2018, page 22.

²⁹ The reference is to the document "Remuneration Policies of the Banca Popolare di Sondrio Banking Group, 2020". Furthermore, on 12 June 2020, the Ordinary Shareholders' Meeting approved a remuneration plan for 2020 based on financial instruments.

³⁰ Corporate source.

³¹ "Personnel are prohibited from offering, donating, requesting or accepting, even through third parties, compensation or other personal benefits, connected with the management of the Bank's activities, which are not of a modest value, i.e. which are not generally considered as a common courtesy or commercial gesture, acceptable and lawful according to current management practice. The prohibition applies to anything given to (or received from) any person, including, for example, other employees, prospective employees, customers, government employees, public officials, competitors, suppliers and other persons with whom the company has, or would like to have, business relationships. In any case, each person is obliged to inform his/her hierarchical superior and the Supervisory Board of any solicitation or offer of special advantages proposed to him or her directly or indirectly." (...) "It is forbidden to offer money, gifts or compensation that exceed normal courtesy practices, as well as to exert undue pressure, promise any object, service, performance or favour to public officials, persons in charge of a public service, managers, officials or employees of the Public Administration or public service concessionaires or their relatives or cohabitants, whether Italian or foreign." Source: Code of Ethics 2019, page 9 and ff.

³² It is expressly forbidden to solicit or merely accept money or other gifts that are related in any way to business relations. The Supervisory Body must be requested to evaluate in advance any actions that involve gifts, payments in kind, forms of hospitality or any other types of benefit that are not of negligible value." Source: Non-Financial Report 2019, page 83.

³³ The Company issues a Consolidated Non-Financial Report "in compliance with Legislative Decree (Decree) 254/2016 on the disclosure of non-financial information by certain large and public interest businesses, as well as with the Global Reporting

Every year the Bank publishes its **Communication on Progress (COP)**, a report on the initiatives on sustainability promoted in compliance with the United Nations Global Compact.

In order to improve its reporting practices, the Bank has also begun drafting a new *ad hoc* procedure.³⁴

The Company does not follow the **Comply or Explain** principle, nor did it in the past adopt the Corporate Governance Code endorsed by Italian companies listed on the Stock Exchange.

Banca Popolare di Sondrio has explicitly acknowledged the strategic importance of correct disclosures and transparency in its external communication.³⁵

Full information on its economic situation and **market risk** is disclosed by the Banca Popolare di Sondrio through a variety of communication channels.³⁶

Risk management appears to be carefully structured by means of a coordinated system of procedures and controls.³⁷

The corporate rules on sustainability are clearly modelled on the main strategies agreed upon in the international settings, yet they do not formally or explicitly refer to them.

The Bank has just begun the implementation of the SDG Action Manager, a digital platform provided by the UN Global Compact which allows for the monitoring of the company's position in relation to the Sustainable Development Goals (SDGs) in its field of activity.

10. PARTICIPATING AND VOTING IN SHAREHOLDERS' GENERAL MEETINGS

The Bank's nature as a cooperative favours a closer relationship with members and shareholders.

The Company has also established a section of its corporate website where members and shareholders can find useful information, thereby making it easier for them to be properly informed as to how they may exercise their rights.

11. EMPLOYMENT AND HUMAN RESOURCES SELECTION

As of 31 December 2019 the Bank had **3,279 employees**.³⁸

Initiative Sustainability Reporting Standards, defined in 2016 by the Global Reporting Initiative (GRI), applying the "in accordance – Core" option. Additionally, the Financial Services Sector Disclosures, defined by the GRI in 2013, have also been adopted." Source: Non-Financial Report 2019, pages 13 and 15.

³⁴ As specified in the Non-Financial Report: "In order to address the suggestions made following the assurance work carried out on the last NFR, the Bank has started to document an *ad hoc* procedure that formalises the process of preparing the NFR. This procedure dedicates particular attention to certain key aspects: the corporate structures involved; the scheduling of data and information flows; the first-, second- and third-level controls over the qualitative data and information collected; the calculation methodologies used to analyse and present data in the NFR." Source: Non-Financial Report 2019, pages 13 and 15.

³⁵ Source: Code of Ethics 2019, pages 5 and 7.

³⁶ And specifically: Annual Report; Report on Corporate Governance and Ownership Structure; Organisation and Management Model; Consolidated Non-Financial Report; Rules and Regulations governing the functioning of the Board of Directors and its internal Committees; Press Releases, including "price sensitive" information; website.

