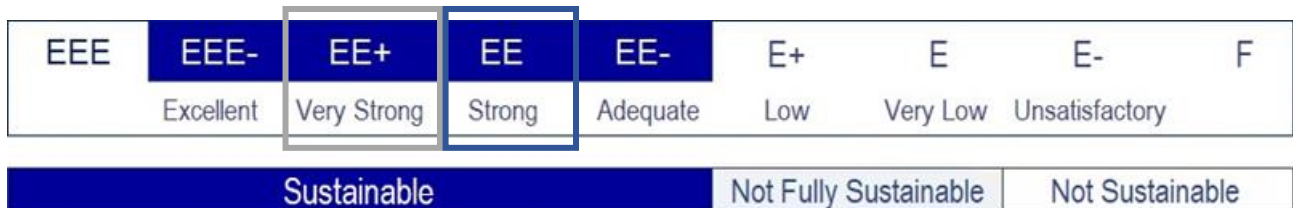


Standard Ethics Rating [SER]: **EE**
 Long Term Expected SER [3y to 4y]: **EE+**

Issuer: Banca Popolare di Sondrio S.p.A.
Listing: Euronext Milan
ISIN: IT0000784196
Market Capitalisation: 1.3 Bln EUR
Sector: *Financials*
Industry: Banking
Type of rating: Corporate Standard Ethics Rating [SER]
Date: 14 March 2022
Expiry Date: 8 March 2023
Last action: 9 March 2021
Previous SER: EE-
Type of document: Rating Report

Level of Compliance

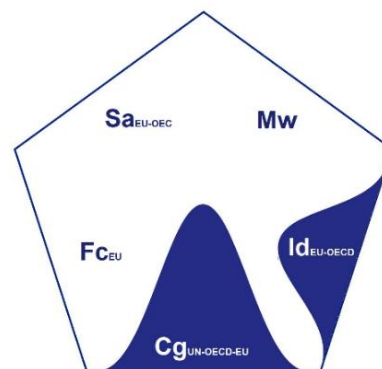


Summary

Banca Popolare di Sondrio, the parent company of the banking group with the same name, has recently completed its transformation from a “cooperative joint-stock company” to a “joint-stock company”. It is the opinion of Standard Ethics analysts that the rich experience acquired thanks to the tradition of cooperative banks will be kept alive and will keep the Bank close to the areas where its stakeholders live and operate, and their culture. The transition has been prudently managed and appears to have a favourable impact on ESG (Environmental, Social and Governance) issues, especially governance. In this sense, the Long Term Expected Rating (LTR) is raised from “EE stable” to EE+.

During 2021 and early 2022, a number of implementations have been noted that keep the Bank aligned with international sustainability guidelines and the latest social and environmental targets. Further steps on sustainability governance and sustainability documents are expected. The medium- and long-term outlook is positive.

Snapshot (adj.)



Each side of the diamond represents one of the five “standards” measured by the Standard Ethics Algorithm. The symbolic representation of a normal (Gaussian) distribution provides an intuitive indication of those areas where the Company probably will, or should, take action. See below for further details.

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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 Agency that issues Non-Financial Solicited² 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 management advisory services (to banks or funds) and it does not share it with third parties.

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, SE may issue unsolicited ratings in order to create and maintain national sustainability indices. SE publishes and updates the ratings of the listed companies in its indices on its website.

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;
- 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):

- MARKET AND COMPETITORS (13 analysis points)
- MARKET AND DOMINANT POSITIONS (10 analysis points)
- CONTRACTS, FINANCINGS AND PUBLIC AIDS (7 analysis points)
- MARKET DISTORTIONS, FAVOURITISM & CORRUPTION (8 analysis points)
- OWNERSHIP, SHARE CAPITAL AND SHAREHOLDERS (8 analysis points)
- INTERNAL VOLUNTARY RULES ON OWNERSHIP EXERTION (8 analysis points)
- INDEPENDENCE AND CONFLICT OF INTERESTS (12 analysis points)
- MINORITY MEMBERS PROTECTIONS AND DIRECTORS APPOINTMENT (7 analysis points)
- COMMUNICATION, INFORMATION AND TRANSPARENCY (5 analysis points)
- BOARD OF DIRECTORS AND EXECUTIVE GROUP TRANSPARENCY (9 analysis points)
- INTERNAL VOLUNTARY RULES REGARDING MANAGEMENT (10 analysis points)
- INDEPENDENCE AND CONFLICT OF INTERESTS (13 analysis points)
- DISCLOSURE AND TRANSPARENCY (22 analysis points)
- PARTICIPATION AND VOTE IN GENERAL MEETINGS (5 analysis points)
- EMPLOYMENT AND HUMAN RESOURCES SELECTION (11 analysis points)
- HEALTH, SAFETY AT WORK AND SOCIAL DIALOGUE (16 analysis points)
- ADAPTATION TO CHANGES (6 analysis points)
- ENVIRONMENT (17 analysis points)
- CONSUMERS AND QUALITY (9 analysis points)
- SCIENCE AND TECHNOLOGY (4 analysis points)
- LOCAL COMMUNITIES (3 analysis points)
- BUSINESS PARTNERS (9 analysis points)
- HUMAN RIGHTS (6 analysis points)
- 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 ; $Id_{EU-OECD}$; $Cg_{UN-OECD-EU}$). The balance between the five "standards" is the final pre-assessment underlying the rating.

Fc_{EU} = 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).

Sa_{EU-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).

Id_{EU-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.

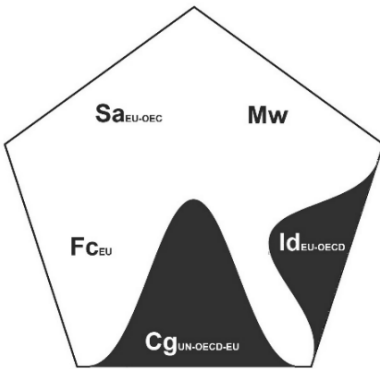
$$\frac{(F_{cEU} + S_{aEU-OECD} + I_{dEU-OECD} + M_w * f(S_{aEU-OECD}) * f(I_{dEU-OECD}) + C_{gUN-OECD-EU} * f(F_{cEU}) * f(I_{dEU-OECD}))}{10} + k$$

ISSUED RATING

Standard Ethics Rating [SER]: **EE**

Long Term Expected SER [3y to 4y]: **EE+**

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 = 1.3

Id_{EU-OECD} = 0.5

Cg_{UN-OECD-EU} = 1.7

NB: The variable MW may be neutral, when below 1, indicating the presence of a major shareholder restraining the influence of a controlling shareholder. The MW value assigned indicates the type of shareholding and related risks.

Each side of the diamond represents one of the five "standards" measured by the Standard Ethics Algorithm. The symbolic representation of a normal (Gaussian) distribution provides an intuitive indication of those areas where the Company probably will, or should, take action.

Other companies in the *Banking* industry.³

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

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

BANCA POPOLARE DI SONDRIO REPORT

1. MARKET AND DOMINANT POSITIONS

Banca Popolare di Sondrio S.p.A. (hereinafter “BP Sondrio”, the “Bank” or the “Company”) is the parent company of the **Banca Popolare di Sondrio Banking Group**. The Bank was founded in Sondrio on 4 March 1871 as a cooperative bank. Since the early 1970s, BP Sondrio has been serving the province of Sondrio, where it is headquartered, and its surrounding areas. It has been expanding in step with its development. In 1973 it opened a representative office in Milan that in 1978 became its operational headquarters. In 1995, Banca Popolare di Sondrio (SUISSE) SA, a bank under Swiss law, was established in Lugano. In the same year, Banca Popolare di Sondrio and Banca Popolare di Sondrio (SUISSE) SA created Banca Popolare di Sondrio Banking Group which, at present, includes the following subsidiaries: Factorit S.p.A., Sinergia Seconda S.r.l., POPSO Covered Bond S.r.l., Banca della Nuova Terra S.p.A.⁴ and PrestiNuova S.r.l., an agency carrying out financial activities.

Banca Popolare di Sondrio (SUISSE) SA is an all-round commercial retail bank that also operates in the asset management sector.⁵ Its parent company, Banca Popolare di Sondrio, has a strong presence in Italy⁶ and significant relationships with its stakeholders.

Between December 2021 and January 2022, the Company completed its transformation from “**cooperative joint-stock company**” to “**joint-stock company**”. This transformation started in 2016.⁷ The new corporate structure became effective on 5 January 2022.⁸

The Bank operates in the Italian and European banking markets that are supervised and strictly regulated and are among the most advanced at global level.⁹

The regulatory framework is organic and is structured on various levels: national, supranational (EU) and international. However, common general objectives can be identified, including ensuring the proper application of **free market** principles, respect for fair competition, **transparency** and **consumer protection**.

