

BPER:

2023

PRINCIPLES
FOR RESPONSIBLE
BANKING REPORT



BPER:

2020

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PRINCIPLES
FOR RESPONSIBLE
BANKING REPORT

INTRODUCTION

On 14 July 2021, the BPER Banca Group (hereinafter also referred to as “BPER Group” or “the Group”), through its Parent Company BPER Banca (hereinafter also referred to as “BPER” or “the Bank”), signed the Principles for Responsible Banking (PRB), launched in 2019 as part of the UNEP Financial Initiative (hereinafter also UNEP FI) with the aim of supporting interventions to promote sustainability in the financial sector.

Joining the PRB is a significant milestone with respect to the Group’s broader international and national commitments, including joining the Task Force on Climate-related Disclosure (TCFD) and the Net-Zero Banking Alliance (NZBA), with which it has embarked on a path towards climate neutrality, including by setting initial decarbonisation targets for its portfolios with the aim of achieving zero net emissions by 2050.

These initiatives are part of the sustainable development path outlined by the Group, recently confirmed and strengthened with the 2022-2025 “BPER e-volution Business Plan” and its lines of development in the ESG area, “ESG Infusion”, aimed at creating shared value with concrete actions and objectives for all the intervention initiatives of the plan.

This Report has been prepared in accordance with the “Reporting and self-assessment template” published by UNEP FI and approved by the Board of Directors of BPER Banca on 6 March 2024, together with the Consolidated Non-Financial Statement (hereinafter also referred to as “CNFS 2023”, contained in the document “Annual report 2023”) and the TCFD Report 2023.

The “Links and references” section contains references to the documentation available to stakeholders to learn more about what is reported in this disclosure.

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

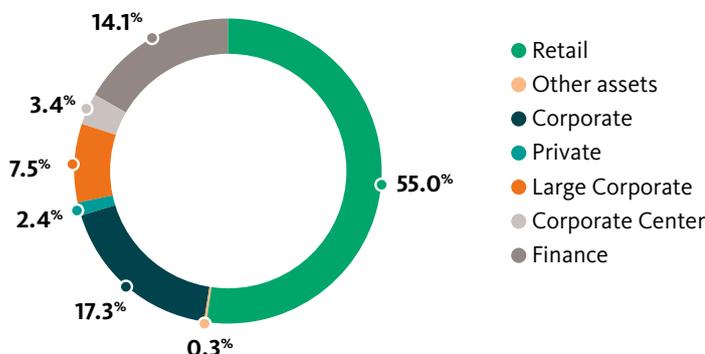
The BPER Banca Group was established in 1994 at the initiative of BPER Banca, then named Banca Popolare dell'Emilia-Romagna. The underlying objective was and is to create a reality in which each bank could capitalise on the synergies of a large Group, while maintaining its operating autonomy and deep roots in the local areas.

BPER Banca, as a Parent Company, adopts a sustainable development model, incorporating environmental, social and economic considerations within its operational and investment activities.

Today, BPER is the third largest banking group in Italy in terms of number of branches, with a network of 1,635 branches nationwide, in addition to one branch of the subsidiary BPER Bank Luxembourg S.A.

In addition to commercial banks, the Group also includes numerous product factories operating in the leasing, factoring, consumer finance and asset management market sectors.

Below is the distribution of net interest and other banking income by segment from the Annual report 2023 of the BPER Banca Group in the section "Segment Reporting" (identified on the basis of: the legal nature and risk profile of the counterparty; balance sheet and income statement parameters; behavioural variables) namely:



Links and references

- [Annual Report 2023](#)

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

UN Global Compact

UN Declaration on the Rights of Indigenous Peoples

Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: Italian Legislative Decree 254/2016 (which implements the European Directive 2014/95/EU in Italy); Pillar 3 (Disclosure on the third pillar under the EU Capital Requirements Regulation (CRR) EU Regulation 575/2013); CRD IV (Capital Requirements Directive 2013/36/EU of June 26, 2013); Net-Zero Banking Alliance (NZBA); ECB Guide on Climate-Related and Environmental Risks; Carbon Disclosure Project (CDP); Task Force on Climate-related Financial Disclosures (TCFD).

Any applicable regulatory reporting requirements on social risk assessments, e.g., on modern slavery - please specify which ones:

None of the above

Response

The Group has defined a corporate strategy consistent with the relevant national and international regulatory frameworks, such as the NRRP (National Recovery and Resilience Plan), the Paris Climate Agreement and the UN Sustainable Development Goals. This corporate strategy reflects the sustainability commitments formalised within the Group's "ESG Policy".

