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# **BPER Group's commitments towards the environment**

Modena, 17/01/2019

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## **1 Content summary / modifications**

This document identifies the commitments made by the BPER Group on environmental aspects in order to reduce its direct and indirect impacts as regards in particular energy consumption and attention to climate change.

## **2 General aspects**

### *2.1 Objectives of the document*

The document provides general information on the measures which the recipient companies must adopt in relation to environmental matters. The BPER Group is in fact aware that careful and responsible company management with respect to the environment contributes to the creation of value for all the stakeholders, who are duly informed of the document through the company's website, the Sustainability Report (Consolidated non-financial Statement), the company intranet and all the company's communication channels.

### *2.2 Recipients of the document*

Italian and foreign banks, instrumental companies and financial credit companies belonging to the banking Group, Optima SIM.

## 2.3 Management of the document

The owners of the management phases are shown in the following table:

Parent Company									Group Companies
Iniziativa	Autorization to proceed	Drafting	Coherence opinion	Compliance opinion	Advisory opinion	Approval	Circulation	Storage	Adoption
External Relations and CSR Office	Chief Executive Officer	External Relations and CSR Office	Organizational Structures and Regulations Office	Group Compliance Function/Specialized Oversight – Group Anti-Money-Laundering Function	Control and Risk Committee	Executive Committee	Group Corporate Bodies Co-ordination Office	Organizational Structures and Regulations Office	BoD

## 2.4 Exceptions management

All exceptions to this document, related to the Parent Company and the Group Companies, must be submitted in advance to the Chief Executive Officer of the Parent Company who will inform the Parent Company's Board of Directors, proposing the possible changes and giving appropriate relative reasons.

## 2.5 Definitions

### Environmental impact

Negative or positive environment change, deriving completely or in part from the activities, products or services of an organization.

### Direct environmental impact

The environmental impact generated directly by the activities of an institution on which the latter has direct and complete control (for example energy consumption, waste production, atmospheric emissions generated by employee mobility, etc.).

### Indirect environmental impact

The environmental impact attributable to the activities of third parties with which the bank/company holds a relationship (for example stakeholders). These are the positive/negative effects on the environment caused by the behavior of external counterparties on which the bank/company can exert a certain amount of influence through actions aimed at adopting sustainable choices.

### Environmental objective

The result to be achieved established by the company and in line with its environmental policy.

### Environmental performance

Measurable result related to the management of environmental aspects.

### Sustainable Development Goals (SDGs)

Those included in the United Nations Development Program aimed at eliminating poverty, maintaining a balanced ecosystem, building an inclusive society and promoting peace. It is composed of 17 goals and 169 specific targets.

### **Sustainability report**

The Report by means of which the institution provides information regarding the impact of its activities on the environment and on third parties, or in any case all the information usually not included in the financial statements.

### **Consolidated non-financial statement**

A report prepared in compliance with the provisions of Legislative Decree 254/2016 "Implementation of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, amending directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups". It may coincide with the Sustainability report or be contained in it.

### **Energy manager**

Governed by law no. 10/91, which introduced the role of Officer responsible for the conservation and rational use of energy (known as Energy Manager), mandatory in industrial companies that consume more than 10.000 toe per annum and in commercial, public and transport companies that consume more than 1.000 toe per annum. The subsequent legislative provisions related to the Energy Manager comprise the Circular issued by the Ministry of Economic Development on 18 December 2014, which introduced important changes in the methods of appointing the Energy Manager and the Ministerial Decree of 28 December 2012.

### **Mobility manager**

The Decree issued on 27/03/1998 envisages that all organizations with over 300 employees in one single unit, or more than 800 employees spread across a number of local units, shall adopt a Plan ("*Piano degli Spostamenti Casa-Lavoro*") related to commuting (hereinafter PSCL) and shall appoint a company head of mobility, defined as Company Mobility Manager (hereinafter Company MM), with the task of streamlining and optimizing the everyday travel of personnel, above all by promoting car sharing and introducing innovative, less polluting, modes of transport aimed at reducing private car use (art.3, paragraph 1).