At international level, several bodies¹⁰ carry out intense regulatory activity aimed at developing global and uniform standards for: a) the promotion of financial stability and better functioning of the market; b) international coop-

⁴ As a result of the merger, PrestiNuova S.p.A., a financial intermediary, is now part of Banca della Nuova Terra. Source: 2020 Non-Financial Report, p. 36.

⁵ In November 2020, it established a branch in Vevey, in the canton of Vaud. Currently, Banca Popolare di Sondrio (SUISSE) SA has 19 branches in 8 Swiss cantons, as well as a branch in the Principality of Monaco. Source: 2020 Annual Report, p. 64.

⁶ It has 351 branches and 134 treasuries in 34 provinces and 8 regions. In 2020, three new branches were opened in Imperia, Parma and Rome. Source: BPS Presentation, 30 September 2021.

⁷ The transformation into a joint-stock company was approved by the Ordinary and Extraordinary Shareholders' Meeting of 29 December 2021. At the same meeting, the new Articles of Association were adopted. Source: Press Release, 29 December 2021.

⁸ Registration of the resolution to transform the Bank into a joint stock company with the Sondrio Companies Register: “*Banca Popolare di Sondrio spa (or the “Bank”) announces that on 5 January 2022 (the “Registration Date”) the resolution with which the Extraordinary Shareholders' Meeting held on 29 December 2021 in second call (the “Extraordinary Shareholders' Meeting”) approved the transformation of the Bank from a “cooperative company” into a “joint-stock company” was registered with the Sondrio Companies Register.*” Source: Press Release, 5 January 2022.

⁹ This is clearly outlined in the Italian Constitution where the freedom of economic initiative (Article 41) may be restricted in order to protect savings in all their forms (Article 47). Even before the adoption of its Constitution, however, Italy was constantly enjoying a well-regulated financial and banking system, at least since the 1926 Banking Law and, in particular, since the 1936 Law. A number of measures were taken between 1944 and 1947 and subsequently between the 1960s and 1990s with the extension of the number and powers of the supervisory authorities. The national legislative framework has become even more incisive since the 1990s thanks to a modernised regulatory framework (see the 1991 Legislation and the 1993 Consolidated Banking Act or TUB).

¹⁰ Such as the Financial Stability Board, the Basel Committee on Banking Supervision, the European System of Financial Supervision and the International Organization of Securities Commissions.

eration among supervisory authorities; and c) risk reduction and management of systemic crises. The main sources of Italian law¹¹ are the **Testo Unico Bancario** (Consolidated Banking Act - TUB), the **Testo Unico della Finanza** (Consolidated Act on Financial Intermediation - TUF), and Law no. 262/2005 or Savings Protection Act. All these instruments have been amended several times, in particular to comply with EU law¹² which regulates many aspects of the banking and financial system. The sector, in fact, falls both within the scope of the internal market (as regards, for example, the circulation of capital and competition issues) and, in a broader perspective, within that of the Union's monetary policy under the supervision of the European Central Bank (ECB).¹³

Conditions of access to deposit activities, freedom of establishment of banks in the Union and free provision of their services, as well as corporate governance aspects¹⁴ are regulated by the **Capital Requirements Directive** (and subsequent updates).¹⁵ Regulation on prudential requirements is dictated by **Regulation no. 575/2013**, which applies to all banks in the European Union and aims at guaranteeing their solidity and efficiency at times of economic stress. Finally, the new measures on sustainable finance are of particular importance and include **Regulation (EU) 2019/2088 (SFDR)**. The regulatory system is completed by ministerial acts and those issued by various authorities¹⁶, first and foremost the **Bank of Italy**¹⁷ which has regulatory and sanctioning powers.

In relation to fair competition, and within the scope of **Standard Ethics Ratings (SERs)**, the market in which Banca Popolare di Sondrio operates has regulatory, strategic and size-related barriers to entry. Regulatory barriers are complex authorisation and routine requirements, entailing organisational, economic and compliance efforts that are greater than in other economic sectors. Size-related barriers have to do with the capital and economies of scale needed to compete sustainably. Strategic barriers include legitimate behaviour by existing businesses to discourage new entries.

In any case, national and European regulatory provisions tend to remove restrictions and obstacles to the free market and ensure freedom of choice between different banking and/or financial operators.

¹¹ The development of the Italian regulatory framework is the result of various factors, including the drive to improve controls following the banking crises of the 1970s and 1980s (Franklin National, Continental Illinois, Banco Ambrosiano, Bank of Credit and Commerce International and other cases). These implementations led to the so-called 'prudential supervision', a collective product of the central banks meeting in the Basel Committee on Banking Supervision (BCBS).

¹² This is the case, to give an example, of: a) the reform of the discipline on financial intermediation carried out with Legislative Decree no. 141/2010 implementing European Directive no. 48/2008/EC which amends the regulations on consumer credit and rationalises the controls on intermediaries under Title V of the Consolidated Banking Act; and b) Legislative Decree no. 72/2015 Implementing Directive 2013/36/EU which amends Directive 2002/87/EC and repeals Directives 2006/48/EC and 2006/49/EC on access to activities of credit institutions and prudential supervision of credit institutions and investment firms.

¹³ The Bank reports that it has exceeded the SREP (Supervisory Review and Evaluation Process) capital requirements for 2022 as defined by the European Central Bank (ECB). Source: Press Release, 3 February 2022.

¹⁴ Even outside Europe, the issue of governance, which had become central in the 1990s, took on an even greater importance after the 2008 crisis. In the wake of the 1999 OECD Principles of Corporate Governance, the Basel Committee (BCBS) approved the 1999 Enhancing Corporate Governance for Banking Organisations which was revised in 2006 to comply with the updated version of the same Principles that the OECD issued in 2004. The context of the guidelines is certainly broader: just think of the Principles for Enhancing Corporate Governance of the BCBS published in 2010, or the Corporate Governance Principles for Banks of 2015 to promote the Financial Stability Board. In this regard it is worth mentioning the Thematic Review on Risk Governance (2013) and the Principles for an Effective Risk Appetite Framework, (2013). See also the EBA Guidelines issued in 2011 (on internal organisation) and in 2012 (on the assessment of the suitability of the members of top management bodies and recent developments in European legislation on sustainable finance).

¹⁵ This refers to the amendments made to Directive 2013/36/EU (the so-called CRD IV) by the subsequent Directive 2019/878/EU of 20 May 2019 on exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.

¹⁶ Such as the acts of: a) the CICR (Italian Inter-ministerial Committee on Credit and Saving); b) the Bank of Italy; c) CONSOB, (the Italian Securities and Exchange Commission); d) ISVAP (the Italian insurance supervisory authority); and e) COVIP (the Italian pension fund supervisory authority).

¹⁷ The Bank of Italy, as national supervisory authority, oversees banks, banking groups, financial intermediaries, electronic money institutions (IMELs) and payment institutions (Article 5.2 of the Consolidated Banking Act), pursuing the goals of stability, efficiency and competitiveness of the financial system as a whole, the sound and prudent management of intermediaries, as well as compliance with credit and financial regulations (Article 5.1 of the Consolidated Banking Act or TUB).

The Bank holds market shares in the areas of credit intermediation, payment systems and assets under administration and management, and enjoys well-established commercial agreements.¹⁸

In recent years, the Bank has strengthened its Non-Performing Loan (NPL) management activities, thus improving the quality of its assets.¹⁹

BP Sondrio does not hold a dominant position in the market, nor have the Supervisory and Antitrust Authorities highlighted any critical issues in this regard.

As parent company of the Banking Group, BP Sondrio holds direct shareholdings in other companies operating in the same market.²⁰

2. CONTRACTS, FINANCING AND PUBLIC AIDS

The Bank has not benefited from **public financing, special terms** or other forms of **State aid** creating distortion to fair competition or in the market.²¹

The Bank has submitted offers and won **public tenders** promoted by the **European Union**.²²

3. MARKET DISTORTIONS, FAVOURITISMS AND CORRUPTION

The Bank's Code of Ethics addresses the **issue of conflicts of interest**²³ and the risk of **favouritism** also in the context of its relationships with the **Public Administration**.²⁴

The risk of **corruption** is addressed and supervised by the Code of Ethics, the 231 Model²⁵ and the **Policy in materia di prevenzione del riciclaggio e finanziamento del terrorismo** (Policy on the Prevention of Money Laundering and Financing of Terrorism).²⁶

¹⁸ In particular, agreements were signed with: Arca Fondi SGR and Etica SGR for the placement of mutual fund units; Arca Vita, Arca Assicurazioni, Arca Previdenza, Arca Futura, for the placement of insurance products; Popso (Suisse) Investment Fund Sicav for the placement of shares in the Sicav's sub-funds; Alba Leasing for the placement of leasing products. Source: Company source.