The BPER Group adopts the concept of sustainable development in its broadest sense, which includes environmental, social and economic considerations within its operating and banking activities. This means taking ESG criteria into account when granting credit, adopting an approach aimed at identifying and assessing potential ESG risks (climate-related and environmental, reputational, operational, etc.) arising from loans granted to companies operating in controversial sectors, involved in serious events that have resulted, or may result, in negative impacts on the borrowers' assessment, with special attention to impacts on their credit scoring. At the same time, the Group intends to support the path of transition and improve the environmentally sustainable exposures of its loan portfolio, in accordance with the EU Taxonomy.

In addition, the BPER Group considers ESG factors in its investment activities and adopted a specific Policy in 2022.

The Group has formalised its strategy in the document "2022-2025 Business Plan" (hereinafter also referred to as "the Plan"), which outlines its development in ESG to create long-term shared value.

Links and references

- [ESG Policy](#)
- [ESG-linked Loan Origination Policy \(p. 3\)](#)
- [ESG Investment Policy for the Management of the Group's proprietary portfolio \(p. 8\)](#)
- [2022-2025 Business Plan](#)
- [CNFS 2023 \(1.3 Governance and organization model, 6. Environment and climate change\)](#)
- [Partecipazione in NZBA](#)
- [TCFD Report 2023](#)

The Group's main sustainability commitments included in the Plan are as follows:

- with reference to environmental matters, among all the objectives, the Group has set its own science-based emission reduction targets, in line with the Paris Agreement; moreover, it intends to support companies in the transition process to a low-carbon economy;
- as for the social scope, the Plan outlines the Group's intention to develop financial education and inclusion programmes for young people and other initiatives with a strong commitment towards the communities and the promotion of a "diversity & inclusion" culture;
- BPER aims to strengthen its Sustainability Leadership, for instance, by defining specific ESG roles and responsibilities in its Governance Body and by incorporating ESG targets in the Group's remuneration schemes.

The Group has committed for years to voluntarily disclose its climate change related risk and to communicate its environmental performance to its stakeholder. Among the different initiatives, these can be mentioned:

- Carbon Disclosure Project (CDP), through which the Group provides information on the management of climate change issues and supplier engagement activities (carried out annually);
- Carbon Footprint Analysis, through which (starting from 2020) the Group has measured, in CO₂ equivalent, the total greenhouse gas emissions associated with its portfolio;
- Scenario Analysis, assessing an alignment with the scenarios produced by the Network for Greening the Financial System (NGFS) in their most up-to-date version, specifically selecting three scenarios:
 - Net Zero 2050 (belonging to the NGFS Orderly transition family of scenarios) limits global warming to +1.5°C, through strict climate policies and innovation, reaching global net zero CO₂ emissions around 2050;
 - Delayed Transition (which belongs to the family of scenarios called Disorderly transition) assumes that annual emissions will not decrease until 2030. Strong policies are needed to limit warming to below 2°C;
 - Current Policies (part of the Hot House World family of scenarios) assumes that existing climate policies remain in place, but that their level of ambition is not strengthened.

The Bank has also intensified its commitment to climate transition by adhering to:

- the Task Force on Climate-related Financial Disclosure (TCFD) recommendations (December 2021);
- the Net-Zero Banking Alliance (NZBA) (March 2022).

Finally, with reference to climate-related and environmental risks, starting January 2021 (namely since the European Central Bank began requesting banks' information on their positioning with respect to the ECB Guide on climate-related and environmental risk), the Group actively organised cross-cutting working groups with the aim of identifying action lines in the ESG area to strengthen strategy, business, risk governance and regulatory compliance. With this in mind, an activity/intervention plan was defined and approved by the Bank's Board of Directors and sent to the European Central Bank. This Plan is fully embedded in the new Business Plan and is monitored at least on a quarterly basis.

All these actions and initiatives confirm the strategic importance that the Group attaches to sustainability issues, the management of which translates into consistent and concrete commitments both at Governance level and in the daily activities of all corporate functions.

The Group will continue to monitor the relevant legislation and guidelines to identify any developments in the ESG field to be implemented in its risk governance framework in the short and medium-long term and in its sustainability strategy.

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank’s impact analysis? Please describe which parts of the bank’s core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

The BPER Group presents an almost entirely Italian credit portfolio, as almost all its customers are located in Italy. For this reason, the Impact Analysis (hereinafter also “the Analysis”) has been carried out with exclusive reference to the 2022 Italian portfolio, considering both Retail (household) and Corporate (business) clients.

The Analysis was carried out using data referring to the 2022 financial year (01/01/2022 - 31/12/2022), deriving from “Financial year 2022 Reports of the BPER Banca Group”.

Links and references

- [Annual Report 2022](#)

1 That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.
2 Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope:

i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response

Based on the scope defined previously, the portfolio composition analysis has been performed with the support of the UNEP FI Portfolio Impact Analysis Tool (V3), modules Consumer and Institutional. As regards the analysis of the Retail and Corporate customer portfolio, the monetary value of total loans was used. More details can be found in the following tables.