## **3 Regulatory framework**

### **3.1 External regulations**

- Inter-ministerial decree of 27/03/1998, "Sustainable mobility in urban areas"
- Legislative Decree 231/2001, "Regulations governing the administrative responsibility of the legal persons, companies and associations, including those without legal status, as set out in article 11 of law no. 300 of 29 September 2000"
- Legislative Decree 102/2014, "Implementation of directive 2012/27/EU on energy efficiency, which modifies directives 2009/125/EU and 2010/30/EU and repeals directives 2004/8/EC and 2006/32/EC"

- Legislative Decree 254/2016, “Implementation of directive 2014/95/EU of the European Parliament and the Council of 22 October 2014, modifying directive 2013/34/UE as regards disclosure of non-financial and diversity information by certain large undertakings and groups”
- Legislative Decree 129/2017, “Implementation of directive 2014/65/EU of the European Parliament and the Council, of 15 May 2014, on markets of financial instruments amending directives 2002/92/EC and 2011/61/EU, as, amended by directive 2016/1034/EU of the European Parliament and the Council, of 23 June 2016, and adaption of national laws to the provisions of regulation (EU) no. 600/2014 of the European Parliament and the Council, of 15 May 2014, on markets of financial instruments which amends regulation (EU) no. 648/2012, as modified by regulation (EU) 2016/1033 of the European Parliament and the Council of 23 June 2016”
- Consob’s Regulation no. 20249 of 28 December 2017 implementing the legislative decree of 24 February 1998, no. 58 on markets
- Agenda 2030 for sustainable development, 2015
- The Ten Principles of the Global Compact
- Assonime’s Circular no. 13 of 12 June 2017, “Obligation of disclosing non-financial information”
- EU HLEG on Sustainable Finance, “Financing a sustainable European economy”, 2017
- EU Commission, “Sustainable finance: Commission's Action Plan for a greener and cleaner Economy”, 2018
- EU Commission, “(COM/2018/097) Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European economic and social Committee and the Committee of the regions Action Plan: Financing Sustainable Growth, 2018
- Task Force on Climate-Related Financial Disclosure, “Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures”, 2017
- Task Force on Climate-Related Financial Disclosure, “Annex: Implementing the Recommendations of the TCFD”, 2017
- Task Force on Climate-Related Financial Disclosure, “Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities”, 2017

### 3.2 *Internal regulations*

- Group Governance Guidelines
- Group Guidelines on Human Resources Management
- Group Policy on the governance of Compliance Risk
- Group Policy on the governance of Reputational Risk
- Organizational, Management and Control Model adopted by each Group Company pursuant to Legislative Decree 231/2001

## 4 BPER Group's commitments in relation to environmental impacts

The Group, in line with its environmental policy, pursues the following Sustainable Development Goals:

- Clean and accessible energy
- Sustainable industrialization, innovation and infrastructure
- Sustainable cities and communities
- Action to combat climate change
- Protection, recovery and promotion of the sustainable use of the planet's ecosystems, sustainable management of forests, combat of desertification, halting and reversing land degradation trends, and halting biodiversity loss.

The Group furthermore intends to pursue the environmental principles of the Global Compact (Principles 7,8,9).

The Group has identified the main environmental impacts on which to structure its commitments by appropriately planning and identifying its objectives. These impacts have been sub-divided into direct and indirect impacts.

### 4.1 Management of direct environmental impacts

The Group is committed to reducing its direct environmental impacts by intervening in the following areas:

- Energy efficiency: the Group strives to use energy resources in a responsible manner, avoiding waste so that savings can be made, both from an economic and environmental impact point of view.
- Renewable energy: the Group strives to favor the purchase and consumption of energy deriving from renewable sources, and to continue to invest, where possible, in its own ability to self-produce renewable energy.
- "Green" purchases and the responsible use of resources: in its acquisition practices, the Group assesses the suppliers also on the basis of sustainability criteria. The Group furthermore strives to use as far as possible recycled paper and/or that originating from forests managed in a responsible way.
- Dematerialization: the Group is committed to using the materials necessary for the performance of its activities in a responsible and efficient manner (mainly paper and toners), and to continue to embrace the opportunities offered in the field of digitalization and innovation.
- Waste management: the Group is committed to reducing waste production and to ensure its correct disposal. Priority is given, where possible, to waste recycling, and in all the Group's locations separate waste collection is carried out for the different categories of waste, with particular attention to the two categories of used most, i.e. paper and toners. Finally, in order to also reduce the quantity of hazardous waste, particular attention is paid to purchases which may give rise to this type of waste.
- Mobility management and vehicle fleet management: the Group is committed to offering its personnel concrete support in order to make commuting easy and sustainable while optimizing travel within the group and promoting a greater use of video-conferencing. It furthermore pursues the objective of reducing emissions from fuel consumption through the sustainable management of the company's vehicle fleet.

