



**Banca Popolare
di Sondrio**

FONDATA NEL 1871

Living the community, understanding local needs

STAKEHOLDER REPORT 2024



Message to stakeholders

Dear shareholders and friends,

“It is time to bring people back to the centre of businesses, to make them a strategic asset of the organisations and to channel energy into the relationship as a key element on which to develop and consolidate that trust that gives life to every human interaction. On our part observing, listening, communicating and paying attention have always been at the heart of our approach, with the ambition of continuing to grow and develop our role as network creators.

Our goal is to keep moving forward on the path that we have undertaken, eager to explore new paradigms of knowledge and development. All this, with the strong awareness that only together – in a harmonious composition of rights and duties deriving from the awareness of belonging to a community – can we aspire to a truly sustainable future. Along this journey, we are constantly accompanied by the memory of the path we have travelled thus far, by our trust in the present and by our hope for the future, key elements of our way of doing business.”

Mario Alberto Pedranzini
Managing Director General Manager

Francesco Venosta
Chairman

Our journey

The roots of continuous growth

These are the steps of a long journey that has led us to increasingly integrate our business at a local level.

1871

Foundation of the Bank and opening of the Sondrio and Morbegno branches

1900-1970

Until the 1970s, BPS's presence was restricted to a local level, since banks were required to remain in their local geographical area

1990

Opening of the Rome office

1997

The SCRIGNO Internet Banking portal was launched with several e-banking and e-commerce applications

2004

Banca Popolare di Sondrio is the only bank in Italy to become an Eurogiro member and to join the UN Global Compact. Popsoarte was launched

2021

BPS's transformation into a joint-stock company. Creation of the Sustainability Committee and Sustainability Office. Adoption of the Sustainability and Environmental Policies. First placement of a Green Bond

2022-2025

For the first time ever Banca Popolare di Sondrio integrates a Sustainability Plan in its **2022-2025 Business Plan** named **"Next Step"**

This Strategic Plan defines specific ESG (Environmental, Social and Governance) objectives and the guidelines to promote an increasingly sustainable business

Sustainability Plan

Many initiatives, a single direction

With our 2025-2027 Sustainability Plan, we are strengthening our commitment to a more responsible and inclusive future. Over the next few years, the Bank's efforts and actions will be guided by measurable objectives: from sustainable credit to the energy transition, with a strong focus on the valorization of people and the integration of ESG criteria into corporate processes.

2025-2027 SUSTAINABILITY PLAN: OVERVIEW OF TARGETS

*Cumulative values over the Plan horizon

BUSINESS	Credit	*€2.4bn of new financing with positive environmental and social impact
	Green, Social and Sustainable Bonds	*€1.0bn of new bond issuances
	Insurance Products	Development of the offering of insurance policies against catastrophe risk and health plans for businesses
PEOPLE AND COMMUNITY	Training	Mandatory annual training on Sustainability topics for employees and governing bodies
	Financial education	* Financial and Sustainability education for 1,500 students; free training is also planned for stakeholders
SUPPLY CHAIN AND OPERATIONS	Reduction of operational GHG emissions	14% of Scope 1 and 2 emissions reduction by 2030 (-7% by 2027)
	Renewable electricity	100% of electricity purchased from renewable sources from 2026
	Suppliers evaluation	80% of purchases in terms of total spending evaluated with Sustainability criteria

OTHER SUSTAINABILITY INITIATIVES



NZBA targets

We are pursuing the Net-Zero targets in line with our commitments to the Alliance and the publication of the first set of targets (December 2024)



Remuneration

We are strengthening the Sustainability criteria in top management's incentive systems



Diversity, equal opportunities and inclusion

We are implementing initiatives in favour of gender equality, parenthood and inclusivity

Community and local area

People, projects, progress:
nurturing local relationships

The Group's true ambition is to become **"Giants in banking done right"**. To do this, we carefully follow a strategy focused on presence and relationships with local areas and their communities.

For us, **"banking done right"** means really being there for our stakeholders: with a constant, concrete commitment and close to people, so that together we can help tackle the significant challenges facing today's world. From the fight against inequalities to quality of life, from support in finding the right work-life balance to public health, without ever losing sight of the value of culture and the social dynamics that bring us together and unite us.



29%

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



97%

of suppliers are located in Italy



1,618

entities served



Sponsorships and charity initiatives

Our cultural and social commitment is rooted in listening closely to the needs of the local area, where the Bank has its **"feet, heart and head"**. Our end goal is to continuously enhance and make the most of its rich resources and identity. In 2024, we once again supported numerous socially relevant projects, prioritising requests received from our network and focusing on local entities such as retirement homes, welfare providers, humanitarian and voluntary associations, recreational and religious organisations, schools of all levels, as well as cultural, artistic and musical associations.

