

Statement on the consideration of the principal adverse impacts of investment advice on sustainability factors

Regulation (EU) No 2019/2088 of the European Parliament and of the Council of 27 November 2019 (hereinafter also referred to as the “SFDR Regulation”), published on 9 December 2019 and later supplemented by Regulation (EU) No. 2020/852 of 18 June 2020 (hereinafter also the “Taxonomy Regulation”), contains rules on the establishment of a harmonised framework for the integration of sustainability risks and the consideration adverse sustainability impacts in investment and insurance decision-making and advisory processes, in order to strengthen protection for end investors and improve disclosures to them.

The Regulation, which is intended to apply progressively from 2021, is aimed at manufacturers of insurance / pension products or portfolio managers (“Financial Market Participants” or “Participants”) and firms providing investment or insurance advice (“Financial Advisers” or “Advisers”) who have to disclose to end investors how they integrate sustainability factors into their activities.

On 25 July 2022, Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 was published, (hereinafter the “Delegated Regulation”), which supplements the SFDR Regulation with regulatory technical standards specifying, *inter alia*, the details of the content and presentation of the information in relation to the principle of “do no significant harm”, the content, methodologies and presentation of information in relation to principal adverse impacts (PAI), the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and periodic reports.

Article 4 of the SFDR Regulation requires Financial Advisers to publish on their website information on whether, taking due account of their size, the nature and scale of their activities, and the types of financial products on which they provide advice, they consider principal adverse impacts on sustainability factors in their investment advice .

The principal adverse impacts on sustainability (“PAI”) shall be understood as the “negative externalities” of economic activities, i.e. the effects of investment decisions and of investment advice that have negative impacts on sustainability factors. PAIs are listed in Delegated Regulation (EU) 2022/1288 and are broken down into Environment-related PAIs and Social PAIs, further divided into compulsory and additional PAIs (details are provided in Annex 2 to this statement).

A summary of the “*Policy for governing the risk of non-compliance in relation to sustainability in the provision of investment services*” (hereinafter the “Policy”) is provided below.

BPER Banca (LEI Code N7470I7JINV7RUUH6190), pursuant to the SFDR Regulation, qualifies as a “Financial Adviser”, as it provides investment advice.

Principal adverse impacts in investment advice

Methods for the use of information disclosed by market participants

In the assessment of adverse impacts on sustainability, the BPER Banca S.p.A. Group (hereinafter also the “Group”) uses the information made available by market Participants via the EMT and EET templates, possibly supplemented by info-providers.

Classification and selection of products

The aforementioned information is used as part of the activities of analysis and classification of sustainable financial products (undertakings for collective investment in transferable securities or UCITS and Insurance Based Investment Products or IBIPs), for the purpose of monitoring and possibly updating/developing the catalogue of products that can be recommended as part of investment advice.

Financial products falling under Articles 8 and 9 of the SFDR Regulation are classified according to the following five PAI macro categories:

Macro category 1 - Greenhouse gas emissions	This macro category, linked to the environmental pillar, consists of different PAIs (1 to 6) including indicators applicable to investments in sovereigns and supnationals (PAI 15) and investments in real estate assets (PAI 17 and 18).
Macro category 2 - Biodiversity	This macro category, linked to the environmental pillar, consists only of PAI 7.
Macro category 3 - Water	This macro category, linked to the environmental pillar, consists only of PAI 8.
Macro category 4 - Waste	This macro category, linked to the environmental pillar, consists only of PAI 9.
Macro category 5 - Social	This macro category, linked to the social pillar, consists of different PAIs (10 to 14) including indicators applicable to investments in sovereign issuers and supranational organisations (PAI 16).

The Group has pledged to monitor, according to the methods provided below, the afore-mentioned Macro categories and, in addition, the following indicators with particular priority:

- PAI 2 - Carbon footprint;
- PAI 3 - GHG intensity (of investee companies);
- PAI 5 - Share of non-renewable energy consumption and production;
- PAI 10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- PAI 15 - GHG intensity (Sovereign issuers and International organisations).

Periodic monitoring

In relation to the 5 PAI macro-categories and to the PAIs identified as “top priority”, the Group monitors the UCITS and IBIPs with sustainable features in terms of number and percentage weight.

Periodic monitoring of recommended portfolios is also carried out in order to calculate the number of products that take into account the PAI indicators identified as “top priority” and their percentage weight.

