



**Banca Popolare
di Sondrio**

FONDATA NEL 1871

UN
environment
programme



finance
initiative

Principles for
Responsible Banking

Responsible Banking Progress Statement

Summary template

On 29 January 2024 Banca Popolare di Sondrio (hereafter referred to as “BPS” or “the Bank”), Parent Company of the Banca Popolare di Sondrio Group, became a signatory to the Principles for Responsible Banking (PRB), launched in 2019 as part of the UNEP Finance Initiative, driven by the aim of continuing on the path towards sustainable development with a focus on climate transition.

Such membership is a great opportunity to innovate the way of doing business, while supporting the local area and the communities in facing new challenges, in line with the Bank’s history.

Adhering to the PRB marks a significant milestone in the progress of the wider commitments made by the Bank at an international and national level, such as joining the Net-Zero Banking Alliance (NZBA). Through these commitments, the Bank has embarked on a structured path towards climate neutrality, which includes, among its key steps, the definition of an initial set of portfolio decarbonisation targets, with the goal of achieving net-zero emissions by 2050.

Such initiatives are part of the future development process defined by the Group, as underlined and strengthened by the 2025-2027 Business Plan “Our Way Forward”, with a view to continue to integrate Sustainability into the Bank’s business model.

This document was prepared in compliance with the Responsible Banking Progress Statement Template published by UNEP FI in November 2024 as part of a series of updates specifically aimed at aligning voluntary PRB reporting to the developments within the Sustainability Reporting framework. Reporting and assurance requirements were thus limited, thanks to a summary template that allows to avoid redundant content by providing references to other official documents.

The portfolio composition analysis – made to identify the most significant impact areas – was prepared by using the UNEP FI Portfolio Impact Analysis Tool (Consumer Banking and Institutional Banking modules) and exclusively involves the Group’s Italian portfolio as at 31/12/2024 considering both Retail and Corporate customers. The impact analysis was carried out with data referring to 2024.

Banca Popolare di Sondrio’s Responsible Banking Progress Statement includes the information provided in the Sustainability Report (CSRD) 2024, Pillar 3 Report 2024, and 2025-2027 Business Plan.

The “Links & references” section includes references to the documents made available to stakeholders in order to provide them with more details on the topics addressed in this disclosure.

The Bank’s Board of Directors approved the Responsible Banking Progress Statement on 27 June 2025.

Principle 1

Alignment



CONTENT

Briefly describe the Bank's Sustainability strategy, and which international, regional or national frameworks and UN Sustainable Development Goals it aims to align with. Note any changes in the reporting year.

Banca Popolare di Sondrio's business model was designed and developed over time by taking account of all stakeholders' needs, supporting the manufacturing industry, households and individuals in general, investing, granting mortgages and credit lines, and by offering simple and easily accessible products and services that meet the needs of individuals. The Bank bases its business strategy on scenarios that integrate the environment, manufacturing and finance, and in light of this, it intends to move forward along the path – already undertaken – of the identification, implementation and monitoring of Sustainability targets, by adopting the most effective methods to implement them at a corporate and system level. Within this context, the Bank is committed to boosting the economic and social development of the local communities and areas where it operates, with particular attention to households and SMEs. In contrast to the current trend of progressive branch closures, the Bank continues to be traditionally close to local communities by opening new offices: BPS's branches amounted to 491 at the end of 2024, of which 30% located in municipalities with fewer than 5,000 inhabitants; furthermore, in 20% of municipalities where it operates, Banca Popolare di Sondrio is the only bank in the area.

The Bank fully embeds Sustainability into its corporate strategy. The 2025-2027 Business Plan "Our Way Forward" focuses on the constant integration of ESG (Environmental, Social and Governance) factors into the Bank's business model, in line with its commitment to development and value creation in favour of the areas where it operates and, more generally, of all its stakeholders.

The key Sustainability targets set in the Business Plan include:

- » granting positive environmental and social impact loans totaling approximately €2.4 billion in the three-year period;
- » issuing Green, Social and Sustainable Bonds worth around €1 billion in the three-year period;
- » developing the insurance business in relation to policies against catastrophe risks and health plans for businesses;
- » training employees and management bodies on Sustainability topics;
- » promoting financial and Sustainability education programmes for students and other stakeholders;
- » reducing Scope 1 and 2 GHG emissions linked to operations (-7% by 2027; -14% by 2030);
- » reaching 100% of electricity purchased from renewable sources by 2026;
- » selecting suppliers evaluated with Sustainability criteria (80% of annual purchases).