¹⁹ The Bank announced that: "On 23 December 2021, Banca Popolare di Sondrio S.C.p.A., as part of a broader program of actions on impaired loans (...), concluded - together with 11 other participating banks - the securitization of non-performing loans called "POP NPLS 2021". In particular, the bank sold, with economic effect from January 1, 2021, a portfolio of bad loans with a gross value of € 420.9 million (57% of which are secured loans) to the securitization vehicle called "Luzzatti POP NPLS 2021 S.r.l." (...), which, in turn, issued three tranches of ABS notes to Banca Popolare di Sondrio for a total of € 115.622 (...). Source: Press Release, 27 December 2021.

²⁰ Based on the 2020 Annual Report, the Company's shareholdings as of 31 December 2020 are as follows: Banca Popolare di Sondrio Suisse SA, 100%; Factorit S.p.A., 60.5%; Banca della Nuova Terra S.p.A., 100%; Sinergia Seconda Srl, 100%; Pirovano Stelvio S.p.A., 100%; Popso Covered Bond srl, 60%; Servizi Internazionali e Strutture Integrate 2000 S.r.l.; Rent2go S.r.l. and Rajna Immobiliare S.r.l., jointly owned. The main associated companies include: Arca Vita S.p.A.; Arca Holding S.p.A.; Alba Leasing S.p.A.; Polis Fondi Immobiliari di Banche Popolari SGR S.p.A.; Unione Fiduciaria S.p.A.; Cossi Costruzioni S.p.A.; Sofipo SA. Source: 2020 Annual Report, p. 159.

²¹ In relation to the disclosure on public disbursements under Art. 1, paragraph 125, of the Annual Law on Market and Competition (Law no. 24 of 4 August 2017), Banca Popolare di Sondrio states that in 2020 it received grants amounting to €34,795,349 for staff training. Source: Website of the National Register of State Aid.

²² Specifically, the following tender: Banca Popolare di Sondrio, following participation in specific calls for tenders, has been awarded prestigious international payment management services on behalf of the European Commission. In one case it will handle transactions from Belgium to Switzerland, while the second contract will cover Iran, Cuba, Sudan and South Sudan. Payments can also be made to Afghanistan, Cambodia, Eritrea, Iraq, Lebanon, Libya, Myanmar, Panama, Syria, Venezuela and Yemen. Source: Company source.

²³ Source: Code of Ethics, p. 4.

²⁴ "(...) In the event of business negotiations or relations between the Bank and public entities, all the addressees of this Code are obliged to refrain from any conduct that might compromise the integrity and reputation of the parties or that might be interpreted by an impartial observer as aimed at obtaining improper advantages and favours. (...) 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 (...) or employees of the Public Administration." Source: Code of Ethics, pages 11-12. The Bank holds quality management system certification in accordance with the ISO 9001:2015 Standard for the design and provision of treasury and cash services to Private Entities and Public Administrations.

²⁵ The Model takes its name from the Italian Legislative Decree no. 231 of 2001 which, in turn, derives from OECD and EU conventions and treaties against the so-called 'white collar' crimes. The Model includes ethical and behavioural rules, organisational principles and management procedures to be adopted by an entity. Possible prior illicit behaviours are also identified. The model was last revised in December 2020 in order to add "(...) tax and contraband offences, as well as changes to the IT crimes, the unlawful processing of data and offences of embezzlement, extortion, improper inducement to give or promise benefits, corruption and abuse of office". Source: 2020 Non-Financial Report, p. 123.

²⁶ Last revised in December 2020, it outlines the organisational framework for AML/CFT risk management and the customer verification process. Customer profiling procedures include a country risk assessment to identify: "(...) the presence of financial sanctions (...) adopted by the UN, the European Union and the US Treasury Department; inclusion in lists of countries considered to have a high risk for money laundering and terrorist financing, drawn up by authoritative sources (FATF; list of the European Commission of high-risk third countries);

In 2021, the Bank revised its **Policy aziendale di gestione dei conflitti di interesse** (Policy on the Management of Conflicts of Interest).²⁷

As far as **whistleblowing**²⁸ is concerned, the Bank has implemented an internal procedure for reporting any breach and/or potential irregularities. This procedure is governed by a specific **policy**.²⁹

Tax supervision is carried out by its **Tax Office**³⁰ and governed by **specific procedures**³¹, also in relation to activities with **countries with favourable tax regimes**.³²

4. INTERNAL VOLUNTARY RULES ON OWNERSHIP

Banca Popolare di Sondrio is listed on the screen-based market of Euronext Milan, FTSE Italia All Share index.

The Bank's share capital amounts to **€1,360,157,331.00** and is divided into **453,385,777** ordinary shares, without nominal value.³³ The Bank holds 3,650,000 shares.³⁴

The Bank's main shareholders³⁵ are: **Unipol Group S.p.A. (9.51%)**; **Dimensional Fund Advisors LP (4.05%)**; and **Amber Capital Management LP (3%)**. The market holds the remainder of the share capital.

None of the main shareholders is an off-shore company.

the robustness of anti-money laundering safeguards in place; the level of corruption and permeability (...) as resulting from the assessments of authoritative and independent international organizations (...); the level of fiscal transparency as shown in the reports approved by the OECD Global Forum on Tax Transparency (...)". Source: *Policy in materia di prevenzione del riciclaggio e finanziamento del terrorismo* (Policy on the Prevention of Money Laundering and the Financing of International Terrorism), p. 35. See also the *Regolamento della funzione antiriciclaggio* (Regulation of the anti-money laundering function) and the "*Manuale operativo relativo a transazioni inerenti alla commercializzazione di materiale d'armamento* (Operational Manual on transactions relating to the marketing of armaments). The Bank also holds the Quality Management System certification in accordance with the ISO 9001:2015 Standard for the financial settlement of transactions involving defence equipment (IAF 32).

²⁷ Approved on 15 October 2021, this Policy integrated Directive No. 2014/65/EU (MIFID II) and Directive (EU) No. 2016/97 on insurance distribution ("IDD"). The Policy identifies situations that generate or might generate a conflict of interest that could seriously harm the interests of one or more clients in the provision of investment services and/or the offer of insurance investment products. The Policy defines the procedures to follow and the organisational measures to take to manage potential cases of conflicts of interest. Source: *Policy aziendale di gestione dei conflitti di interesse 2021* (2021 Policy on the management of conflicts of interest), p. 5 and subsequent.

²⁸ The subject of whistleblowing is widely covered at national level by Law No. 179 of 30 November 2017 (Provisions for the protection of persons reporting crimes or irregularities of which they have become aware in the context of a public or private relationship) and 'imported' within the models referred to in Legislative Decree No. 231/2001. The Decree deals with the fight against corruption by regulating an aspect of fundamental importance: the protection of the individual making the report. It should be noted that the topic of whistleblowing was taken up for implementation by the European Commission in 2018 following the campaign to request comments and suggestions that ended on 29 May 2018. The key act at EU level is Directive 2019/1937 of 23 October 2019 aimed at ensuring the protection of persons reporting breaches of EU law. The Directive entered into force on 16 December 2019 and was transposed by Member States by 17 December 2021. In the case of Italy, it is up to the Government to implement this Directive in accordance with the criteria and principles set out in Article 23 of the European Delegated Act 2019-2020 (Law No. 53 of 22 April 2021).

²⁹ The System guarantees the confidentiality of the identity of the person making the report and the reported person. In particular, it guarantees the protection of the reporting person from any form of retaliation and discrimination following the report, and allows the reporting person to request a transfer to another branch. Reports are made through the company's IT channel. Access to an independent channel is provided to report only potential offences relating to the risk of money laundering and terrorist financing where the anonymity of the reporting person is guaranteed. Source: *Policy in materia di segnalazione interna delle violazioni* (Whistleblowing Policy), pages 10 and 11.

³⁰ Designated as ultimately responsible for the management of tax compliance activities by the Compliance Function. Its activities extend to subsidiaries too.

³¹ Specifically: *Manuale operativo degli adempimenti fiscali 2021*" (2021 Operational Manual on Tax Compliance), *Rischi Operativi Fiscali* (Operational Tax Risks), *Accordo di Servizio compliance fiscale*, (Tax Compliance Service Agreement), *Reati fiscali, valutazione attività sensibili* (Tax crimes, assessment of sensitive activities).

³² *Manuale operativo per attività con paesi a restrizione beni e con paesi a fiscalità privilegiata 2021* (2021 Operational Handbook for Activities with Asset-Restricted and Low-Taxation Countries). Please refer to the procedure for a detailed discussion of the processes governing financial activities with asset-restricted and privileged taxation countries. The Bank has been awarded the ISO 9001:2015 Quality Management System certification for the management of transactions to and from countries with asset restrictions and/or low taxation (IAF:32), and for the management of transactions with Iranian entities.