The donations made – carefully evaluated by a Charity Commission that meets weekly – aim to generate **lasting value** from small **virtuous circles**.

Since 1996, through the **Solidarity Current Account**, the Bank enables its customers to contribute to charity initiatives: in 2024 donations amounted to **€91,000** including:
€33,500 to Fondazione AIRC
€46,500 to UNICEF

Culture

We are proud to confirm our commitment to the diffusion of culture through a wide range of events and publications. In 2024, we organised **public meetings** with prominent figures such as Italian Minister of Economy and Finance Giancarlo Giorgetti, Professor Andrea Kerbaker and restorer Luciano Sassi, promoting an important dialogue between the financial and cultural worlds.

By joining the **"Invito a Palazzo"** initiative, the Bank has opened its historic offices in Sondrio to the public, including the "Luigi Credaro" Library, allowing works of art to be admired online as well at popsoarte.it (in Italian).

We have also renewed our support for the prestigious **"La Milaneseiana"** cultural event, and published the **"Notiziario"**, a four-monthly magazine with contributions from authoritative figures in various fields. The publication includes a section dedicated to the environment, **"Il Pianeta che Cambia"** (The Changing Planet), as testimony of our commitment towards Sustainability-related issues.

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Local presence

In 2024 we strengthened the Bank's historic closeness to the local area with a significant **expansion effort in North-Eastern Italy**, thanks to the opening of new branches in Trieste, Conegliano Veneto, Turin, Pordenone and Colere.

This is a strong signal and a virtuous trend in contrast to the recent closure of many physical branches within the national banking landscape. A figure that speaks for itself: **29% of BPS's access points are located in municipalities with fewer than 5,000 inhabitants**, confirming our solid and continued commitment to guaranteeing services even in areas that are more difficult to reach.

BPS GROUP'S GEOGRAPHICAL PRESENCE



491

Branches in Italy

- » strong **presence in Lombardy** (4th bank by no. of branches) and **solid position** in the **Rome** area
- » present in **major business hubs** in Northern Italy



20

Branches in Switzerland

- » operating in areas with **strong connections** with Northern Italy



1

Branch in the Principality of Monaco



51

Foreign desks

- » at foreign partners' offices in **44 countries**



OPENING OF A NEW BRANCH IN COLERE: A SERVICE INSPIRED BY THE COMMUNITY'S NEEDS

An initiative that demonstrates our strong bond with local communities, **responding to the needs of citizens and businesses** who, through a petition signed by almost 500 citizens, expressed their hope to see our Bank open a branch in the village of Val di Scalve, in the province of Bergamo.

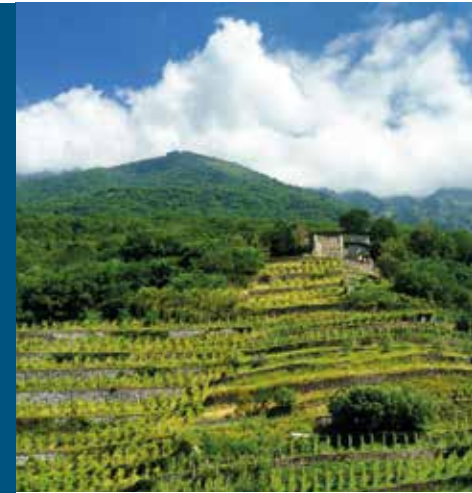
We aim at making the Bank accessible for all and at actively supporting the **local development** to achieve a **really inclusive** and **sustainable growth** for the communities.

Projects

Valtellina Wine Trail

We are the main sponsor of Valtellina Wine Trail, an iconic event which, in its 11th edition, attracted **3,600 athletes from 51 nations**, competing on three routes (42 km, 21 km and 13 km) with the finish line in the scenic Piazza Garibaldi in Sondrio. Between vineyards and wineries, sport meets the local territory and its bouquet of flavours, in a combination of nature, inclusion and conviviality.

Since 2015, the event has been enriched with the **Sassella Trail** (13 km), while for three years the walk with the so-called "**Joëlette**" – off-road wheelchairs for people with disabilities – has made the event even more inclusive, thanks to the collaboration with the "Dappertutto" association and the Italian Alpine Club (CAI). This race is much more than just a mere competition: it is a true opportunity to promote the value of the community and experience it together.