- Rationalization of archives: the Group is committed to rationalizing its archives, in order to improve operational efficiency and reduce the consumption of paper (document dematerialization).

For each one of these areas the Group identifies appropriate performance indicators, fixes improvement targets and monitors the results achieved, with particular reference to the recording of data useful in order to report the impact related to climate change.

#### 4.2 *Indirect environmental impacts*

The Group adopts a precautionary approach when managing activities with an indirect environmental impact. Its objective has a dual perspective: on the one hand it intends to limit connected risks and on the other to exploit possible business opportunities.

More specifically:

- Supply chain management: the Group operates in order to enhance the sustainability of its suppliers. Furthermore, all other conditions being equal, preference is given to those suppliers whose products/services have high environmental standards.
- Responsible credit to customers: in its offers to customers, the Group includes products and services with positive environmental impacts. This commitment takes into account, for example, access to credit for the development of low-carbon products, for energy efficiency projects, for plants producing renewable energy, for the diffusion of sustainable agricultural practices, for the development of a circular economy.
- Responsible customer investments: the Group strives to propose and promote among its customers investment products which envisage responsibly managed assets with a positive environmental impact, pursuing the main objective of promoting sustainable finance also beyond its role of institutional investor.
- Direct investments: the Group strives to invest in responsibly managed assets with a positive environmental impact.

## 5 **Internal awareness of sustainability-related themes**

The Group actively promotes a corporate culture on sustainability-related themes through:

- Awareness-raising programs for group employees;
- Training courses for personnel which, at any level and in any capacity, may have an effect on environmental aspects at a management level.

The commitment to promote a sustainability culture is also extended to all the Group's stakeholders and to the community in general through:

- Sponsorships or donations in support of projects which satisfy the criteria of environmental protection, education/information/communication on environment-related themes, dissemination of good practices;
- Participation in national/international events/activities/projects which promote sustainability among institutions.



## **6 Roles and responsibilities**

### *6.1 Parent company's organizational units*

#### **External Relations and CSR Office**

- assists the organizational units covered by this document in the identification of the priorities and the formalization of the objectives, the relative performance indicators and the projects for environmental improvement to be included in the Group's Business Plan
- prepares and manages the periodic analysis and reporting of the Group's environmental performance for the Chief Executive Officer and the General Manager
- prepares the annual consolidated non-financial statement to be submitted to the approval of the Board of Directors,
- deals with public disclosures and consultations with stakeholders

#### **COO**

- regarding innovation-related themes, promotes the co-ordination and the co-operation between the Parent Company's Organization Department, the ICT and Security Function and the same functions at the various Group Companies

#### **Finance and Planning Department**

- identifies the priorities and formalizes the objectives and the relative performance indicators for investments

#### **Business Area**

- defines the business policies for the offer of products and services to customers and for marketing/communication activities connected to environmental sustainability issues

#### **Credit Area**

- defines credit policies with attention to environmental sustainability issues and passes resolutions in relation to such policies

#### **Risk Management Department**

- identifies, assesses and manages operational and reputational risks which could undermine company sustainability

#### **Human Resources Department**

- defines the training courses and awareness-raising programs

#### **Investor Relator**

- monitors the ESG rating in collaboration with the External Relations and CSR Office

### **Energy Manager**

- defines the activities related to energy sources, energy savings, the reduction of greenhouse gas emissions

### **Mobility Manager**

- defines the activities aimed at reducing environmental impacts due to business travel and staff commuting

### **Procurement Function**

- defines the procurement policies, the management of the supply chain and the supplier's sustainability rating

### **Real Estate Department**

- carries out actions in order to reduce energy consumption, with an impact on properties and plant, based on the indications defined by the Cost Governance Office
- manages hazardous waste

### **Budget Managers**

- define the procurement and direct purchase activities

## **6.2 *Group companies' organizational units***

### **Banco di Sardegna's Energy Manager**

- defines the activities related to energy sources, energy savings, the reduction of greenhouse gas emissions

### **Real estate function<sup>1</sup>**

- deals with the management of energy expenditure, energy efficiency activities and waste management

### **CSR Function<sup>2</sup>**

- Ensures the development of Corporate Social Responsibility (CSR) through the identification and implementation of activities with such aim (sustainability report, guidelines on arms, microcredit, financial education, green economy, combat of compulsive gambling, projects with social-environmental-cultural impacts, reputational aspects)

### **Business Function<sup>3</sup>**

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<sup>1</sup> See attached table for the identification of the organizational unit in which the Function is comprised at the various Group companies.