³³ Source: Corporate website.

³⁴ Source: 2020 Annual Report, p. 13.

³⁵ Source: Company Source.

No security conferring special control rights has been issued. There are no restrictions to the transfer of securities. The Bank has not adopted any provisions in its Articles of Association allowing multiple votes or increased voting rights.³⁶ The **'one share, one vote'** principle applies.

There are no shareholders' agreements.

There are no Employee Financial Participation (EFP) policies for the financial participation of employees in the Company's share capital.

As part of the **Green Bond Framework**³⁷, the Bank placed its first **Senior Green Bond**³⁸ in July 2021.

The Green Bond Framework has been **externally and independently reviewed** by **Sustainalytics**³⁹. This review has been published on the corporate website.

5. OWNERSHIP AND CONFLICTS OF INTEREST

Unipol Group SpA, the Bank's main shareholder, holds interests in other companies operating in BP Sondrio's main sector.⁴⁰

No major Shareholder is involved in national governments, sectoral regulatory bodies or in regulating the market segment where the Bank operates.

Related-party transactions are in place.⁴¹

In addition to the provisions of the *Policy in materia di gestione dei conflitti di interesse* (Policy on Managing Conflicts of Interest), the Bank has adopted a series of internal controls aimed at regulating transactions with **Related Parties** and **Connected Persons**.⁴²

Share-based remuneration plans for managers with strategic responsibilities are in place.⁴³

6. PROTECTION OF MINORITY SHAREHOLDERS AND APPOINTMENT OF DIRECTORS

At present, there are no policies or other documents containing provisions exceeding the norm that systematically address the issue of protection of minority shareholders. However, the issue is covered by the new Articles of Association.⁴⁴

There are no employee share ownership plans.

Directors are appointed by the Shareholders' Meeting on the basis of lists of those entitled to vote.

³⁶ Source: *Relazione sul governo societario e assetti proprietari 2021* (2021 Report on Corporate Governance and Ownership), p. 9.

³⁷ Prepared in June 2021, the document is aligned with the four main components of the International Capital Market Association's (ICMA) Green Bond Principles 2021: use of proceeds, process for project evaluation and selection, management of proceeds, and reporting. Source: BP Sondrio's Presentation of its Green Bond Framework, July 2021, p. 10.

³⁸ The Green Bond, exclusively intended for institutional investors under the EMTN programme, has a benchmark value of EUR 500 million and a duration of six years. Source: Press Release, 7 July 2021. The entire funding of the Green Bond is covered by the Bank's green loans and the growing exposure to green securities in its portfolio (over EUR 700m). Source: Company source.

³⁹ It certified the correct alignment with the 2021 Green Bond Principles. See the "Second-Party Opinion, Banca Popolare di Sondrio Green Bond Framework".

⁴⁰ Unipol Group SpA holds a 19% shareholding of BPER Banca. Source: Consob website.

⁴¹ See the Annual Report for a detailed discussion of material transactions during the 2020 financial year.

⁴² *Regolamento in materia di operazioni con parti correlate* (Regulations on Related-Party Transactions), updated in 2021. See also the *Regolamento in materia di operazioni con soggetti collegati* (Regulations on Transactions with Connected Persons), revised in 2021 and supplemented by the *Regolamento generale dei rischi derivanti dall'operatività con soggetti collegati* (General Regulations of Risks from Operational Activities with Connected persons).

⁴³ Source: *Relazione in materia di remunerazione 2021* (2021 Remuneration Report), p. 7. The Meeting held on 21 May 2021 authorised the use by the Board of a maximum of 490,000 shares for the 2021 Remuneration Plan based on financial instruments. Source: 2020 Annual Report, pages 18 and 19.

⁴⁴ 2021 Articles of Association, articles 13 and 23.

The Board of Directors, like the Board of Statutory Auditors, identifies its optimal qualitative and quantitative composition in advance.⁴⁵ The guidelines contained in the document lay down requirements concerning the plurality of skills⁴⁶ that Directors must have as well as the availability of time.⁴⁷

Guidelines on gender balance reflect current legislation without exceeding it.⁴⁸

7. INTERNAL VOLUNTARY RULES ON DIRECTORS

The Board of Directors,⁴⁹ in office for the three-year period 2021-2023⁵⁰, is vested with the broadest powers for ordinary and extraordinary administration. It is composed of 15 members. Independent directors⁵¹ do not represent the majority within the Board.

Gender parity has not been reached.⁵²

Its composition takes diversity criteria, as defined in the **Regolamento sulla Diversità dei componenti degli organi sociali** (Regulation on the Diversity of Members of Corporate Bodies), into account.⁵³ These criteria are subject to the Board's own self-assessment process.⁵⁴

⁴⁵ *Composizione quali-quantitativa ottimale del Consiglio di Amministrazione* (Optimal qualitative and quantitative composition of the Board of Directors) of Banca Popolare di Sondrio S.p.A. The Board has acknowledged the guidelines of Decree no. 169 of the Ministry of Economy and Finance of 23 November 2020. The Decree became effective on 30 December 2020 and sets requirements and criteria for the suitability of corporate officers of banks, financial intermediaries, credit consortia, electronic money institutions, payment institutions and depositor guarantee systems (MEF Decree), with reference to the qualitative and quantitative composition of corporate bodies.

⁴⁶ When submitting lists for the renewal of the Board of Directors, the report invites shareholders to consider the fact that Board members must have professionalism and skills that are appropriate and calibrated to the bank's operational and size-related characteristics. Such professionalism and skills must be appropriately distributed and diversified among the members so that each can contribute, inter alia, to identifying and pursuing suitable strategies and ensuring effective risk management. Furthermore, the Board of Directors must be able to count on a qualitative composition that, on the whole, ensures adequate supervision of the following areas of expertise: knowledge of banking activities, knowledge of the dynamics of the economic and financial system, knowledge of credit and financial regulations and markets, knowledge of the geographies covered by the bank. Please refer to the report for a more detailed discussion of the banking responsibilities required of Directors. Source: *Composizione quali-quantitativa ottimale del Consiglio di Amministrazione* (Optimal qualitative and quantitative composition of the Board of Directors), pages 3 and subsequent.

⁴⁷ Specifically, estimates were made in relation to the time availability required of the Chairman and Deputy Chairman of the Board of Directors, the Chief Executive Officer and the members of Board's sub-committees. Please refer to the Source for more details. Source: *Composizione quali-quantitativa ottimale del Consiglio di Amministrazione* (Optimal qualitative and quantitative composition of the Board of Directors), pages and e 12.

⁴⁸ See Law No. 160 of 27 December 2019 stipulating that at least two-fifths of the members of the Board of Directors must be of the least represented gender.

⁴⁹ One third of the Board is renewed annually. Members of the Board of Directors of Banca Popolare di Sondrio: Francesco Venosta - Chairman; Lino Enrico Stoppani - Deputy Chairman; Mario Alberto Pedranzini – Managing Director and General Manager; Paolo Biglioli; Alessandro Carretta; Cecilia Corradini; Loretta Credaro; Donatella Depperu; Federico Falck; Cristina Galbusera; Pierluigi Molla; Adriano Propersi; Annalisa Rainoldi; Serenella Rossi; Domenico Triacca. Source: Corporate website.

⁵⁰ On 11 May 2021, the Ordinary Shareholders' Meeting renewed the appointment of Alessandro Carretta, Loretta Credaro, Adriano Propersi, Donatella Depperu as directors, and appointed Luca Frigerio as director. On 29 December 2021, the Shareholders' Meeting appointed Pierluigi Molla as director to replace Luca Frigerio who left office prematurely. Source: Shareholders' Meeting, 10 and 11 May 2021, *Relazione sulle proposte concernenti le materia all'ordine del giorno* (Report on proposals concerning items on the agenda); Meeting of 28 and 29 December 2021, *Relazione sulla proposta concernente l'ordine del giorno* (Report on the proposal concerning the agenda).

⁵¹ There are 5 members of the Board of Directors who meet the independence requirements. After appointing its directors, the Board verifies that they meet these requirements with the support of the Appointments Committee and according to the terms of the applicable regulations. Source: *Composizione quali-quantitativa ottimale del Consiglio di Amministrazione 2022* (2022 Optimal qualitative and quantitative composition of the Board of Directors), p. 9. At least one quarter of the members of the Board of Directors must meet the independence requirement pursuant to the legislation in force at the time. Source: *Relazione sul governo societario e assetti proprietari 2020* (2020 Report on Corporate Governance and Ownership), p. 11.

⁵² There are 6 female directors.