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38th edition of the Sondrio Festival

Sixteen documentaries competing, big guests, conversations, books, exhibitions and performances.

In 2024 we supported once again the Sondrio Festival, an international documentary exhibition on parks of major social and environmental value.

In this edition we presented the publication entitled "**Uomini e pianeta - La sfida della sostenibilità**" (**Humans and the Planet - The Sustainability Challenge**), created for the occasion by our Bank and the third in the **Habitat** series, successfully distributed as part of the same Festival in previous years.



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New generations

Our commitment:
supporting tomorrow

Looking to the future means investing in new generations, the beating heart of sustainable and resilient collective growth.

Every year we commit resources, skills and a great deal of passion to train and raise awareness among young people on economic and financial issues, accompany them in entering the world of work, support their entrepreneurial ideas and promote financial inclusion.

Our goal is to provide these individuals with the tools necessary to reach their goals, as people and as professionals, with the awareness of the impact we generate today on the world they will live in tomorrow.



~400

students receiving
financial education



85%

of new hires in the last 5 years are <30
years old



Liquid Factory

is the start-up factory supporting young
entrepreneurs



Net-Zero Targets: a concrete path to contribute to building a low-emission future

We are **actively involved in the fight against climate change and in the environmental protection**, key elements for long-term sustainable development. This included joining the Net-Zero Banking Alliance (NZBA) in December 2023 and defining concrete targets (December 2024) for the reduction of financed emissions.

After achieving the first important project results, we have our sight set on next steps:

- » strengthening dialogue with the relevant counterparties to develop joint decarbonisation projects;
- » actively engaging our Network to increase internal awareness;
- » preparing – within 12 months of the disclosure of the first set of targets – a Climate Transition Plan on priority sectors, with dedicated management tools;
- » improving the quality and granularity of data for emissions analysis;
- » structuring a solid governance framework, with the involvement of the main corporate functions.



-26%
Oil & Gas
by 2030



**-63% and
-32%**
Agriculture
by 2030



-27%
Iron and Steel
by 2030



-24%
Aluminium
by 2030



-45%
Electric
Energy
by 2030

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Financial education

In 2024, we renewed our commitment to financial education, collaborating with the FEduF Foundation to involve approximately **400 students** from high schools located in the provinces of Sondrio and Como.

The initiative involved two main events: *“Let’s Save the Planet”*, dedicated to middle school students, introducing the concepts of circular economy, conscious management of resources and sustainable development and *“Let’s Invest in the Future”*, aimed at high school students, exploring the new paradigms of sustainable finance and civil economy.

Both meetings **focused on the themes of the 2030 Agenda for Sustainable Development, offering practical ideas and virtuous models**. The activities were conducted by FEduF experts with the support of the Bank’s Sustainability Office, which continues to promote an active dialogue with schools, help educate and train aware and responsible citizens.

Liquid Factory

From Valtellina to Silicon Valley: Liquid Factory is born, the Startup Studio that connects young European talent with global innovation.

Founded by Fabrizio Capobianco in partnership with Banca Popolare di Sondrio, Liquid Factory received **181 applications from 20 countries** for the first batch of the Entrepreneurship in Residence programme. The four selected startups deal with AI, cryptos, design and sustainable fashion and have received a grant of €200,000 each.

The Studio’s operational spaces will be located at **Palazzo Lambertenghi, in the heart of Sondrio**. An ambitious project that combines the quality of life of the Alps with the innovative drive of Silicon Valley, offering young Gen Z-ers a springboard for global ideas.

76%

applicants
from Italy

24%

applicants
from the rest of the world
including in Finland,
Thailand and Paraguay

29

years old
average age of applicants

47%

applicants
with STEM background

53%

applicants
with no science education

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People

Enhancing talent,
building opportunities

People growth is at the very heart of our vision. Investing in training means building professional and personal development paths, **promoting an inclusive, dynamic and future-oriented work environment.**

Every year, the Bank's Personnel Department develops a training plan that takes into account the needs emerging from internal assessments and from discussions with specialist organisations and with top management. **The training – provided both in person and remotely – is dedicated to all personnel**, with a focus on technical and cross-functional skills and growth paths towards new roles.



99%

of employees have permanent contracts



48%

of new hires at BPS are women



65%

of employees have been working at BPS for over 10 years



The planned initiatives include:

Training on cognitive biases and inclusive language

to promote an open and aware corporate culture

Parenting support initiatives (by the end of 2025)

Talent management and coaching programmes, with a focus on female leadership and the enhancement of diversity

Promoting diversity, cultivating leadership

We are committed to fostering an inclusive culture where diversity, equity and leadership reinforce each other. To do this, we focus our efforts on **awareness, training and professional development**.