(in thousands)

Direct and Indirect Deposits	€
Direct deposits from customers	114,831,032
Indirect deposits	138,875,198

(in thousands)

Breakdown of loans to non-financial corporates	€
Agriculture, forestry and fishing	1,046,681
Mining and quarrying	127,603
Manufacturing	13,553,175
Provision of electricity, gas, steam and air-conditioning	914,738
Provision of water, sewerage, waste management and rehabilitation	822,958
Construction	3,400,126
Wholesaling and retailing, car and motorcycle repairs	7,670,788
Transport and storage	1,503,982
Hotel and restaurants	1,985,981
Information and communication	997,850
Financial and insurance activities	220,202
Real estate	4,402,452
Professional, scientific and technical activities	1,795,403
Rentals, travel agencies, business support services	1,916,944
Public administration and defence, compulsory social security	27,043
Education	50,913
Health and welfare	637,868
Arts, sport and entertainment	234,279
Other services	602,340

Links and references

- [Annual Report 2022 \(6. The results of operations of the BPER Banca Group\)](#)

3 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

The BPER Group has conducted an analysis to identify Italy's priorities and needs with the support of the UNEP FI Context Tool, in order to detect the country's impact areas, which are the starting point, together with the portfolio analysis, for target setting.

The context analysis highlighted as priorities both environmental issues, such as climate stability, biodiversity & healthy ecosystems and circularity, and socio-economic issues related to the availability, accessibility, affordability and quality of resources and services for the population.

Moreover, the analysis has taken into account Italy's current challenges and priorities reported in the National Recovery and Resilience Plan (NRRP), that is part of the Next Generation EU (NGEU) programme, defined by the European Union in response to the pandemic crisis. The NRRP identifies the following 6 missions: 1. Digitalisation, innovation, competitiveness, culture and tourism; 2. The green revolution and ecological transition; 3. Infrastructure for sustainable mobility; 4. Education and research; 5. Inclusion and cohesion; 6. Healthcare.

In addition, to verify the overall consistency in determining the priorities on the areas of greatest impact for the BPER Group, the outcome of the materiality analysis, which is carried out annually for the purpose of preparing the Group's Consolidated Non-Financial Statement (as required by Legislative Decree 254/2016), was considered. The BPER Group has also updated its materiality analysis for 2023 by determining, through the involvement of various categories of stakeholders, the main impacts generated on the economy, environment, and society, to define relevant issues and stakeholders' expectations towards the Group. Therefore, the context analysis also considered the expectations of stakeholders on the relevant issues regarding which the Group operates on a daily basis and reports on its performance.

Links and references

- [National Recovery and Resilience Plan](#)
- [CNFS 2023 \(3.2 Materiality Analysis\)](#)

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose.

Response

At the end of the analysis process, according to the activities described above, two significant impact areas were identified: **climate change mitigation** and **financial inclusion**.

Below are the details of the analysis carried out on the Group's Retail and Corporate customer portfolio as at 2022 and the related results that emerged using the UNEP FI Impact Analysis tool⁵.