⁵³ Adopted on 28 January 2022 in compliance with current provisions on the composition of corporate bodies of listed companies (Decree no. 169 of 23 November 2020 of the Ministry of Economy and Finance, "MEF Decree"), it outlines the guiding principles on the diversification of the composition of the Board of Directors as follows: age, gender, skills and experience, international outlook, independent directors and non-executive directors. The Board of Directors shall refer to these principles in order to identify its optimal qualitative and quantitative composition to be communicated to the shareholders when re-appointing the corporate bodies. Source: *Regolamento sulla diversità nella composizione del Consiglio di Amministrazione e del Collegio Sindacale* (Regulation on Diversity in the Composition of the Board of Directors and the Board of Auditors), pages 6 and subsequent.

⁵⁴ Carried out annually in order to examine the suitability of procedures and the proper composition of the Board of Directors and its sub-committees, this process assesses the following areas: qualitative and quantitative composition, size, degree of diversity and professional preparation, balance between executive and non-executive members, appointment processes, selection criteria and professional development. In relation to the functioning of the Board of Directors, the process is used to verify the conduct of meetings, their frequency and duration, degree and manner of attendance, availability of time devoted to the task in hand, relationship of trust, collaboration and interaction between members, awareness of the role being played, the quality of the Board discussions. Source: *Regolamento unico del CdA e dei Comitato endoconsiliari* (Single Rules of Procedure for the Board of Directors and Its Sub-Committees), pages 26 and 27.

The Board of Directors has duly established an **Appointments Committee**⁵⁵, a **Remuneration Committee**⁵⁶, a **Control and Risk Committee**⁵⁷, a **Related Parties** and a **Connected Persons Transactions Committee**.⁵⁸ There is also an **Executive Committee**.⁵⁹

There are no employee representatives in the Board of Directors.

The Directors act in accordance with the principles of the **Code of Ethics** - the main instrument containing voluntary ethical and behavioural rules - (Internal Voluntary Rules, IVR), and in accordance with the powers and responsibilities assigned to them by the Single Regulations of the Board of Directors and the **Articles of Association**.

At present, the Code of Ethics does not make explicit reference to international OECD and EU guidelines. The Bank is planning to make additions in this respect.⁶⁰

The Supervisory Board is responsible for monitoring compliance with the provisions of the Code of Ethics. The Bank's Directors and employees are responsible for the implementation and application of the Code of Ethics.

8. DIRECTORS, CONFLICT OF INTERESTS AND RELATED COMMITTEES

The policies adopted by the Bank to deter and control conflicts of interest and improper conduct by its Directors and managers are primarily developed in the Code of Ethics, the **Policy on Managing Conflicts of Interest**⁶¹ and related procedures.

No director is a member of local or national governmental bodies, tribunals or entities granting licenses or supervising the market.

The Board's remuneration policy is dealt with in various documents and duly reported on an annual basis.⁶²

As noted in previous reports, the issue of gifts is dealt with by prohibiting their acceptance.⁶³

⁵⁵ This Committee has 3 non-executive directors. One of the Committee's tasks is to ensure that the Board of Directors is appointed in accordance with the optimal qualitative and quantitative composition of the Board of Directors. Source: *Regolamento unico del CdA e dei Comitato endoconsiliari* (Single Rules of Procedure for the Board of Directors and Its Sub-Committees), p. 20.

⁵⁶ It has 3 non-executive directors; at least two of them must be independent.

⁵⁷ This Committee has 3 to 5 non-executive directors; most of them are independent. It provides support to the Board of Directors in identifying significant risks for the Bank and related prevention measures, including ESG risks. Source: *Regolamento unico del CdA e dei Comitato endoconsiliari* (Single Rules of Procedure for the Board of Directors and Its Sub-Committees), p. 18.

⁵⁸ It has 3 independent, non-executive directors who are not connected to the transactions they are assessing.

⁵⁹ Known as the Chairperson's Committee until the approval of the new Articles of Association on 29 December 2021, its members are the Deputy Chairman, the Managing Director, the Senior Director and three directors appointed for one financial year. The General Manager attends meetings to submit proposals and has an advisory vote. The Chairman of the Board of Directors may attend Committee meetings without voting rights. The Committee appoints a Secretary whose function is currently performed by the Managing Director. For further details on the Committee's competences, please refer to the *Regolamento unico del CdA e dei Comitato endoconsiliari* (Single Rules of Procedure for the Board of Directors and Its Sub-Committees) Source: *Relazione sul governo societario e assetti proprietari 2020* (2020 Report on Corporate Governance and Ownership), p. 66.

⁶⁰ The Sustainability Office has set up a working group with the Supervisory Board in order to fully revise the Code of Ethics and bring it into line with the provisions of the new Articles of Association. The Code will make explicit reference to the United Nations Global Compact, the Universal Declaration of Human Rights, and the OECD Guidelines for Multinational Enterprises, as guiding principles for the company's activities. Source: Company source.

⁶¹ The Policy defines the measures adopted by the Bank to ensure that important employees are not involved in situations of conflict of interest in the performance of their activities. Please refer to the Policy for further details. Source: *Policy di gestione di conflitti di interesse 2021* (2021 Policy on managing conflicts of interest), p. 13.

⁶² *Relazione sulla politica in materia di remunerazione e sui compensi corrisposti 2021* (2021 Report on the Remuneration Policy); *Politiche retributive del Gruppo Bancario BPS 2021* (2021 Remuneration Policy of BPS Banking Group). Please refer to the documentation for a discussion of the criteria underlying the share-based remuneration plans for the most important staff i.e., the General Manager and managers with strategic responsibilities.

⁶³ "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 (...)". Source: Code of Ethics, p. 9.

9. DISCLOSURE, TRANSPARENCY AND INTERESTED PARTIES

The Bank's Non-Financial Report (NFR) is drafted and drawn up according to the guidelines of the core version of the **GRI Sustainability Reporting Standards** as updated by the Global Reporting Initiative.⁶⁴

In relation to non-financial reporting, the Bank has purchased a dedicated software to collect and manage ESG data.⁶⁵

The Bank has created an ad hoc procedure to formalise the drafting of its Non-Financial Report.⁶⁶ The NFR takes the material issues identified by the Bank during 2020 into account.⁶⁷

In 2021, the Bank adopted a **Sustainability Policy**.⁶⁸ In order to oversee the Policy, the Bank has put in place a comprehensive sustainability governance structure, headed by the Board of Directors, supported by the **Sustainability Committee**,⁶⁹ with a coordinating role,⁷⁰ and the **Sustainability Office**,⁷¹ with an operational role.⁷² The Sustainability Committee is also responsible for overseeing Green Bond activities.⁷³

The Banking Group's system of internal controls and risk management is headed by the Board of Directors and has a hierarchical structure involving, with different roles, the Chief Executive Officer,⁷⁴ the General Management and the Governance Areas,⁷⁵ which oversee the effectiveness of operational processes.⁷⁶

⁶⁴ The NRF was also prepared taking the Financial Services Sector Disclosures as defined by the GRI in 2013 into account. Source: 2020 Non-Financial Report, p. 17.

⁶⁵ This is the 'ESGEO' software, a sustainable intelligence platform for monitoring and reporting non-financial data. Source: 2020 Non-Financial Report, p. 68.

⁶⁶ *Processo di Redazione della Dichiarazione Non Finanziaria* (Drafting Process of the Non-Financial Report), adopted for the first time in November 2021. It outlines the business functions involved in preparing the NFR and the main steps in preparing the NFR, including the collection of non-financial information. Source: *Processo di Redazione della Dichiarazione Non Finanziaria* (Drafting Process of the Non-Financial Report), pages 5 and subsequent.

⁶⁷ The Bank directly involved stakeholders in the identification of material issues for the banking group through questionnaires on the SCRIGNO web application and interviews with individuals directly concerned. It should be noted that, compared to 2019, the materiality analysis identified 13 material themes as opposed to 10 in 2019. The three additional themes are: direct environmental impacts, indirect environmental impacts, relations with the supply chain. Source: 2020 Non-Financial Report, p. 75.

⁶⁸ Adopted by the Board of Directors of Banca Popolare di Sondrio on 29 June 2021, it formalises the Bank's strategic approach in order to "maximise the creation of shared value over the long term, through sustainable development from an economic, environmental and social perspective". The Policy defines 5 main sustainability areas that are important for the Banking Group and its stakeholders: environmental impacts, social themes, human resources development, protection of human rights fight against corruption. The Policy applies to all the companies of the Banking Group. Source: 2021 Sustainability Policy, pages 10 and subsequent.

⁶⁹ Established in 2021, its quarterly meetings are also attended by Board members. Source: Company source.