³⁷ The document "Annual Report 2019" states: "As far as the risk monitoring and management activity is concerned, as of 1 January 2020 a specific governance area Chief Risk Officer (CRO) will be established, to which the Risk Control Function will be reporting; there has also been a partial reformulation of its activity and competence perimeter, implemented already in the current year, and one of the offices which had been part of CRO area has been moved to the sphere of the governance area of the Chief Lending Officer (CLO)". Source: Annual Report 2019, page 132.

³⁸ Of which 2,942 in Italy and 337 in Switzerland. Source: Non-Financial Report 2019, page 91.

The Company offers its employees a wide range of training opportunities in all the different activities characterizing the banking sector.³⁹
The Bank adopts specific initiatives in the field of **equal opportunities**.⁴⁰

There do not appear to be policies on minimum numbers of women in management posts, although we have learned that specific policies on gender equality are currently under consideration and examination.⁴¹

12. HEALTH, SAFETY AT WORK AND SOCIAL DIALOGUE

The protection of employees' **health and safety** at work are addressed strategically within the **Code of Ethics**.⁴² In operational practice, the Bank complies with a very stringent national regulation and has voluntarily added to those rules further measures, including insurance policies.⁴³
The Bank provides for extra support, in addition to national health service's provisions, guaranteed by a corporate Welfare Fund.⁴⁴ There are also forms of corporate welfare⁴⁵ within the subsidiary BPSUISSE.⁴⁶ There is an active corporate Recreation Club.⁴⁷

The Company has implemented its own corporate training programme.⁴⁸ Furthermore, the Company has announced that it plans to include sustainability issues in its corporate training programme.

13. ADAPTATION TO CHANGES

In 2015 the Company launched the **process** whereby the Banca Popolare di Sondrio was to be **transformed into a joint stock company**: this process is

³⁹ Considerable attention is devoted to training of new recruits: a range of training methods (classroom, multimedia, targeted on-the-job support) is provided on the specific tasks to be performed, as well as information on the Bank's organization and structure, on staff discipline, corporate security rules and the operational areas. Source: Non-Financial Report 2019, page 9. And the Bank has also introduced a specific procedure to provide staff with required training opportunities and professional growth and development, which specifies the operational steps, including planning, implementation, verification and evaluation, recording and monitoring of the training itself. Source: Non-Financial Report 2019, pages 95 and ff.

⁴⁰ "In agreement with the trade union representatives, a specific Committee for Equal Opportunities has been set up with the purpose of: identifying suitable measures for the realization of equal opportunities; promoting suitable actions to facilitate the reintegration of female workers after maternity leave and to safeguard their professionalism; promoting initiatives aimed at removing 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 on the matter (...)". Source: Non-Financial Report 2019, page 115. Further: "Without prejudice to contractual conditions, and safeguarding the needs of the Company, staff members, especially women, can be granted flexibility in working hours or reduced timetables, in order to enable them better to reconcile their personal needs with those of the Bank. Special attention is also devoted to staff affected by severe disabilities. The Manager of Human Resources maintains a high level of interest and concern for the problems of personnel, granting greater flexibility of working hours and conditions." Source: Non-Financial Report 2019, page 11.

⁴¹ Source: corporate source.

⁴² Source: Code of Ethics 2019, pages 7-8.

⁴³ Source: Non-Financial Report 2019, page 109 and ff.

⁴⁴ "The purpose of the Welfare Fund is to help pay for hospital and health care in general - to supplement the National Health Service (...) It is inspired by the principle of mutuality and is based in Sondrio, at the Bank's headquarters. (...) and implements the Bank's corporate mission by the following means: the contributions to be paid by the members of the Fund; the equivalent amounts to be contributed by the Bank; the contribution to be paid by the Bank towards the cost of medical check-ups; income generated by the Fund's assets; any offerings or contributions from institutions and individuals; any cash surpluses, after the ordinary prescription period, in accordance with the National Labour Contract." Source: Non-Financial Report 2019, page 112.

⁴⁵ To mention a few: Corporate productivity bonus; Long-service bonus; Scholarships; Graduation bonus; Meal contribution; Contribution for out-of-town accommodation; Commuting contribution; Disabled contribution. Source: Non-Financial Report 2019, pages 111 and ff.

⁴⁶ By way of an example, some of the initiatives implemented by the subsidiary BPSUISSE, such as: "(...) child bank account opened at birth, insurance cover for professional injuries, all necessary time to look after children and parents in the event of injury or illness." Source: Non-Financial Report 2019, page 111.