The results of the monitoring activity are analysed in order to assess the compliance with the needs of customers and, if the opportunity arises, to set up interventions for the development of the catalogue.

14 December 2022

Annexes:

- Annex 1: Definitions
- Annex 2: PAI Indicators
- Annex 3: Record of amendments

Annex 1 – Definitions

- **Sustainability Report:** the corporate document that the company uses to report the information regarding the impact of its activities on the environment and on third parties or, in any case, all the information typically not included in the financial statements.
- **Financial Adviser:** pursuant to Regulation 2019/2088, Financial Adviser means: a) an insurance intermediary which provides insurance advice with regard to IBIPs; b) an insurance undertaking which provides insurance advice with regard to IBIPs; c) a credit institution which provides investment advice; d) an investment firm which provides investment advice; e) an AIFM which provides investment advice in accordance with point (b)(i) of Article 6(4) of Directive 2011/61/EU; or f) a UCITS management company which provides investment advice in accordance with point (b)(i) of Article 6(3) of Directive 2009/65/EC.
- **Statement on principal adverse impacts of investment decisions on sustainability factors:** statement by financial market participants on the consideration of the principal adverse impacts of their investment decisions on sustainability factors pursuant to art.4 of Delegated Regulation (EU) 2022/1288 to publish on their website. This statement shall be published by 30 June each year for the period of 1 January until 31 December of the previous year (average of impacts on 31 March, 30 June, 30 September and 31 December).
- **Statement on the consideration of principal adverse impacts of investment or insurance advice on sustainability factors:** statement by Financial Advisers on the consideration of principal adverse impacts of their investment/insurance advice on sustainability factors pursuant to art. 11 of Delegated Regulation (EU) 2022/1288 to be published on their website.
- **ESG:** acronym that identifies the set of factors for environmental (“E”), social (“S”) and governance (“G”) sustainability associated with a financial investment.
- **European ESG Template (EET)** (“EET template”): standard template used in the information flows among financial intermediaries including a set of data / detailed information on the sustainability characteristics of financial products.
- **European MiFID Template (EMT)** (“EMT template”): standard template used in the information flows among financial intermediaries including a set of data / general information on financial products aimed at complying with product governance requirements.
- **Sustainability factors:** environmental, social and employee matters, respect for human rights, active and passive measures to fight corruption.
- **Financial market participant:** means: a) an insurance undertaking which makes available an insurance-based investment product (IBIP); b) an investment firm which provides portfolio management; c) an institution for occupational retirement provision’ (IORP); d) a manufacturer of a pension product; e) an alternative investment fund Manager (AIFM); f) a pan-European personal pension product (PEPP) provider; g) a manager of a qualifying venture capital fund registered in accordance with Article 14 of Regulation (EU) No 345/2013; h) a manager of a qualifying social entrepreneurship fund registered in accordance with Article 15 of Regulation (EU) No 346/2013; i) a management company of an undertaking for collective investment in transferable securities (UCITS management company); or j) a credit institution which provides portfolio management;
- **Principal adverse impacts on sustainability (“PAIs”)** means the “negative externalities” of economic activities, i.e. the effects of investment decisions and of investment advice that have negative impacts on sustainability factors. PAIs are listed in Delegated Regulation (EU) 2022/1288 and are broken down into Environment-related PAIs and Social PAIs and are further divided into compulsory and additional PAIs.

- **Insurance-based investment product or “IBIP”:** pursuant to point (2) of Article 4 (1) of Regulation (EU) No 1286/2014 (the “PRIIPs Regulation), 'IBIP' means an insurance product which offers a maturity or surrender value and where that maturity or surrender value is wholly or partially exposed, directly or indirectly, to market fluctuations;
- **Financial product:** pursuant to Regulation 2019/2088, 'financial product' means: a) a portfolio managed as part of the portfolio management service in accordance with point 8 of Article no. 4(1) of Directive 2014/65/EU; b) an alternative investment fund (AIF); c) an IBIP; d) a pension product; e) a pension scheme; f) a UCITS; or g) a PEPP.
- **Financial product pursuant to Article no. 8 of Regulation 2019/2088:** product that promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.
- **Financial product pursuant to Article no. 9 of Regulation 2019/2088:** financial product that has sustainable investments as its objective.
- **Sustainable Development Goals (SDGs):** global initiative of the UNDP (United Nations Development Programme) aimed at eradicating poverty, protecting ecosystem balance, creating inclusive societies and promoting peace. It comprises 17 goals and 169 specific targets.
- **Manufacturers:** Asset Managers and Insurance Companies that, in their capacity as financial market Participants, manufacture and issue financial products placed/distributed or included in the managed portfolios of Group Companies.