The Bank also aims at continuing on its path towards aligning with the NZBA's targets, strengthening Sustainability criteria in incentive systems for top management, and implementing initiatives in favour of gender equality, parenthood and inclusivity to the benefit of its employees.

BPS promotes actions for sustainable development by participating in international and national initiatives such as:

- » Global Compact: a UN initiative promoting corporate social responsibility through the adoption of ten fundamental principles in the areas of human rights, labour, environment, and anti-corruption;
- » UNEP Finance Initiative - Principles for Responsible Banking (PRB): a programme aimed at promoting measures to develop a sustainable banking industry in line with the UN 2030 Agenda and the 2015 Paris Agreement;
- » United Nations Sustainable Development Goals (SDGs): a United Nations Development Programme's global plan aimed at eradicating poverty, protecting ecosystems, fostering inclusive societies and promoting peace;
- » "Valore D": the first Italian business association promoting gender balance and an inclusive culture in order for businesses and Italy to progress.

As a result, BPS acts in line with the 2030 Agenda and the SDGs, as stated in its Sustainability Policy.

Further information on the Bank's business model, customer segments and services are available in the Sustainability Report (CSRD) 2024.

LINKS & REFERENCES

[2025-2027 Business Plan](#)

[Sustainability Report 2024:](#)

- » "1.4 Impact, risk and opportunity management" section
- » "1.3.1 Strategy, business model and value chain (SBM-1)" section
- » "1.3.2 Interests and views of stakeholders (SBM-2)" section
- » "2.2.2 Impact, risk and opportunity management" section
- » "3.1.1 Impact, risk and opportunity management" section
- » "3.2.1 Impact, risk and opportunity management" section
- » "3.3.1 Impact, risk and opportunity management" section
- » "4.1.1 Impact, risk and opportunity management" section

[Pillar 3 Report 2024: "Section 12 - Disclosure of environmental, social and governance \(ESG\) risks"](#)

[Corporate Website](#)

[Code of Ethics](#)



Principle 2

Impact & Target Setting

CONTENT



Briefly describe the Bank's most significant impact areas and the steps taken to identify, measure and manage them – including impact analysis results, targets set (including sectors, portfolio coverage, and KPIs), actions taken, and progress against the targets. Where targets have been set, share details of the Bank's transition/action plan, and progress made. Explain how the Bank addressed interlinkages between impact areas where possible.

In order to assess the positive and negative impact areas connected to lending activity, the Bank has implemented a double assessment process:

- » the first assessment was made using the UNEP FI Impact Analysis Tools on Retail and Corporate portfolios data;
- » the second one was made during the double materiality assessment (CSRD) 2024.

Two significant impact areas were identified after the process: "Climate Stability" and "Financial Health & Inclusion".

DOUBLE MATERIALITY ASSESSMENT FOR THE PURPOSES OF SUSTAINABILITY REPORTING (CSRD) 2024

In 2024 the Bank carried out the first double materiality assessment in compliance with Directive (EU) 2022/2464 as regards corporate Sustainability Reporting (CSRD) and in line with the European Sustainability Reporting Standards (ESRS) pursuant to Commission Delegated Regulation (EU) 2023/2772.

In order to fulfil the requirements, the Bank has implemented the necessary procedures and processes as regards Sustainability disclosures based on the double materiality principle. As a matter of fact, materiality – used as the criterion for integrating specific disclosures into the Sustainability Report – has to be considered from a double perspective: the impact materiality ("inside-out" perspective), involving the assessment of the effects that the undertaking's operations have on stakeholders (environment, people) within and outside the undertaking in the short, medium and long term; and the financial materiality ("outside-in" perspective), involving the analysis of how ESG factors can represent risks and opportunities for the undertaking and can directly or indirectly influence the undertaking's financial position over time.

The double materiality assessment consists of the following key steps:

1. definition of the assessment scope;
2. context assessment;
3. identification of impacts, risks and opportunities (IRO);
4. IRO assessment;
5. consolidation of results and identification of material Sustainability topics.

The following topics were considered as material after the double materiality assessment:

- » ESRS E1 - Climate change;
- » ESRS S1 - Own workforce;
- » ESRS S3 - Affected communities;
- » ESRS S4 - Consumers and end-users;
- » ESRS G1 - Business conduct.