⁴⁷ (...) "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 cultural activities for its members and their families, such as cultural, recreational, sporting and any other activities that involve economic and/or welfare benefits for its members." Source: Non-Financial Report 2019, pages 111 and ff.

⁴⁸ "The corporate training programme, in compliance with the National Collective Labour Agreement, includes both classroom sessions and multimedia modules that workers can follow on their own using highly innovative educational methods: a) a "training package" of at least 24 hours per year to be followed during working hours; b) a further "package" of another 26 hours annually, of which 8 hours are to be followed during working hours and 18 hours in the workers' own free time. The multimedia training materials consist of two types of modules: "compulsory" ones, which are priority courses that are periodically integrated; and "other courses," which workers can attend only after they have completed the compulsory ones." Source: corporate source.

currently awaiting the outcome of the legal procedure brought before the State Council which will be holding a public hearing on the matter on 15 April 2021.⁴⁹ There are no negative consequences due to the absence of specific procedures or commitments relating to changes in the governance structure.

In 2020 the Bank implemented initiatives favouring the participation of stakeholders, especially in relation to changes introduced due to the Covid-19 pandemic.⁵⁰

14. ENVIRONMENT

For many years now the Banca Popolare di Sondrio has adopted **efficiency enhancement** and waste reduction policies, in relation to both direct⁵¹ and indirect⁵² **environmental impact**.

The Company has undertaken to increase its use of renewable energy sources with a low level of CO₂ emissions.⁵³

There are also **dematerialization** initiatives, especially aimed at reducing the consumption of paper.⁵⁴

The Bank is committed to the promotion of sustainable urban mobility.⁵⁵

⁴⁹ "(...) the European Court of Justice affirmed that the provisions of Law 24 March 2015 no. 33 submitted to its judgment do not conflict with European law and has entrusted the Council of State, as the referring court, with the task of verifying that the legislation in question is concretely suitable for guaranteeing the achievement of the objectives of general interest that it pursues and does not exceed what is necessary to achieve them (...) Article 27, paragraph 3 bis, of Law 11 September 2020 no. 120 (...) has extended by one year, i.e. until 31 December 2021, the deadline for the transformation into joint stock company of cooperative banks that exceed the threshold of 8 billion euro of assets (...) The Council of State, with its own order published last October 2, decided to revoke its precautionary orders of December 2, 2016 n. 5383 - supplemented with clarifications by the ordinance of 13 January 2017 no. 111 -, 1 August 2018 n. 3645, 26 October 2018 n. 6086, concerning, inter alia, the suspension of the deadline relating to the obligation to transform Banca Popolare di Sondrio into a joint stock company, arranged on the basis of the regulatory framework in force at the time. Banca Popolare di Sondrio, while awaiting the conclusion of the procedure before the Council of State and on the basis of a consequent clear and defined legal framework, will fully evaluate the initiatives to be taken and will implement the necessary formalities, always in compliance with the provisions of law and within the terms established by it." Source: Press Release, 15 October 2020. Further details to be found in the Report on Corporate Governance and Ownership Structure 2020, pages 5 and 8.

⁵⁰ As stated by the Company: "In order to ensure that the Non-Financial Report is drawn up in the best possible manner, in October 2020 the Bank purchased the software ESGEO: this is a sustainable intelligence platform produced by TECHEDGE, which enables corporations to collect non-financial data, create detailed sustainability reports, improve their measurement, management, control and reporting of non-financial variables. Its flexibility allows the user to "materialize" and manage corporate sustainability very effectively. By communicating in a transparent manner the impacts and the real improvements the corporation will achieve a greater involvement of all stakeholders. It is fundamental for the Bank to establish a constructive dialogue with all stakeholders if it is to accurately understand their needs and expectations, as well as identify the most relevant issues for the entire system. In 2020 this activity has become even more crucial, due to the Covid-19 pandemic, for it is necessary to understand how the pandemic has changed the context and the expectations of the Bank's interlocutors. In 2020 the activity of stakeholder engagement involved not only the Bank's customers through a questionnaire published on the Internet Banking site, but also included one-to-one phone calls with all different types of stakeholders: samples were selected, per type, and each person contacted was asked to give an assessment of which themes were to be considered more material, and also to state how the pandemic had influenced their level of importance. The results will be analysed in the Consolidated Non-Financial Report 2020, to be issued in early 2021." Source: corporate source.