⁷⁰ In particular, the Sustainability Committee: a) coordinates sustainability issues of relevance to the Bank and the updating of the materiality matrix; b) draws up observations on the NFR; c) submits proposals to the Board of Directors on the definition of sustainability guidelines and related operational plans; d) ensures compliance with sustainability guidelines by organisational units and subsidiaries; and e) supervises operations with debt instruments of relevance to the Banking Group's sustainability activities. Source: 2021 Sustainability Policy, p. 8.

⁷¹ Established on 31 May 2021, the Office consists of 4 members of staff and is chaired by the Head of Sustainability. Source: Company source.

⁷² Specifically, its functions include: a) monitoring national and international sustainability regulations and provisions; c) drafting the NFR and related coordination activities; c) supporting the drafting of Group sustainability strategies; and d) supporting the Sustainability Committee in identifying and implementing sustainability initiatives. Source: 2021 Sustainability Policy, p. 9.

⁷³ Specifically: a) it approves the framework document and any subsequent updates; b) it reviews and validates the set of eligible green projects; c) it oversees the internal tracking of the proceeds from the bond issue and monitors the management of collected and temporarily unallocated funds; d) it monitors developments of the general market context and regulations relating to this type of bond; and 5) it reviews and approves the allocation and impact reporting related to the bond, reporting to the Board of Directors. Source: Presentation by the Sustainability Committee, 24 June 2021, p. 19.

⁷⁴ Responsible for the implementation of the strategic guidelines, the Risk Appetite Framework and the risk management policies as defined by the Board of Directors. Source: *Relazione sul governo societario e assetti proprietari 2020* (2020 Report on Corporate Governance and Ownership), p. 76.

⁷⁵ Organisational structures set up following the re-organisation of the Company's top management in 2020. Each individual Governance Area brings together a set of services and offices responsible for carrying out activities that are aligned with each other. The heads of the Governance Areas, that make up so-called 'C-suite', supervise the Services and Offices that report to them; at the same time, they report hierarchically to the Managing Director who supervises all the governance areas. The heads of the Governance Areas also have specific tasks of guidance and coordination vis-a-vis the other components of the banking group, in accordance with their respective spheres of action. Source: *Relazione sul governo societario e assetti proprietari* (Report on Corporate Governance and Ownership), 2020, pages 77 and 78.

⁷⁶ There are divided into two organisational levels: Services and Offices. Source: *Regolamento di Gruppo per la definizione Assetto Organizzativo 2021* (2021 Group Regulations for the Definition of the Organisational Structure), p. 11.

It is characterised by typical first-⁷⁷, second-⁷⁸ and third level⁷⁹ controls, mainly concentrated within the Parent Company⁸⁰. The general approach aims at identifying critical issues in advance and mitigating risks.⁸¹

Since 2020, the year in which the bank integrated risks and opportunities related to ESG factors into its corporate system for the first time, Banca Popolare di Sondrio has been preparing an annual **ESG Risk and Opportunity Inventory**.⁸² In addition, the Bank plans to integrate ESG factors into its credit risk management policies.⁸³

The Bank plans to adopt a specific policy for ESG credit products.⁸⁴

As in 2020, in 2021 the Bank took part in the CDP (Carbon Disclosure Project) Climate Change Questionnaire (full version).⁸⁵

Bank representatives also took part in the following ABI Working Groups: Banking, Environment and Climate Change (BACC), Sustainability, Social Sustainability and Sustainability Reporting.⁸⁶

In 2021, the new institutional website was launched, enriched with a section on Sustainability.

Institutional communication tools on the web are well structured.⁸⁷

The dialogue on ESG issues at corporate level is facilitated by ESG Contact Persons.⁸⁸

In accordance with current regulations, the Bank reports on its activities in each of the countries in which it operates through specific information notes.⁸⁹

⁷⁷ (...) "first-level controls (...) carried out by the same operating structures" and "as far as possible, incorporated into IT procedure". Source: 2020 Annual Report, p. 139.

⁷⁸ (...) aimed at ensuring the correct implementation of the risk management process (...) and compliance of operations with regulations, including those of self-regulation. The Functions responsible for these controls are distinct from the production ones, as they contribute to the definition of risk governance policies and the risk management process." The 'Chief Risk Officer' Governance Area has been set up to coordinate the implementation of risk policies. This Area reports directly to the new Head of the Risk Control Service appointed in 2021. Source: 2020 Annual Report, p. 139.

⁷⁹ (...) carried out by Internal Audit with the aim of identifying any anomalies in the procedures (...) as well as periodically assessing the adequacy, functionality and reliability of the internal control and information system (...)." Source: 2020 Annual Report, p. 139.

⁸⁰ In 2020, the following outsourcing processes of control systems involved the following companies of the Banking Group: Banca della Nuova Terra, outsourced the Compliance and Anti-Money Laundering functions to the Parent Company; Factorit S.p.A. outsourced the Compliance function to a third company, while keeping the Anti-Money Laundering function in-house; the Internal Audit function was outsourced to the Parent Company by both Subsidiaries. The ICT Auditing Office was set up in February 2021 at the Parent Company level as a new unit of the Internal Audit function. Source: 2020 Annual Report, p. 139. Processes for the outsourcing of activities and functions are governed by a special *Regolamento in materia di esternalizzazioni* (Regulations on outsourcing), which was revised in 2021.

⁸¹ In 2020, the Compliance and Internal Audit Control functions consolidated their use of an IT tracking methodology aimed at examining risks and identifying planned actions, in order to ensure increasingly timely intervention and efficiency in risk mitigation. The same methodology has been used by the Anti-Money Laundering Function since December 2020. Source: 2020 Annual Report, p. 138.

⁸² In order to prepare the inventory, interviews were organised with the business functions most impacted by sustainability issues. The methodology underpinning the inventory was based on the recommendations of the 2017 Task Force on Climate-related Financial Disclosure (TCDF) and the Carbon Disclosure Project (CDP) initiative questionnaire. The inventory links ESG risks to the related traditional risks mapped by the Bank and categorises each ESG risk according to its extent, financial impact as well as likelihood and time horizon of each risk occurring. The same applies to ESG opportunities. Source: 2021 Presentation on ESG Risks and Opportunities for the Inventory, pages 3 and subsequent.

⁸³ Source: Company source.

⁸⁴ Source: Company source.

⁸⁵ The Bank is committed to increasingly transparent reporting on this issue. See Extract from 2021 CDP Questionnaire.

⁸⁶ Source: Company source.

⁸⁷ The website is organised in 5 main sections: Profile, Governance, Investor Relations, Sustainability and Press Releases & Events. The main documents made public on the website, in addition to the Annual Report, are: Articles of Association, *Relazione sul governo societario e assetti proprietari* (Report on Corporate Governance and Ownership), Internal Dealing Code, Internal Regulations, minutes of Board meetings; minutes of Shareholders' Meetings and related reports. The Sustainability section contains information on sustainability governance, non-financial reporting, sustainability initiatives, the Green Bond and the Sustainability Rating.

⁸⁸ In possession of ESG knowledge on the relevant business area. ESG contact persons have also been identified at the subsidiary companies.

Source: Company source.

⁸⁹ See the *Stato per Stato* (State by State) public information note.

10. PARTICIPATION AND VOTE IN GENERAL MEETINGS

The issue is addressed in the governance tools and, in particular, the new Articles of Association.⁹⁰ At present, there are no specific policies in place.

The Investor Relations organisation encourages dialogue with all shareholders.

The principles underlying the dialogue between Directors and Shareholders are set out in a specific Regulation.⁹¹

11. EMPLOYMENT AND HUMAN RESOURCES SELECTION

At September 2021, the Bank's **employees** amounted to **3,383**.⁹²

This topic subject is dealt with in the Code of Ethics and commits the Bank to objective assessments without distinctions other than professional ones.⁹³

In 2022, the Bank has set out its strategic guidelines on Diversity and Inclusion in a specific document.⁹⁴

In particular, staff selection is carried out taking into account gender balance within the company's workforce.⁹⁵

The Bank provides a wide range of training for all employees focusing on the different activities of the banking sector.⁹⁶ Training courses on sustainability issues are also planned.⁹⁷

12. HEALTH, SAFETY AT WORK AND SOCIAL DIALOGUE

Health and safety at work is dealt with according to national legislation, which appears to be advanced leaving little room for voluntary actions.⁹⁸

Bank staff are regularly included in communications on the subject.

The Bank provides all employees with specific corporate welfare plans.⁹⁹

⁹⁰ See Art. 13 on how to convene the General Meeting and Art. 14 on how to attend.