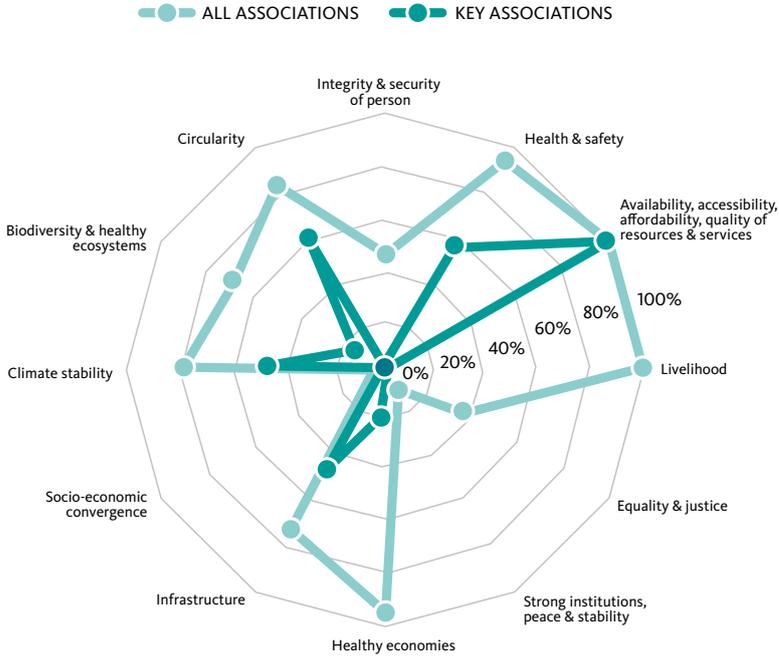
Links and references

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

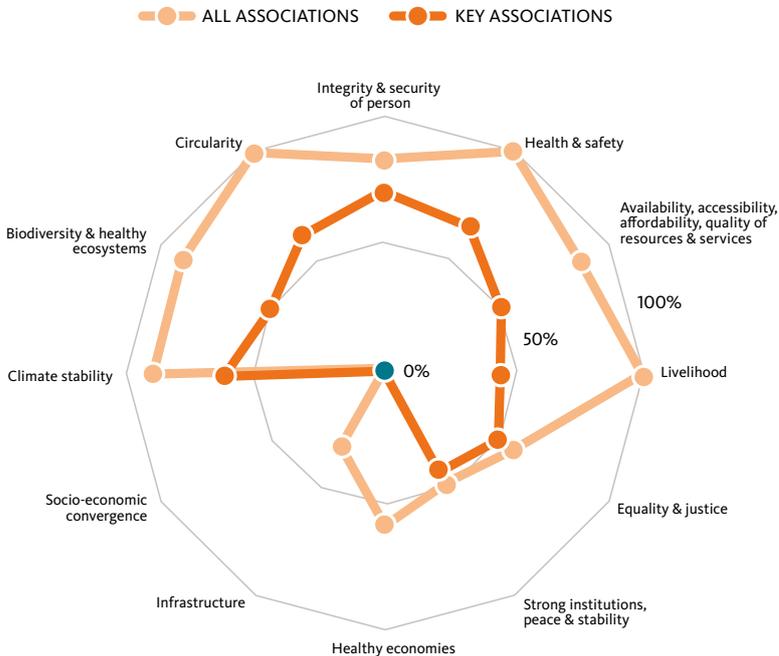
⁵ "All associations" refers to all impact associations while "Key associations" focuses on associations that are considered fundamental or crucial for different impact scopes. These "key" associations are often those that have the potential to generate more substantial impacts or that can significantly influence the achievement of goals.

Analysis of the Corporate banking portfolio (businesses)