⁵¹ As for its direct environmental impact, Banca Popolare di Sondrio has set itself several goals: improve its energy consumption systems defining a Group standard; a greater use of renewable energy sources with low CO₂ emission levels; reduce consumption of paper through optimization of printing processes and an increased use of electronic document management, as well as a greater use of recycled paper; greater attention to correct waste separation and disposal; reduced consumption of water from the water mains supply; environmentally friendly procurement and reduced environmental impact in lifecycle; promotion of sustainable urban mobility; management of environmental emergencies.

⁵² As for indirect environmental impact, the Bank plans to encourage its customers to manage their activities in a more sustainable manner, suggesting banking products and services that can offer profit from new business opportunities, while reducing risks connected to strategic commercial transactions; in relation to its suppliers, on the other hand, the Bank intends to improve its supply chain by means of a process of qualification based on ethical and environmental criteria and to implement procurement procedures that reduce to a minimum environmental impact. Source: Non-Financial Report 2019, pages 120 – 122.

⁵³ Source: Non-Financial Report 2019, pages 121 and 123.

⁵⁴ The Company undertakes to reduce "paper consumption by optimising printing processes, by greater recourse to electronic documents and increased use of recycled paper." Source: Non-Financial Report 2019, pages 121 and 125.

⁵⁵ Over and above the actions listed above, the Bank also undertakes to "promote sustainable urban mobility, through: the use of collective transport systems with a lower environmental impact when travelling between home and work and on business trips; progressive inclusion (within the company's fleet) of vehicles using lower emission propulsion systems." Source: Non-Financial Report 2019, page 121.

15. CONSUMERS AND QUALITY

The protection of the **interests of customers** is an issue that is dealt with in the **Code of Ethics**.⁵⁶

Constant dialogue with stakeholders is a matter that the Company addresses in depth⁵⁷ and a number of specific initiatives are devoted to this issue.⁵⁸

The Company has adopted a specific policy on the **handling of complaints**.⁵⁹

The Bank has adopted a corporate Regulation on the management of banking products.⁶⁰

16. SCIENCE AND TECHNOLOGY

The Bank collaborates with Universities, technical institutes and trade schools, for the most part in Lombardy, to promote orientation sessions, internships or work experience placements for students and recent graduates.⁶¹

No **Artificial Intelligence** (AI) programmes are used in the Bank and there are no codes or guidelines on this subject.

17. LOCAL COMMUNITIES

Banca Popolare di Sondrio is active in a wide range of programmes aimed at involving the local community, promoting its cultural, social and economic development.⁶²

The Bank provides sponsorships and grants,⁶³ supporting projects that can benefit the local community,⁶⁴ implemented in consideration of the risk appetite defined by the Group.⁶⁵

18. BUSINESS PARTNERS

As far as relationships with **suppliers** are concerned, the Bank's Code of Ethics states that a prerequisite for all suppliers is that they endorse the basic values espoused by the Group in its fundamental documents.⁶⁶

⁵⁶ Source: Code of Ethics 2019, pages 13-14.

⁵⁷ Banca Popolare di Sondrio devotes great attention to the quality of its relations with all stakeholders: "This is achieved by taking a proactive approach towards the many counterparties encountered daily via numerous contact points: this constant dialogue, generating consensus and trust, is of strategic importance in the creation of sustainable value over time." Source: Non-Financial Report 2019, page 46.

⁵⁸ The Banca Popolare Banking Group publishes on its website the Guide "Consumer Credit Explained Simply", which provides clear information to consumers, such as how to apply for credit, what to look out for, both before and after signing a contract, consumers' rights and how to uphold them. This handbook is one of the "initiatives undertaken by the Bank of Italy to ensure transparency in banking and financial services, to improve the financial knowledge of citizens, to help them get to know the most popular products and to enable them to make an informed choice." Source: corporate website.

⁵⁹ The "Handling of Complaints" policy outlines the procedures implemented by the Banca Popolare di Sondrio in managing customers' complaints relating to banking services, investment services and insurance products.

⁶⁰ Source: Corporate regulation on the governance of banking products, pages 9 and ff.

⁶¹ Source: Non-Financial Report 2019, page 99.