⁹¹ *Regolamento per la gestione del dialogo tra Amministratori e Azionisti* (Regulations for the management of the dialogue between Directors and Shareholders). Approved on 28 January 2022, this document governs the dialogue between the members of the Board of Directors and the shareholders on issues falling within the competence of the Board itself and the Committees. The Regulations defines methods, timing and channels to be used. The Planning, Investor Relations and Management Control Service is responsible for updating the Regulations and brings requests for dialogue to the attention of the Directors. Source: *Regolamento Dialogo Amministratori Azionisti 2022* (2022 Regulations on the Dialogue between Directors and Shareholders), pages 3 and subsequent.

⁹² Source: Presentation on *Monitoraggio Risorse Umane e Rete Territoriale* (Monitoring Human Resources and National Network), 30 September 2021.

⁹³ Source: Code of Ethics, p. 7.

⁹⁴ In its Diversity and Inclusion Guidelines, the Bank defines the principles aimed at promoting an inclusive work environment: a) ensuring fairness in the selection, recruitment and remuneration processes; b) respecting the identity and diversity of each person; c) guaranteeing equal opportunities and treatment during the various stages of life in the company (training, assessment, professional growth); d) promoting meritocracy and talent development using assessment approaches based on objective and inclusive criteria; and e) encouraging work-life balance through the development of tools aimed at ensuring the correct balance between work and personal commitments. Source: *Linee Guida in materia di Diversità e Inclusione 2022* (2022 Guidelines on Diversity and Inclusion), p. 10.

⁹⁵ Source: *Linee Guida in materia di Diversità e Inclusione 2022* (2022 Guidelines on Diversity and Inclusion), p. 11.

⁹⁶ In 2020, particular emphasis was placed on anti-money laundering, banking transparency, insurance mediation and, via e-learning, regulatory updates in relation to privacy, cybersecurity, transparency, the Italian Futures Market (MIF), market abuse and anti-money laundering. Source: 2020 Annual Report, p. 85.

⁹⁷ In October 2021, the first ESG training module was delivered to the Sustainability Committee and the members of the Board of Directors focusing on the following topics: a) ESG factors and Sustainability in the Bank: focus on the Sustainable Development Goals; b) Sustainability Reporting: regulations, GRI Standards and materiality analysis; and c) the evolution of the Group's Non-Financial Report (NFR) and 2021 potential material issues. The second training module, scheduled for the first half of 2022, will deal with: a) alignment with the Paris Agreement climate goals; b) important initiatives for the banking sector; c) EBA Loan Origination and Monitoring (LOM) guidelines and integration of sustainability in credit processes; d) ESG risks (TCFD, ECB expectations, EBA reports); and e) sustainable finance tools. An ESG course for Bank's employees is also being planned. Source: Presentation to the Board and the Sustainability Committee, 22 October 2021 – ESG Induction, Module 1.

⁹⁸ The Bank has implemented a Health and Safety Management System and has created the following professional figures to monitor the system itself: a manager, a prevention and protection service manager (RSPP), prevention and protection service officers (ASPP), supervisors, fire-fighting and first aid officers, a competent doctor. Employees' psycho-physical health and their work-related stress risk is regularly monitored. Source: 2020 Annual Report, p. 144.

⁹⁹ The benefits offered by the Bank to its staff include: a) a productivity bonus for managers and staff in professional areas, linked to the Bank's results; b) a loyalty bonus of €2,300 gross for employees with at least 30 years' seniority in the company; c) study grants and scholarships; d) meal vouchers; e) an off-site accommodation allowance; f) a commuting allowance; g) an attendance allowance for children of employees with disabilities amounting to €2,300 per year; and g) an internal care fund to cover healthcare costs and integrating

The **SARS-CoV-2** pandemic emergency made it necessary to implement specific procedures to ensure safety at work.¹⁰⁰

The company has a strategy of internal communication and relations with employees and their representatives.¹⁰¹

13. ADAPTING TO CHANGE The possible socio-environmental impacts of **corporate change** are central themes in the EU and OECD. In this case, the change of company form does not negatively affect a business model traditionally characterised by a stable corporate base.

14. ENVIRONMENT The issue of environmental protection is included in the Code of Ethics¹⁰² and is elevated to an important topic in the Bank's Environmental and Sustainability Policies.¹⁰³

To this end, measures are being taken to reduce direct¹⁰⁴ and indirect¹⁰⁵ environmental impacts, and monitor emissions.¹⁰⁶

The introduction of specific climate-related targets¹⁰⁷ is being discussed and a number of initiatives have been defined to integrate **climate and environmental risks** into the business strategy.¹⁰⁸

The Bank has introduced sustainable mobility policies¹⁰⁹ under the direction of a Mobility Manager.¹¹⁰

15. CONSUMERS AND QUALITY The issue of customer relations is central and is dealt with in the Code of Ethics.¹¹¹

the services offered by the Italian National Health System. Work-life balance initiatives have also been adopted, especially for female staff, and to ensure flexible working hours for employees with severe disabilities. Source: Non-Financial Report, 149 and 152.

¹⁰⁰ These procedures mainly involved: a) raising awareness among staff and customers to comply with organisational and operational provisions; b) reorganising work through smart working; c) distributing personal protective equipment (PPE) to employees; d) sanitising regularly the Bank's spaces and reorganising work environments with protective barriers between workstations; and e) using videoconferencing and instant messaging tools to facilitate work-related communication. Source: 2020 Non-Financial Report, p.153.

¹⁰¹ An Equal Opportunities Committee was set up in agreement with trade union representatives, with the aim 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 (...); evaluating any reports about direct or indirect discrimination at a work or professional level (...)*". Source: 2020 Non-Financial Report, p. 154.

¹⁰² Source: Code of Ethics, p. 15.

¹⁰³ Source: 2021 Sustainability and Environmental Policies.

¹⁰⁴ Main measures introduced by the Bank are: a) energy efficiency measures in company offices and lighting systems; b) progressive use of electrical energy from renewable sources; c) reduction of paper consumption also through electronic archiving of documents; d) correct waste management through efficient separate waste collection; e) use of office materials with low environmental impact; and f) promotion of efficient use of water and electricity by employees. Source: Environmental Policy, pages 7 and 8.

¹⁰⁵ As far as indirect impacts are concerned, the Bank intends to encourage the adoption of environmentally friendly behaviour by all its stakeholders. In relation to clients, the following actions are envisaged: a) consideration of ESG risks in lending policies; b) integration of ESG factors into corporate strategy and governance; c) development of ESG investment solutions and financing products to mitigate climate risks; and d) selection of investment opportunities in companies with high environmental standards. Source: Environmental Policy, p. 9.

¹⁰⁶ 2020 Non-Financial Report, p. 164.

¹⁰⁷ It meets the need to monitor the impact of company activities on climate scenarios and, specifically, reduce greenhouse gas emissions. Source: Sustainability Policy, p. 11.

¹⁰⁸ In order to comply with the provisions of the 2020 European Central Bank Guide on Climate-related and Environmental Risks, on 28 February 2021 the Bank sent the ECB the self-assessment questionnaire on the consideration of climate and environmental risks. On 15 May it sent the plan of actions to be implemented during 2022. The activities that have already been implemented include: a) integration of ESG risk factors into the traditional risk map (in relation to credit and market risks as well); b) definition of the ESG score framework by sector and initial findings on the assessment of counterparty-specific ESG risk; and 3) engagement of external providers to provide ESG data. See the presentation on the progress made with the ESG Masterplan and the presentation on the ECB Guide on Climate-related and Environmental Risks - Action Plan for a detailed discussion of the initiatives that the Bank intends to implement in relation to the areas of intervention defined by the European Central Bank. Source: 2021 Progress Report on ESG Masterplan, pages 3 and subsequent.

¹⁰⁹ "*Piano spostamenti casa lavoro*" (Commuters' Plan), approved on 18 November 2021, for the Milan and Sondrio offices and branches.

¹¹⁰ Appointed on 4 November 2021. Source: Note of the Chairperson's Committee dated 4 November 2021.

¹¹¹ Source: Code of Ethics, pages 13 and 14.

The Bank is committed to providing complete and transparent information to clients, including information on the management of conflicts of interest,¹¹² and adopts procedures aimed at ensuring its protection with reference to investment advisory services and insurance products.¹¹³ Satisfaction of clients' needs is guaranteed by certified Quality Management Systems.¹¹⁴

Complaints about investment services and insurance products are handled through an internal complaint procedure.¹¹⁵

The Bank pays particular attention to the issue of Privacy. Policies are in place for the proper management of personal data in accordance with current legislation and aimed at regulating their transmission, including at Group level.¹¹⁶ It is worth highlighting the recent adoption of a number of measures.¹¹⁷

16. SCIENCE AND TECHNOLOGY

In the context of the pandemic emergency, in 2020 extensive use was made of digital and technological tools to support customers.¹¹⁸

In 2020, the Bank adopted, although not yet in operational mode, the SDG Action Manager digital platform promoted by the UN Global Compact. This platform is used to measure progress towards the Sustainable Development Goals (SDGs).¹¹⁹

At present, Banca Popolare di Sondrio does not adopt Artificial Intelligence (AI) systems in its decision-making processes. Procedures are in place to protect the company IT system.¹²⁰

17. LOCAL COMMUNITIES

In line with its position as a local bank, Banca Popolare di Sondrio supports the development of the local community by providing credit to the most disadvantaged groups.¹²¹ It also subsidises educational programmes for students.¹²²

¹¹² Specifically: MiFID GPM Communication; MiFID Communication, *Policy aziendale sulla strategia di trasmissione ed esecuzione degli ordini 2021* (2021 Corporate Policy on Order Transmission and Execution Strategy).