POSITIVE IMPACTS

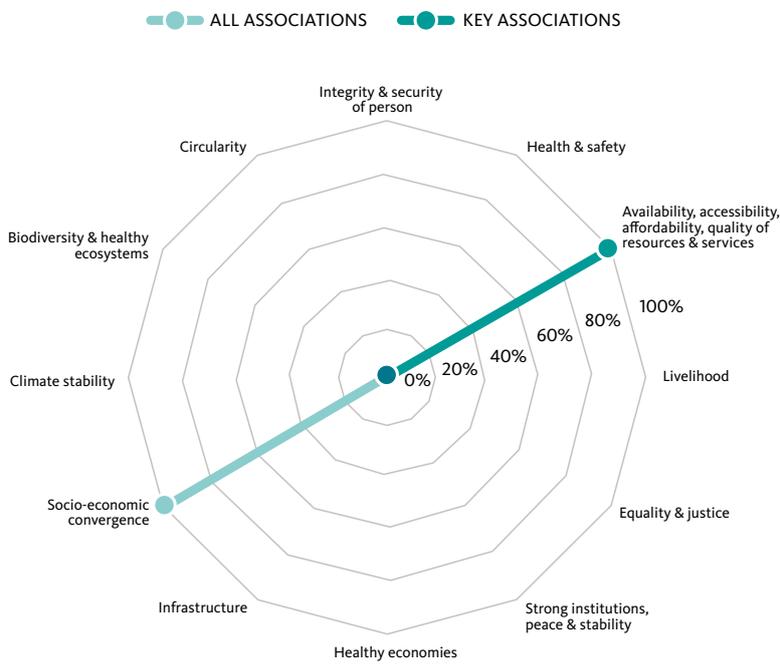


NEGATIVE IMPACTS

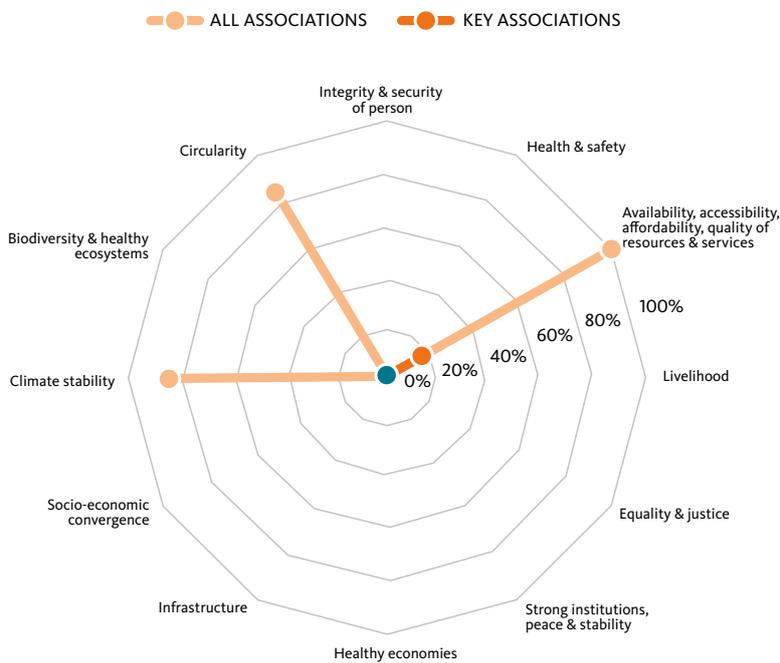


Analysis of the banking portfolio of Retail customers (households)

POSITIVE IMPACTS



NEGATIVE IMPACTS



Regarding **positive impacts**, significant impacts were found on most of the areas considered by the UNEP FI Impact Radar.

Among the most relevant areas, associated with a high share of the portfolio and linked to the needs of the country, are: “Availability, accessibility, affordability, quality of resources and services”; “Circularity”; “Biodiversity and healthy ecosystems”; “Climate stability”.

Regarding **negative impacts**, considering the main associations proposed by the tool, the proportion of the portfolio and Italy’s needs identified through the context analysis, the most relevant impacts include the following areas: “Climate stability”; “Circularity”; “Biodiversity and healthy ecosystems”; “Availability, accessibility, affordability, quality of resources and services”.

Based on the results obtained, in line with its membership to the TCFD, the Net-Zero Banking Alliance and the ESG objectives set in the 2022-2025 BPER e-volution Business Plan, the Group has defined **climate change mitigation** as a priority area of impact. This choice also considers the European Central Bank (ECB)’s expectations, set out in the “Guide on Climate-related and Environmental Risks”, which requires each bank to define and implement a climate adaptation strategy in line with the context in which it operates.

Furthermore, given the Group’s strong focus on loans to Retail customers, with significant exposure to loans related to the purchase of homes, as well as the presence of products dedicated to specific individuals, such as youth and other vulnerable groups, it is possible to determine a further significant area of positive impact in the topic of **financial inclusion**. The data relating to customer groups, divided according to the types of products, may show an uneven distribution based on the characteristics of the customers themselves (for more details, please refer to the performance measurement section): promoting financial equity becomes essential to contribute to the creation of a more diversified and representative clientele of the company.

In line with the activities envisaged in the “ESG Infusion” stream of the 2022-2025 Business Plan, BPER Group has identified SMART Targets and areas of intervention on the topics of the **climate change mitigation** and **financial inclusion**.

d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e., qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Response

Climate change mitigation

Since 2020 the Group has been involved in carrying out climate and environmental risk assessment activities (both physical and transitional) on the banking business, responding to the requests of the European Central Bank on climate and environmental risks.

For these reasons, in 2021 the Group carried out an assessment to verify the actual possibility of defining science-based targets for the reduction of Scope 3 emissions of its loan portfolio in the medium (to 2030) and long term (by 2050), in accordance with the Paris Agreement. In addition, in 2022 the Group has worked on the portfolio's Scenario and Carbon Footprint Analysis, reporting the related results in the 2022 TCFD Report. Similarly, in 2023 appropriate Scenario Analyses were carried out as described in section 5.3 of this document as well as in the 2023 TCFD Report.

On 9 March 2022, through the Parent company BPER Banca, the Group joined the Net-Zero Banking Alliance, the industry alliance promoted by the United Nations to accelerate the sustainable transition of the banking sector through the commitment of member banks to align their portfolios with the goal of net zero emissions by 2050, thus strengthening the objectives set by the Paris Agreement on climate. By joining NZBA, the Group undertakes to define medium-term (2030) and long-term (2050) targets to reduce its emissions gradually over time in the carbon-intensive sectors identified by the NZBA guidelines.

Specifically, the activities carried out by the Group in 2023 included: (i) the calculation of emissions financed according to the PCAF standard (Partnership for Carbon Accounting Financials); (ii) the scenario analysis based on the results of carbon accounting and, finally, (iii) the choice of priority sectors for the publication of the related decarbonisation targets.

With reference to the first phase, the Group traced the investment and loan portfolio back to the categories provided by the PCAF methodology and subsequently identified the perimeter of the asset classes relevant for the reporting of the financed emissions on the basis of the following elements: (i) availability of data extracted from the relevant databases, (ii) applicability of the PCAF methodology according to the highest data point's quality score and (iii) relevance of the emissions financed at asset class or sector level for the purpose of setting decarbonisation targets.