⁶² In the field of cultural events: the Bank participated in the sixth edition of the "Festival of creative culture," organised by the Italian Banking Association; in late 2019, it promoted a cultural event on Albert Camus, within the cycle of events honouring Nobel Laureates for Literature; on 25 November 2019 the Bank, in partnership with Arca Fondi SGR, organised a meeting with TV anchorman Paolo Del Debbio on "Ezio Vanoni's tax and economic ethics" at the Teatro Sociale in Sondrio; as it does every year, on the first Saturday in October 2019 the Bank opened to the public all its historic buildings, as part of the project "An invitation to the Palace", sponsored by the Italian Banking Association, so that citizens may admire the works of art owned by banks. In the field of natural resources and the "economic and social development of the local territory," the Bank controls the school Scii Pirovano, which promotes a deeper knowledge of mountain territories and especially the mountains in the National Park on Mount Stelvio. This school has hosted a number of sports events, including the Stelvio Marathon in June 2019 with Italian, German, Austrian, Russian and American athletes. It also hosted the 35th Re Stelvio Mapei, in the area of the Valtellina valley, with the participation of relatives, athletes and supporters. Source: Non-Financial Report 2019, pages 59 and ff.

⁶³ In 2019 the Bank invested EUR 212,600 in donations for the local community and the territory, and a further EUR 213,325 were spent in sponsorships. Source: Non-Financial Report 2019, pages 62, 63.

⁶⁴ The Bank contributed aid and relief to non-profit entities, through "Conto Corrente Solidarietà", a solidarity account in the ethical category, active since 1996. Source: Non-Financial Report 2019, page 69. In 2019 the subsidiary Banca Popolare di Sondrio SUISSSE (SA) renewed its commitment to provide study grants to students of the Swiss-Italian Conservatory and to sponsor the concerts at Morcote Classic Festival. Source: Non-Financial Report 2019, page 63

⁶⁵ Source: Non-Financial Report 2019, page 63.

⁶⁶ Source: Code of Ethics 2019, page 14.

The Bank actively supports local manufacturing companies and **SMEs**.⁶⁷

19. HUMAN RIGHTS

Issues relating to **human rights** are addressed as a matter of principle in the Code of Ethics and are reported on, although there are no explicit references in any of the corporate documents either to the United Nations Universal Declaration of Human Rights nor to the European Convention on Human Rights and Fundamental Freedoms.

20. EUROPEAN STRATEGIES

The adoption of European and international sustainability strategies is evident from the policies the Bank has implemented, although there is no formal mention of such strategies in the corporate governance documents.

The Company refers to the **United Nations Sustainable Development Goals** in its Non-Financial Report, identifying the objectives achieved in its various fields of activity according to their description in the SDGs.⁶⁸

21. CONCLUSIONS

Banca Popolare di Sondrio, the holding company of the Group of the same name, has consistently followed international sustainability guidelines. Its progress has been continuous and has involved issues relating to corporate governance, to environmental and social matters. This has given rise to a non-financial reporting activity that is fully in compliance with the best practices in its business sector.

As a cooperative, and also in relation to its size and close relationship with the community it serves, the Bank has very good relations with its stakeholders. The transformation into a joint stock company, which may take place within 2021, will bring new challenges for all ESG (Environmental, Social and Governance) issues, not only in relation to corporate governance.

Standard Ethics' Long Term Expected Rating will take into consideration the possible transformation of the company: if properly managed, this change may produce positive developments in the Company's relations with the market.

* * *

⁶⁷ "The financial rescue of Cossi Costruzioni, a company based in Sondrio, is worthy of mention. The Bank played an especially active role in this process, carried out in collaboration with other parties and achieved due to the decisive contribution made by the Salini Impregilo Group. The successful outcome of this operation (...) avoided the bankruptcy of a long-established construction firm." Source: Non-Financial Report 2019, page 53

The Bank has also recently launched an initiative in partnership with SIMEST, aimed at supporting Italian companies in their international dealings. Source: Press Release 2 July 2020.

⁶⁸ Source: Non-Financial Report 2019, pages 37-40.

SOURCES

*Where there are no dates,
the most recent
versions prevail*

The documents that have been consulted were published by the Client before the delivery of the guidelines.

The main sources are: Internal Code of Conduct, Financial Statements, ESG Reporting; Report on Corporate Governance and Company Ownership; Articles of Association; Bylaw Italian Legislative Decree 231/2001; Internal Regulations; Minutes of the Meetings of the Board of Directors with amendments to the Articles of Association; Regulations of the Shareholders' Meetings; Minutes of Shareholders' Meetings, Notices of Meetings and related explanatory reports; Various procedures including "related party transactions" and "Internal Dealing"; Documents on remuneration, qualitative and quantitative composition of top management bodies and sustainability strategies (at Group level too). Data and information given during meetings with internal functions were also used.

Other sources

Moreover, documents supplied by national and international regulatory bodies, the national stock exchange and independent sites.

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