For further information reference should be made to the relevant sections of the Sustainability Report (CSRD) 2024.

In particular, ESRS topics "Climate change" and "Consumers and end-users" (the latter falling within the broader scope of social inclusion) are clearly reflected in the "Climate stability" and "Financial Health & Inclusion" impact areas identified as a result of the portfolio impact analysis pursuant to the PRB.

TARGET SETTING

The Bank set ambitious Sustainability targets in the 2025-2027 Business Plan, thus highlighting its commitment to responsible and sustainable practices. These targets were set by considering the results of the double materiality assessment, which enabled to evaluate not only the impact of the Bank's operations on the environment and society but also how Sustainability issues can influence the Bank's operations.

The targets connected to the identified impact areas are as follows:

- » Climate Stability: after joining the NZBA in December 2023, the Bank published the first set of decarbonisation targets for the credit portfolio, in line with the Paris Agreement, in December 2024, anticipating the Alliance's deadline of six months. The sectors selection was made based on the credit portfolio analysis and the significance of financed emissions with respect to carbon-intensive sectors as identified by the NZBA.

Specifically, BPS identified five key sectors covered by reduction targets:

- Oil & Gas: the target identified based on the IEA NZE Oil & Gas 2050 Global scenario involves a 26% reduction of financed emissions (Scope 1, 2, 3) by 2030 from the 2023 level of 2,011 thousand tonnes of CO₂ equivalent. For this sector, the extraction, transport and storage, and refining segments (upstream, midstream and downstream, respectively) were analysed.
- Agriculture: the target identified based on the OECM Agriculture, Food & Tobacco Europe scenario involves a 63% reduction for Scope 1 and 2 emissions by 2030 from the 2023 level of 25 thousand tonnes of CO₂ equivalent, and a 32% reduction for Scope 3 emissions by 2030 from the 1,207 thousand tonnes of CO₂ equivalent emitted in the baseline year. The assessment took account of the businesses operating in the agricultural, forest and paper products, packaged food and meat, and tobacco segments.
- Iron and Steel: the target identified based on the IEA NZE Steel Global scenario involves a 27% reduction of Scope 1 and 2 emissions by 2030 from the 2023 level of 32 thousand tonnes of CO₂ equivalent. The assessment exclusively considered the businesses operating in the iron and steel production segments.

- Aluminium: the target identified based on the IEA NZE Aluminium Global scenario involves a 24% reduction of Scope 1 and 2 emissions by 2030 from the 2023 level of 17 thousand tonnes of CO₂ equivalent. The assessment exclusively considered the businesses operating in the aluminium production segment.
- Electric Energy: the target identified based on the IEA NZE Powergen Global scenario involves a 45% reduction of Scope 1 emissions by 2030 from the 2023 level of 42 thousand tonnes of CO₂ equivalent. The businesses operating in the electricity transmission, distribution and sale segments were not included in the assessment scope since they were considered as not relevant for the definition of the decarbonisation targets.
- » Financial Health & Inclusion: in preparing the 2025-2027 Business Plan, the Bank focused on positive environmental and social impact credit products. The target of €2.4 billion in new issues of this category in the three-year period is significant, and the product lines involved include ESG “next” loans, “non next” green loans, s-loans, green loans dedicated to corporate financing, and loans aimed at financial inclusion. The latter category includes solutions developed to support access to basic services, social inclusion, development of disadvantaged areas, women and youth entrepreneurship, and accessible and affordable housing.

LINKS & REFERENCES

[2025-2027 Business Plan](#)

[Sustainability Report 2024:](#)

- » “1.3 Strategy” section
- » “1.4 Impact, risk and opportunity management” section
- » “2.2.3 Metrics and targets” section
- » “2.2.1 Strategy” section

[Pillar 3 Report 2024: “Section 12 - Disclosure of environmental, social and governance \(ESG\) risks”](#)



Principle 3

Clients & Customers

CONTENT



Briefly describe how the Bank works responsibly with clients and customers in relation to significant impacts, including products and services offered, internal policies and processes, and the engagement to implement targets/action plans/transition plans to encourage sustainable practices/economic activities. Note any changes in the reporting year.