Links and references

- [CNFS 2023 \(4.6 ESG Products and Sustainable Finance, 6. Environment and Climate Change\)](#)
- [2022-2025 Business Plan](#)
- [TCFD Report 2022](#)
- [TCFD Report 2023](#)

As a result of the analyses carried out, the scope has been restricted to the loan portfolio, specifically, to General Purpose loans and Commercial & Residential Real Estate loans.

Finally, in line with the NZBA guidelines, BPER Banca proceeded to trace the loan portfolio back to the carbon-intensive sectors: agriculture, aluminium, cement, coal, commercial and residential real estate, iron and steel, oil and gas, power generation and transport.

For each loan portfolio allocated to the carbon-intensive sectors, the emissions financed according to the PCAF standard were calculated.

Starting from the calculation of the emissions financed for the carbon-intensive sectors, a preliminary scenario analysis was conducted as a starting point for the subsequent target setting activity, which led to the choice of the two priority sectors on which BPER defined its decarbonization objectives (i.e. electricity production and oil and gas) selected also considering strategic factors, including: investment strategies, loan duration and regulatory, technological and market evolutions.

Financial inclusion

The BPER Group has been committed to the issue of financial inclusion for years. To demonstrate the Group's growing commitment towards financial inclusion, there are a number of products with significant social impacts, for a total disbursed value in 2023 of Euro 1,783.5 million, of which 41% linked to Retail banking.

In line with the UNEP guideline "Financial Inclusion and Financial Health Target Setting" and in order to structure an adequate performance evaluation process relating to financial inclusion, the Group has developed a product analysis for Retail customers targets. Below, an overview of 2023 data.

	Men (%)	Women (%)	Age (0-30)	Age (30-60)	Age (60+)
Current accounts	50.6%	49.4%	10.7%	48.8%	40.5%
Debit and prepaid cards	52.4%	47.6%	13.9%	52.9%	33.2%
Credit cards	57.7%	42.3%	4.9%	61.0%	34.1%
Security deposits	49.5%	50.5%	4.1%	41.7%	54.1%
Opening of credit lines	55.0%	45.0%	0.5%	51.9%	47.6%
Mortgages	53.7%	46.3%	5.2%	79.3%	15.5%
Personal and one-fifth of salary backed loans	60.4%	39.6%	6.3%	65.0%	28.7%

The data relating to customer groups divided according to product types helps understand the different distributions, useful for defining possible elements of prospective evaluation. With reference to gender distribution, there are no situations of particular significance. On the other hand, the distribution by age group of customers appears to be more significant, where a general low presence of young people under 30 is observed. This confirms the Group's need to continue and intensify its work on the issue of financial inclusion, including with specific actions aimed at the younger generations.

An important part of the Group's social products is made up of financial inclusion programmes aimed at including people who are not fully integrated into the economic and productive fabric of society or who, for various reasons, have been marginalized from it: young people and senior citizens, mainly. For these categories, financial, credit and saving services have been designed and implemented, aimed at economic strengthening (i.e., microcredit, specific loans dedicated to disabled customers, etc.).

Moreover, in 2022 the Group launched "BPER Bene Comune"; a series of initiatives aimed at non-profit organisations and Third Sector entities. During 2023, the Group strengthened its positioning towards these groups, creating an organizational unit capable of offering specific skills, services and relationships for the social and institutional sectors. Through its offering, BPER Bene Comune will contribute to the progressive sustainable development of the community.

Finally, the Group identifies in its Business Plan concrete actions and targets to be achieved in the area of Financial Inclusion. In particular, the following actions have been planned for the period 2022-2025:

- strong community orientation thanks to the allocation of Euro 15 million to support activities in support of communities and territories;
- initiatives for young people on financial literacy and ambitious nationwide projects, including project for the advanced training of the most deserving young people at the Università Cattolica del Sacro Cuore ('honour loan');
- development of the Third Sector's service model with dedicated products and an increase in lending.

The commitment to the financial inclusion of citizens, as well as customers, as a fundamental contribution of banks to the development of the country, appears to be confirmed by authoritative sector studies. For example, in the paper "Challenges for financial inclusion: the role for financial education and new directions", published by the Bank of Italy in October 2022, it is highlighted that "higher levels of participation of individuals in economic life, greater financial knowledge and the existence of financial education strategies, reduce the likelihood that a country will be in the low financial inclusion segment".

The BPER Group's commitment is also consistent with the "National Strategy for Financial, Insurance and Social Security Education" defined by the Committee for the Planning and Coordination of Financial Education Activities appointed by the Minister of Economy and Finance, in agreement with the Minister of Education, University and Research and the Minister of Economic Development. The aim of this strategy is to improve the skills of Italian citizens in the field of savings, investments, pensions and insurance.