<sup>2</sup> See attached table for the identification of the organizational unit in which the Function is comprised at the various Group companies.

<sup>3</sup> See attached table for the identification of the organizational unit in which the Function is comprised at the various Group companies.

- Implements business policies, defined by the Parent Company, for the offer of products and services to customers and for marketing/communication activities connected to environmental sustainability issues

#### **Human Resources Function<sup>4</sup>**

- In accordance with the Group's guidelines, defines the learning strategy, on the basis of business needs and training requirements, develops the training plans and the relative methods of providing training, including the selection and management of the suppliers of the connected services
- defines the activities aimed at reducing environmental impacts due to business travel and staff commuting

#### **Procurement Function<sup>5</sup>**

- Identifies and selects the suppliers, in co-ordination with the Parent Company, monitors their performance and prepares the relative reports

#### **Budget Managers**

- define the procurement and direct purchase activities

#### **Credit Function<sup>6</sup>**

- implements the credit policies on environmental sustainability issues drawn up by the Parent Company

### **6.3 *Parent Company's Corporate Bodies***

#### **Board of Directors**

- approves the Consolidated non-financial Statement on an annual basis

### **6.4 *Group companies' Corporate Bodies***

Not envisaged

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<sup>4</sup>See attached table for the identification of the organizational unit in which the Function is comprised at the various Group companies.

<sup>5</sup>See attached table for the identification of the organizational unit in which the Function is comprised at the various Group companies.

<sup>6</sup>See attached table for the identification of the organizational unit in which the Function is comprised at the various Group companies.

## 7 Annexes

### 7.1 Identification of the organizational units at the Group companies

The following annex shows, for each of the “Functions” indicated in the document, the organizational units of the Group companies in which the Function itself is comprised.

Function	Banco di Sardegna	Banca di Sassari	Cassa di Risparmio di Bra	Cassa di Risparmio di Saluzzo	EmilRo Factor	Sardaleasing	Optima	Modena Terminal
Real Estate Function	Technical and Real Estate Function	BPER's Real Estate Department	Organization and cost management Office	Organization Office	Finance and Control Administration Office	Real estate contracts Office	Not present	Management
CSR Function	External Relations and CSR Office	Marketing and Communication Office	Human Resources Office	Monitoring of Financial and Commercial operations	Companies Governance Function	Legal Affairs and Personnel Office	Internal Audit	Management
Business Function	Business Area	BSS'S Business Function	Monitoring of Financial and Commercial operations	Business Function	Business Function	Business Function	Business Support and Development Office	Management
Human Resources Function	Human Resources Office	General Manager	Human Resources Office	Human Resources Office	Equity Investments Governance Function	Legal Affairs and Personnel Office	Chief Executive Officer	BPER's Human Resources Department
Procurement Function	Procurement Office	BPER'S Procurement Function	Organization and cost management Office	BPER'S Procurement Function	Finance and Control Administration Office	Legal Affairs and Personnel Office	Chief Executive Officer	BPER'S Procurement Function
Credit Function	Credit Department	Credit Function	Credit Function	Credit Function	Credit Function	Credit Function	Not present	Not present

Function	BPER Services	Numera	Modena Terminal	BCM	Tholos	Nadia	BPER Lux
Real Estate Function	BPER'S Real Estate Department	General Services Section	Management	BPER'S Real Estate Department	Banco di Sardegna's Real Estate Technical Function	BPER'S Real Estate Department	General Management
CSR Function	Organization and quality Function	General Management	Management	General Management Secretariat Office	Management	Management	General Management
Business Function		Risk Management Office	Management	Not present	Management	Management	General Management
Human Resources Function	Human resources management Office	Personnel Administration and Trade Union Relations Section	BPER's Human Resources Department	BPER's Human Resources Department	Not present	Not present	General Management
Procurement Function	BPER'S Procurement Function	Administration, Financial Statements, Budget and Management Control Function	BPER'S Procurement Function	Portfolio Management Office	Management	Management	General Management
Credit Function	Direzione Crediti BPER	Not present	Not present	Not present	Not present	Not present	Credit Department