The main initiatives already underway in this area include:

- » participation in training courses on diversity and inclusion;
- » raising awareness through sessions dedicated to **cognitive biases, inclusive language** and leadership styles, for a more conscious and inclusive people management.

Initiatives that will start by the end of 2025 include:

- » **expansion of the talent management programme** and focus on female leadership and the enhancement of differences through targeted tools;
- » **strengthening of monitoring systems** in appointment processes, to monitor gender balance during key career development stages.

A concrete commitment to building a more equitable and stronger organisation, capable of growing together with its people.

We promote an environment that supports employees in their **journey to parenthood, encouraging a balance between their personal and professional life, without compromising career opportunities**. Supporting people and safeguarding their professional growth is a concrete commitment on our part, to guarantee peaceful and inclusive parenting.

The initiatives planned by the end of 2025 include:

- » **a comprehensive parenting guide**, with the corresponding rights, duties and support measures;
- » **paid leave** (former "baby feeding") until the child turns one year old;
- » **subsidised part-time** until the child turns two years old, upon request;
- » **information webinars** for new and future parents (0-5 years old);
- » **training for those returning from maternity leave** and for those returning full-time after part-time.



Corporate welfare: well-being at the centre of our commitment

We offer a broad and inclusive welfare system, accessible to all employees, including part-time and temporary employees. Key measures include:

- » **productivity bonus**, linked to company results and defined by corporate agreements;
- » **€2,300 long-service bonus** (gross) for 30 years of service;
- » **€1,800 graduation bonus** (gross) for those who obtain a three-year university degree after being hired;
- » **scholarships** for children or dependent family members, based on the educational level;
- » **€7.50 meal vouchers**;
- » **€132 overnight contribution** (gross/month) for work in a different location;
- » **€132 commuting bonus** (gross/month) for distances greater than 120 km (round-trip);
- » **€2,300 disability contribution** (gross/year) for children with serious disabilities (Italian Law 104/92);
- » **supplementary pension** with the Arca fund, which integrates ESG-related criteria and guarantees, for those hired before 1993, a supplementary pension of up to **24%** of their last salary.

A system designed to reward commitment, support families and enhance the future.

EUREKA PROJECT

EUREKA! is born, the new application designed to give voice to our colleagues and promote ideas, suggestions and proposals. This **tool allows our employees to share feedback on processes, products, services and the organisation**. The goal? Promoting an environment that stimulates creativity, participation and continuous improvement, making each employee an active part of innovation within the Group. An example of how the Bank is active in employee engagement.

Customers

A safe
and long-term choice

Becoming a customer of Banca Popolare di Sondrio means **choosing a solid organisation, attentive to digital protection and sustainable innovation.**

We are ready to protect data and transactions on a daily basis and we promote a greener economy through sustainable credit products and forward-looking green bond issuances.



950,000

customers of which
250,000 businesses



48%

of customers staying with
BPS for more than 10 years



€5.6bn

of new loans
to households and businesses



Always safe and secure

All our customers are protected by **SCRIGNO Internet Banking**, a secure and cutting-edge digital platform.

Protection is ensured by:

- » **customisable payment limits and thresholds**, to manage risks;
- » **SSL encryption up to 256 bits**, to protect sensitive data;
- » **push, SMS and email notifications**, to monitor transactions in real time;
- » **Scigno IdentiTel**, a strong authentication system available as both an app and a physical device.

Green products and services

We are committed to providing **concrete solutions** for a **responsible future**

In 2024 we expanded our **"next – Sustainable Credit Products"** line, by offering tailor-made financing for individuals, professionals and businesses oriented towards the ecological transition. Our solutions include mortgages and loans for renewable energy systems, energy efficiency, sustainable mobility, circular economy and green buildings. The commitment to **sustainable finance** continues as well: since 2021 the Bank has issued **three Green Bonds amounting to €500 million each**, aimed at projects with a positive environmental impact. The **Green Bond Framework** has been updated to allow for the issuance of **Social and Sustainability Bonds** in compliance with ICMA's Social Bond Principles 2021 and Sustainability Bond Guidelines 2022. Our range of sustainable products is completed by Arca, Etica SGR, JP Morgan and Pictet funds, and the strengthening of **ESG investments** in the proprietary portfolio.