Furthermore, with reference to the contents of the NRRP, financial inclusion can be considered an essential component for the achievement of several of its objectives: the growth of financial skills contributes to forming a more financially aware and inclusive generation, thus supporting the long-term vision for sustainable economic growth and a more equal society.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope: Yes In progress No

Portfolio composition: Yes In progress No

Context: Yes In progress No

Performance measurement: Yes In progress No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, financial inclusion.

How recent is the data used for and disclosed in the impact analysis?

Up to 6 months prior to publication

Up to 12 months prior to publication

Up to 18 months prior to publication

Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: *(optional)*

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g., the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank’s portfolio⁸ with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response

As international frameworks on climate change are concerned, the Group aligns its approach with the Paris Agreement, the UN Sustainable Development Goals and the TCFD framework.

Specifically, the BPER Group is committed to align its portfolio to the “Net-Zero by 2050” goal of the Paris Agreement. To do this, in March 2022 the Group joined the Net-Zero Banking Alliance. After completing its climate performance analysis, the Group defined its first decarbonisation targets for its portfolios, starting from two priority sectors:

- Electricity production;
- Oil and gas.

The definition of targets is a crucial effort by the Group to align its business with the decarbonisation ambitions set out in the Paris Agreement and constitutes a further evolution of its commitment to sustainability and climate change mitigation.

With reference to financial inclusion, during 2023, the Group completed the measurement of its performance, taking into account the framework of the UN 2030 Agenda, in order to determine which goals it can contribute most to (i.e. increase relating to reaching people through financial education initiatives; measurement of the number of Retail customers with a digital account out of the total active private customers). At the end of the analysis, it selected relevant indicators and targets to guide alignment with the chosen objectives. BPER’s commitment to contribute to the social objectives of the SDGs is expressed in the “2022-2025 Business Plan”, which outlines the Group’s intention to develop education and inclusion programmes for young people and other initiatives with a strong commitment to communities and the promotion of a culture based on the principles of “diversity and inclusion”.

Links and references

- [CNFS 2023 \(Methodology, 1.2 The BPER Group’s commitments\)](#)
- [Partecipazione in NZBA](#)
- [2022-2025 Business Plan](#)

7 Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

8 Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

Response

With reference to climate change mitigation, the Bank has selected an indicator for each target. Specifically:

- reduction of the portfolio weighted emission intensity of the counterparties in the “electricity production” sector, from a base of 256 kilograms of CO₂ equivalent per megawatt hour (256 kg CO₂e/MWh) in 2022;
- reduction of financed emissions in the “oil and gas” sector, from a base of 464 thousand tons of CO₂ equivalent (464 thousand tCO₂e) in 2022.

Specifically, with reference to the baseline value expressed in financed emissions, the BPER Group followed the guidelines “The Global GHG Accounting and Reporting Standard” defined by the PCAF, a standard for reporting financed emissions attributable to investments and loans in the portfolio of financial institutions (i.e., Scope 3 emissions relating to Category 15 of the GHG Protocol).

Moreover, after joining the Net-Zero Banking Alliance (NZBA) in March 2022, BPER Group has strengthened the existing methodology for calculating emissions, also leading to an expansion in the scope of the exposures analysed. In particular, this increase was determined both in terms of a greater number of counterparties analysed compared to 2022, and by including a new asset class relating to mortgage loans for the purchase of commercial and residential real estate.

For more details on the methodology adopted by the BPER Group to calculate financed emissions, see TCFD 2023 Report.

With regard to financial inclusion, the Group has also determined an indicator for each target. Specifically:

- measurement as a progressive increase, starting from an initial base of zero, compared to the overall objective for the time frame of the Business Plan (2022 – 2025) relating to reaching people through financial education initiatives;
- measurement of the number of Retail customers with a digital account out of the total active Retail customers, starting from a base of 57% as at 31 December 2023.

Links and references:

- [TCFD Report 2023 \(3.6 The calculation of the portfolio's carbon footprint; 5.2.2. Scope 3\)](#)

c) SMART targets (incl. key performance indicators (KPIs)⁹: Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target?

Please disclose.

Response

Climate Change Mitigation targets:

In order to monitor the progress achieved towards the declared Net Zero targets, the BPER Group will use an emission intensity metric for the “electricity production” sector and an absolute metric on financed emissions for the “oil and gas” sector.

Sector	Metric	Baseline	Target 2030
Electricity production	Emission intensity	256 kg CO ₂ e/MWh	-36% (165 kg CO ₂ e/MWh)
Oil and gas	Financed emissions	464,000 tCO ₂ e	-29% tCO ₂ e

The targets set cover almost all the financed emissions for the two identified sectors, to the extent that these are calculable based on the availability of robust data and methodologies. In line with the commitments made in joining the NZBA, the BPER Group plans to gradually extend target setting activities to include the remaining carbon-intensive sectors identified by the Alliance and to continuously improve data quality and coverage.