Annex 2 - PAI Indicators

Table 1, 2 and 3 of Annex 1 to Delegated Regulation 2022/1288

MANDATORY PAI INDICATORS		
Climate and other environment-related indicators		
Type	PAI Indicator	Metric
GHG Emissions	1. GHG Emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions
		Total GHG Emissions
	2. Carbon footprint	Carbon footprint
	3. GHG intensity of investee companies	GHG intensity of investee companies
Biodiversity	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per Euro million of revenue of investee companies, per high impact climate sector
Water	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.
Waste	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as

		a weighted average
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons
Indicators applicable to investments in sovereigns and supranationals		
Environmental	15. GHG intensity	GHG intensity of investee countries
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law

Indicators applicable to investments in real estate assets		
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets

ADDITIONAL PAI INDICATORS		
Climate and other environment-related indicators		
Type	PAI Indicator	Metric
Emissions	1. Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average
	2. Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressed as a weighted average
	3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average
	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement
Energy performance	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investee companies broken down by each non-renewable energy source
Water, waste and material emissions	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies; 2. Weighted average percentage of water recycled and reused by investee companies
	7. Investments in companies without water management policies	Share of investments in investee companies without water

.	management policies
8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy
9. Investments in companies producing chemicals	Share of investments in investee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006
10. Land degradation, desertification, soil sealing	Share of investments in investee companies the activities of which cause land degradation, desertification or soil sealing
11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies
12. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies
13. Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average
14. Natural species and protected areas	<p>1. Share of investments in investee companies whose operations affect threatened species;</p> <p>2. Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas.</p>
15. Deforestation	Share of investments in companies without a policy to address deforestation

Green securities	16. Share of securities not issued under Union legislation on environmentally sustainable bonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds
Indicators applicable to investments in sovereigns and supranationals		
Green securities	17. Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds
Indicators applicable to investments in real estate assets		
Greenhouse gas emissions	18. GHG Emissions	Scope 1 GHG emissions generated by real estate assets; Scope 2 GHG emissions generated by real estate assets; Scope 3 GHG emissions generated by real estate assets; Total GHG emissions generated by real estate assets
Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter
Waste	20. Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract
Resource consumption	21. Raw materials consumption for new construction and major renovations	Share of raw building materials (excluding recovered, recycled and biosourced) compared to the total weight of building materials used in new construction and major renovations
Biodiversity	22. Land artificialisation	Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters		
Indicators for social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy
	2. Rate of accidents	Rate of accidents in investee companies (expressed as

		a weighted average)
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies (expressed as a weighted average)
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)
	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters
	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers
	7. Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average 2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average
	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)
Human rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy
	10. Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts

	11. Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies without policies against trafficking in human beings
	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation
	13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms of geographic areas and/or the type of operation
	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption
	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery
	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies
Indicators applicable to investments in sovereigns and supranationals		
Social	18. Average income inequality score	The distribution of income and economic inequality among the participants in a particular economy including a quantitative* indicator
	19. Average freedom of expression score	Measuring the extent to which political and civil society organisations can operate freely including a quantitative* indicator

Human rights	20. Average human rights performance	Measure of the average human right performance of investee countries using a quantitative* indicator
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative* indicator
	22. Non-cooperative jurisdictions for tax purposes	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes
	23. Average political stability score	Measure of the likelihood that the current regime will be overthrown by the use of force using quantitative* indicator
	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative* indicator
*The metric is presented by using a specific quantitative indicator for each PAI, which is explained by the market participant in the "Explanation" column of the PAI Statement		

Annex 3 - Record of amendments

Version	Date published	Summary of amendments
1.0	10 March 2021	Release
2.0	30 June 2021	Update of the Statement on the consideration of principle adverse impacts pursuant to Article 4 (3) and (4) of the SFDR Regulation.
3.0	27 July 2022	Update intended to provide information on the 2021 Group Sustainability Report, 2022 Group Remuneration Policies and the new 2022-2025 Group Business Plan
4.0	14 December 2022	Statement update intended to both reflect the new version of the "Policy" and limit disclosure to the information required under the provisions of article 4 of the SFDR Regulation.