Details are available at:
istituzionale.popso.it/en
– **Investor Relations**

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Cybersecurity

Cybersecurity: a key priority

We protect the integrity, confidentiality and availability of data on a daily basis with an **Information Security Management System which has been certified ISO/IEC 27001:2013** since 2006 and is constantly evolving. All employees are engaged in this area thanks to the **internal IT Regulation**, which promotes the secure use of digital resources. In an increasingly connected world, cybercriminals are targeting end users in particular: this is precisely why the Bank invests in the **dissemination of good security practices**, through the adoption of tools such as:

- » the **ten rules for online safety**;
- » the **Navigosereno** service, which provides practical advice and periodic checks on PCs, smartphones and tablets.

For further details:
popso.it/sicurezza-online
(in Italian)

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Digital accessibility: services for all, without barriers

We are committed to making technology accessible to all, with particular attention to the needs of people with disabilities.

The new www.popso.it website has been online since 23 December 2024, and it is designed to ensure **browsing** using **screen readers**, **voice synthesisers** and full usability from any device.

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Our commitment to inclusion also translates into a **complete range of digital services**: bank transfers (including instant), Braille statements, top-ups, F24, IMU, and TARI tax payments, as well as pagoPA payments in favour of the public administration, which are also available on **SCRIGNOPagoFacile** and can be used by everyone, even non-customers.

Digital services are available in **Italian, English, French and German**, and the **SCRIGNOapp** and **SCRIGNOIdentiTel** apps include advanced, multilingual features.

Shareholders and investors

Your trust
is our responsibility

With Green Bonds, sustainable finance continues to grow. In May 2024 we issued our **third Green Bond Senior Preferred worth €500 million**, under the **EMTN** programme, reaching a total of **€1.5 billion** in green issuances since 2021.

The transaction is part of the ESG strategy and is based on a **Green, Social and Sustainability Bond Framework** certified by **Sustainalytics** and aligned with the **Green, Social and Sustainability Bond Principles** promoted by the ICMA.



~137,000
shareholders



Track record

of regular distribution of dividends (cash), even during the most challenging periods



Quadrupled

the 2021 dividend
in the post-Covid period



Green Bond Case Study

F.I.P. S.R.L.
Hydroelectric power plant

An investment in the sustainable future

Project highlights:

2.18 GWh
annual production

408 toe
saved per year

€4m
investment

980
tCO₂e/year avoided

Green Bond Report

The Bond proceeds finance over **7,000 green projects** among businesses, SMEs and individuals, helping to avoid the emission of over **131,000 tCO₂e**.

The **Green Bond Report**, published for the third consecutive year, transparently describes the positive impact generated and the Bank's concrete commitment towards a sustainable future.

7,222

no. of loans

>2018

lock-back period

131,000 tCO₂e

GHG emissions avoided

Italy-Switzerland

loans provided in both countries

Governance of Artificial Intelligence

AI: innovation joins forces with our Bank

Artificial Intelligence is revolutionising the way we do business, boosting efficiency through smart data analysis. With the introduction of the **EU AI Act (Regulation (EU) 2024/1689)** innovation develops in compliance with fundamental rights.

We have launched concrete projects involving AI, such as **Predictive, OutlAler, Òminà and EWM**, already operational at our headquarters and branches. **FrodIA** will be launched soon to combat bank transfer fraud.

We are currently also in the process of testing **PopsoGPT mini**, a generative AI assistant that helps employees find information using natural language: an innovative tool that has already received positive feedback and that will soon be extended to other business areas.



Policy on financing the arms production and trade industry

In full compliance with national and international regulations, we have adopted a **Policy on financing the arms industry**, promoting a **peace economy** as a basis for sustainable and transparent development.

The Policy provides for the **total exclusion** of any form of financial support (loans, guarantees, investments, subscriptions) to those involved in the production or marketing of **controversial weapons**, such as:

- » anti-personnel mines and cluster munitions and submunitions;
- » nuclear weapons;
- » chemical and biological weapons.

This approach applies to all Group companies, in Italy and abroad, through:

- » **screening of portfolios and investments** with qualified information providers;
- » **subjective due diligence** for credit;
- » specific **regulatory controls**.

Industry counterparties are required to sign a **declaration of commitment** to compliance with the Policy.



Banca Popolare di Sondrio
Founded in 1871

Sustainability Office
bps-sostenibile@popso.it

Retail website (in Italian)
[popso.it](https://www.popso.it)

Corporate website
[istituzionale.popso.it/en](https://www.istituzionale.popso.it/en)