¹¹³ *Policy relativa ai requisiti di conoscenza e competenze del personale addetto alla prestazione della consulenza e dei servizi di investimento* (Policy on the knowledge and skill requirements of staff involved in the provision of investment advice and services), *Policy sul governo dei prodotti assicurativi* (Policy on the Governance of Insurance Products), *Regolamento del comitato di governo e dei prodotti finanziari* (Rules on the Governance and Financial Products Committee), *Manuale servizi di investimento 2021* (2021 Investment Services Manual).

¹¹⁴ Specifically: a) certification in accordance with Standard ISO 9001:2015 on the Management of Trade Finance services - Documentary Credits, Documentary Remittances, Bank Guarantees; b) certification in accordance with Standard ISO 9001: 2015 on OTC (Over the Counter) Derivative Transactions (foreign exchange forwards, foreign exchange options, interest rate swaps and options, commodity forwards and options, synthetic products) for retail and professional customers directly managed by *Centro Cambi* (Exchange Centre); and c) certification in accordance with Standard ISO 9001:2015 on the provision of services relating to the payment of pensions from abroad to Italy, from Italy to abroad and from abroad to abroad.

¹¹⁵ *Policy Trattazione dei Reclami 2021* (2021 Complaints handling Policy).

¹¹⁶ See *Accordo per la circolazione dei dati personali infragruppo* (Agreement on the circulation of intra-group personal data).

¹¹⁷ In particular, the "introduction of the register of processing activities (...); introduction of specific courses for employees (...); management of data breaches that (...) has been included in the established process for managing serious incidents; during 2020 (...) work on including data privacy/protection within the Integrated Framework of ICT Risks (...) obtaining specific ISO/IEC 27701:2019 certification on data protection matters." Source: 2020 Non-Financial Report, p. 127.

¹¹⁸ These include: a) activating a virtual assistant on the company's internet banking portal in order to guarantee timely assistance to customers; b) strengthening the security of internet banking operations on the dedicated SCRIGNOIdentitel app, through the introduction of an instant notification system once transactions have been approved; c) introducing the Strong Customer Authentication security system to enable online credit card transactions; and d) integrating branches' contact methods on the dedicated SCRI-GNOInternet Banking portal. Source: 2020 Annual Report, p. 71.

¹¹⁹ Source: 2020 Non-Financial Report, p. 68.

¹²⁰ *Regolamento Utilizzo Postazione di lavoro e dei servizi IT* (Rules for the use of workstations and IT services), also addressed to third parties in contact with the Bank; *Policy aziendale relativa alla registrazione di conversazioni telefoniche e comunicazioni elettroniche* (Company policy on the recording of telephone conversations and electronic communications), revised in 2021.

¹²¹ It is worth highlighting the introduction of the Life-Long Mortgage Loan aimed at supporting the financial needs of the elderly. Source: 2020 Non-Financial Report, p. 96.

¹²² "The main programmes that are supported include: loans to master students at the IULM, SoPOP loan: interest-free loan linked to the on-line SoPOP account or students studying for three-year and/or master degrees, Loan for students of the University of Parma studying for the master in engineering management (MEM), Loan to students of the Alta Valtellina Mountain Community". Source: 2020 Non-Financial Report, p. 98 e 99.

In 2020, it continued to provide financial support to charitable institutions.¹²³

18. BUSINESS PARTNERS Relations with suppliers are set out in the Code of Ethics, which includes commitments to ensure transparency and fairness in relations.¹²⁴ Preference is given to suppliers who adopt high standards and good environmental practices.¹²⁵

Measures are taken to support small and medium-sized enterprises (SMEs).¹²⁶

19. HUMAN RIGHTS The Code of Ethics refers to the protection of human dignity.¹²⁷

The protection of **human rights** is also addressed in the Sustainability Policy,¹²⁸ including in relation to suppliers and employees.

Since 2004, the Bank has adhered to the principles of the United Nations Global Compact, recognising the protection of human rights in its investment activities as well.¹²⁹

20. EUROPEAN AND INTERNATIONAL STRATEGIES The Bank acts consistently with the United Nations Sustainable Development Goals (SDGs) with particular reference to those that are relevant to its activities.¹³⁰

European strategies are referred to in the documentation currently held by Standard Ethics. The Bank plans to report on sustainable activities as defined by the EU Taxonomy in the next Non-Financial Report.¹³¹

Banca Popolare di Sondrio promotes a sustainable approach to investments, making investment solutions that integrate ESG factors available to small and large investors.¹³² In this context, the intention is to extend the offer of ESG investment products classified according to the guidelines of the Sustainable Finance Disclosure Regulation (SFDR).

21. CONCLUSIONS (SUMMARY) Banca Popolare di Sondrio, the parent company of the banking group with the same name, has recently completed its transformation from a “cooperative joint-stock company” to a “joint-stock company”. It is the opinion of Standard Ethics analysts that the rich experience acquired thanks to the tradition of cooperative banks will be kept alive and will keep the Bank close

¹²³ Thanks to the *Conto Corrente Solidarietà* (Solidarity Current Account), an ethical account that has been in operation since 1996, the Bank provided aid totalling €55,500 in 2020. Source: 2020 Non-Financial Report, p. 101.

¹²⁴ Source: Code of Ethics, p. 14.

¹²⁵ Source: Environmental Policy, p. 10.

¹²⁶ In the context of the SARS-COV-2 pandemic, Arca Assicurazioni provided free temporary cover for insurance policies for SMEs. Banca Popolare di Sondrio, as placement agent of Arca Assicurazioni's mutual products, took part in the initiative. In addition, in line with the regulatory provisions issued by the Italian government to tackle the economic crisis dictated caused by the pandemic, the Bank adopted initiatives to suspend repayment of loans for households, consumers and Micro Small and Medium Enterprises (MSMEs) until 31 December 2020. In particular, for MSMEs, there are: “1,703 suspensions totalling Euro 679 million pursuant to the “ABI- Businesses” Credit Agreement”. Source: 2020 Non-Financial Report, pages 86 and 109.

¹²⁷ Source: Code of Ethics, p. 8.

¹²⁸ This Policy states that “*The Group orients its action towards the respect for human rights as an essential requirement, protecting and promoting such rights in the daily execution of its activities. Acts of psychological violence or discrimination or harmful attitudes towards the single person, his/her opinions, beliefs or preferences are not allowed in any internal and external work relationship (...)*”. Source: Sustainability Policy, p. 12.

¹²⁹ Every year, the Bank submits its Communication on Progress including the sustainable activities that have been carried out.

¹³⁰ Specifically: Objective 1; Objective 3; Objective 4; Objective 5; Objective 7; Objective 8; Objective 9; Objective 10; Objective 11; Objective 12; Objective 13; Objective 16. In its Non-Financial Report, the Bank outlines its activities by linking them to the relevant SDGs. Source: 2020 Non-Financial Report, p. 43 and subsequent.

¹³¹ In this respect, the definition of specific indicators is envisaged.

¹³² The Bank works with Arca Fondi SGR on mutual funds. In 2020, the Bank's offering was divided into the following funds: “Arca Green Opportunities”, “Arca Green Leaders”, “Arca Far East ESG Leaders” and “Arca America ESG Leaders”. These funds favour issuers that meet ESG criteria, as defined by the United Nations Principles for Responsible Investment. Source: 2020 Non-Financial Report, p. 112.

to the areas where its stakeholders live and operate, and their culture. The transition has been prudently managed and appears to have a favourable impact on ESG (Environmental, Social and Governance) issues, especially governance. In this sense, the Long Term Expected Rating (LTR) is raised from "EE stable" to EE+.

During 2021 and early 2022, a number of implementations have been noted that keep the Bank aligned with international sustainability guidelines and the latest social and environmental targets. Further steps on sustainability governance and sustainability documents are expected.

The medium- and long-term outlook is positive.

* * *

SOURCES

(Where there are no dates, the most recent versions prevail)

The documents that have been consulted were published by the Bank at least 20 days before the delivery of this document.

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

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

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