The Bank offers a wide range of services to meet its clients' and customers' different banking, financing and insurance needs, directly or by partnering with leading credit institutions. Such offer includes banking solutions characterised by environmental, solidarity and social inclusion objectives, dedicated to the most vulnerable segments of the population. At the same time, BPS promotes investments that not only generate returns but also support the real economy and reward virtuous businesses.

Within this framework, the Bank's lending policies are particularly important. Financial inclusion and social responsibility principles guide BPS's action with a view to ensure tangible benefits in terms of reputation and recognisability.

Special attention is given to analysing the qualitative profile of borrowers and product sectors concerned in full compliance with corporate and EU regulatory requirements as well as with the principles defined in the Code of Ethics.

In order to support the environmental transition, in 2024 the "next – Sustainable Credit Products" line was extended. This type of lending solution is dedicated to individuals, professionals and businesses aiming at reducing their ecological footprint through energy efficiency and sustainable mobility.

At the same time, the Bank launched a new credit line dedicated to not-for-profit entities in order to finance social impact projects. This initiative, included in the S – Social category, aims at promoting the inclusion of people and entities struggling to access traditional credit.

With regard to investment solutions, BPS, in collaboration with leading asset management companies, offers instruments compliant with the criteria set out in Article 8 and 9 of Regulation (EU) 2019/2088 (SFDR). The Bank's offer includes mutual funds and portfolio management lines oriented towards ESG principles, thus providing clients and customers with investment opportunities which are diversified and aligned with Sustainability criteria.

Within the framework of the Sustainability strategy outlined in the 2025-2027 Business Plan, the Bank has strengthened its commitment to sustainable finance by issuing ESG debt instruments, such as Green Bonds, in line with international best practices (i.e. International Capital Market Association's principles).

In compliance with European regulatory developments, the Bank constantly updates its Bond Framework; in 2024 it has been extended to social categories, with a specific focus on areas that promote social and economic progress (Green, Social and Sustainability Bond Framework).

LINKS & REFERENCES

[2025-2027 Business Plan](#)

[Sustainability Report 2024:](#)

- » ["3.3.1 Impact, risk and opportunity management" section](#)
- » ["1.3.1 Strategy, business model and value chain \(SBM-1\)" section](#)

[Pillar 3 Report 2024: "Section 12 - Disclosure of environmental, social and governance \(ESG\) risks"](#)

[ESG Credit Policy](#)

[Corporate Website](#)

[Retail Website \(in Italian\)](#)

[Code of Ethics](#)



Principle 4

Stakeholders

CONTENT



Briefly describe how the Bank consults, engages and collaborates/partners with relevant stakeholders for the purpose of implementing the Principles. This could include understanding impacts, setting ambitious targets, advocating for enabling regulatory/policy environments, and creating partnerships that contribute to addressing significant impacts. Note any changes in the reporting year.

The Bank believes that a solid and constant relationship with its stakeholders is fundamental: identifying stakeholders and creating dedicated communication channels are the first step of an effective stakeholder engagement process.

BPS identifies its stakeholders based on the AA1000 Assurance Standard, a globally recognised framework in terms of Sustainability management and stakeholder engagement. Such Standard is based on three fundamental principles:

- » inclusivity: listening to all stakeholders;
- » materiality: effectively meeting their expectations;
- » responsiveness: complying with legal provisions, standards, codes, principles, policies and other voluntary regulations.

BPS's business model is designed to take account of the expectations of all stakeholders, including employees, clients and customers, and local communities. The Bank adheres to social responsibility, ethical and human rights principles as provided for by the UN Global Compact and other international regulations. Its strategic priorities include the respect for human rights, the promotion of diversity and inclusion as well as the support to small- and medium-sized enterprises and local communities. This inclusive approach translates into continuously engaging clients and customers, supporting their needs and strengthening their ties with local communities, through tangible initiatives and sponsorships, donations and the ESG evaluation of suppliers.

Each year the Bank updates the list of the most relevant stakeholders by specifically mapping them for the purpose of the double materiality assessment – an essential tool for listening to stakeholders and understanding their needs while supporting long-term value creation.

In particular, the stakeholder categories identified (e.g. employees, clients and customers, investors, communities, trade unions, etc.) and the engagement practices adopted enabled to obtain precious input and feedback in relation to the impact materiality process. This was particularly important for the first Sustainability Report prepared in compliance with Italian Legislative Decree 125/2024. The engagement activities were carried out in compliance with EFRAG's guidelines with a view to ensuring that the identification and assessment of impacts, risks and opportunities take account of the stakeholders' perspectives, expectations and priorities, thus contributing to define the main topics on which the Sustainability Report 2024 is based.

LINKS & REFERENCES

[Sustainability Report 2024:](#)

» "1.3.2 Interests and views of stakeholders (SBM-2)" section

[Pillar 3 Report 2024: "Section 12 - Disclosure of environmental, social and governance \(ESG\) risks"](#)

[Code of Ethics](#)



Principle 5

Governance & Culture

CONTENT



Briefly describe the key governance structures in place (Board and Executive level) and related accountability mechanisms to implement the Principles. This could include how governance supports the Bank's management of significant impacts and risks, including target implementation and monitoring of action/transition plans. In addition, briefly describe how a culture of responsible banking is driven internally (e.g. via employee learning & development). Note any changes or progress in the reporting period.

Sustainability topics are integrated into the Bank's governance and play an important role in the strategic and management activities of administrative, management and control bodies. Within the Bank's Sustainability Governance framework, the Board of Directors is supported by the Control and Risk Committee and by a specific Sustainability Committee as well. The latter's functions include preliminary examination, consultation and proposal activities during the assessment and management of Sustainability factors which are considered fundamental to define the medium- to long-term strategy and during their consequent integration into the Bank's policies. Such Committee is also involved in the Reporting process, in particular in drafting the Sustainability Report pursuant to Italian Legislative Decree 125/2024, in order to ensure disclosure consistency with the Policies approved, the actions undertaken, the results obtained and BPS's overall strategy. Furthermore, the Sustainability Committee examines the results of the double materiality assessment made in order to ensure that the material impacts, risks and opportunities identified guide the Group's strategy and operations.

Management and control activities related to ESG topics are performed at a management level by the following:

- » Sustainability Management Committee, which examines national and international reference legislation, assesses and supports the implementation of Sustainability measures and initiatives, coordinates corporate functions and manages relations with stakeholders;
- » Risk Committee, which assesses and approves the methodologies to monitor and manage climate-related and environmental risks;
- » Mobility Manager, who is responsible for promoting and managing employees' sustainable mobility solutions.

At an operational level, oversight of Sustainability topics, and notably climate-related and environmental topics, is ensured by the cooperation between the Sustainability Office and the Integrated Risks Office which mainly partner with the ESG Contact Persons of BPS and its subsidiaries, the Compliance and DPO Function and the Internal Audit Service. Specifically, these functions are responsible for assessing regulatory changes and managing the implementation of the Group's ESG initiatives, by supporting Committees and cooperating with the corporate functions involved.

As set in the 2025-2027 Business Plan, the Banks aims at further consolidating its responsibility and Sustainability culture among its employees. This commitment translates into concrete actions, such as starting compulsory annual training on Sustainability topics, dedicated not only to employees but also to management bodies, and strengthening Sustainability criteria in top managers' incentive systems.

Sustainability is a cross-cutting issue that involves measuring the achievement of ESG targets across all the Group's business areas. Sustainability-related performance metrics are included in the Remuneration Policies, thus highlighting the connection between the Group's ESG commitment and the incentive systems. In particular, 10% of the General Manager's variable remuneration is linked to Sustainability targets and/or impacts.

For more details on ESG Governance reference should be made to the relevant sections of the Sustainability Report. As for the description of the governance structure, policies and processes implemented by the Bank to identify ESG risks, reference should be made to "Section 12 - Disclosure of environmental, social and governance (ESG) risks" of the Pillar 3 Report.

LINKS & REFERENCES

[2025-2027 Business Plan](#)

[Sustainability Report 2024:](#)

» "1.2.2 Information provided to and Sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (GOV-2)"

[Pillar 3 Report 2024: "Section 12 - Disclosure of environmental, social and governance \(ESG\) risks"](#)

[ESG Credit Policy](#)

["Annual report on the remuneration policy for 2025 and compensation paid in 2024" \(in Italian\).](#)



Principle 6

Transparency and Accountability



CONTENT

Provide reference to additional relevant reports, if not listed as references with P1–P5. Briefly note whether/where assurance of Sustainability information has been undertaken (optional).

Information included in the summary template shows Banca Popolare di Sondrio's commitment to the six PRB. Specifically, it is noted that a portion of the data disclosed is taken from the Sustainability Report (CSRD) 2024 subject to limited assurance.



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