Financial inclusion targets:

- 400,000 people involved (customers and non-customers) over the 2022-2025 Plan period in financial education initiatives through training courses, lectures, events, training videos, webinars, and information sharing;
- increase in the percentage of Retail customers with a digital account on the total active Retail customers, with a target of 64% by 31 December 2025.

Links and references

- [TCFD Report 2023](#)

d) Action plan: which actions including milestones have you defined to meet the set targets?

Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response

In line with the commitments made in joining the NZBA, which took place in the first quarter of 2022, and with the publication of the decarbonisation targets for priority sectors on 2 August 2023, the Group plans to present a high-level transition plan outlining the actions and timeframes envisaged to achieve these targets.

To this end, the BPER Group is formulating ad hoc strategies based on the management strategies available to the BPER Group regarding the implementation of actions aimed at improving the emission performance of the issuers/projects to which it is exposed and the related impacts on business and risk management.

Links and references

- [CNFS 2023 \(7.2 Financial education and other educational projects\)](#)

9 Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

<p>As an example, three types of approaches that the BPER Group might choose to adopt are summarised below:</p> <ul style="list-style-type: none"> • generation of new business opportunities by working alongside counterparties to improve their emission performance through the structuring of ad hoc products (i.e., sustainability-linked loans, green mortgages, etc.) or the implementation of “ad hoc” consultancy activities to work jointly to align with the BPER Group’s decarbonisation path; • reallocation of loans to counterparties or assets with better emission performance; • gradual Reduction of exposures in brown sectors with high transition risk, through, for example, the integration of credit polices with ad hoc sector exclusion strategies towards climate-intensive sectors. <p>Finally, with reference to financial inclusion, the Group confirms its commitment to the many programmes it has been running, aimed at different targets of the population. The Group also operates with a clear objective, monitored periodically, to broaden the target recipients of financial education projects, including university students, adults and women.</p>	
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<h3 style="margin: 0;">Self-assessment summary</h3> <p style="margin: 0;">Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...</p>			
	The first area of most significant impact: <i>CLIMATE CHANGE MITIGATION</i>	The second area of most significant impact: <i>FINANCIAL INCLUSION</i>	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

With regard to the climate **change mitigation** objective, the BPER Group confirms its ambitions for mitigating the climate impacts of its portfolio: to this end, specific strategies are being defined and adopted to align its portfolios with the decarbonisation trajectories envisaged by the reference Net-Zero scenarios, the effects of which will be noticeable from 2024.

A few months after the publication of the targets for the two preliminary sectors, the Group has carried out a first monitoring process for emissions and decarbonisation metrics, useful for understanding the performance of the portfolios and defining the related decarbonisation strategies.

For the Electricity Production sector, there was a significant reduction in emission intensity, calculated for 2023 at 0.127 kgCO₂e/kWh. This reduction is largely attributable to the improvement in the performance of the portfolio companies financed by BPER Banca.

For the Oil and Gas sector, financed emissions for the 2023 financial year amounted to 1,239,151 tCO₂e, registering an increase from the 2022 baseline: this is largely attributable to the fine tuning of databases and the improvement of data quality, rather than changes in the loan portfolio. Indeed, the majority of emissions are attributable to counterparties already present in the portfolio in the baseline year 2022; in particular, for 2023 the contribution to financed emissions associated with counterparties’ Scope 3 emissions grew significantly: this is indicative of the retrieval of more complete data on the emission profile of the companies financed. As a demonstration of its commitment and attention to the issue, the Bank has launched initiatives dedicated to enriching and refining the data underlying its carbon accounting activities, with investments to strengthen information sources and develop information systems to support internal processes.

With reference to the objective of **financial education**, it should be noted that, in the period 2022-2023, almost 210,000 people were reached through initiatives both physical and digital.

Links and references

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

The BPER Group has different policies in place aimed at encouraging its clients and customers to adopt sustainable practices. First, the Group ESG Policy defines roles and responsibilities to manage customer relations and to identify new customer needs from an ESG perspective.

The ESG Policy, among the various aspects, also addresses those related to climate change and financial inclusion, as the most significant impact areas identified in the Impact Analysis.

Furthermore, with specific reference to climate change, in its environmental statement "BPER Group's commitments towards the environment", the Bank has formally undertaken to reduce its indirect environmental impacts, which are attributed to the activities of third parties with which the company holds a relationship (for example clients). That means BPER can influence external counterparties' behaviour through actions aimed at adopting sustainable choices.

The Group's Banks, as part of their collaboration with universities and other entities, promote, also on digital platforms, meetings and conferences on economic and sustainability issues, open for participation to all citizens.

Among the various initiatives, BPER Banca - in collaboration with the Università Cattolica di Piacenza - through its Territorial Departments and various local category associations (for example Chambers of Commerce and/or Confindustria), has planned a national Roadshow aimed at informing and training SME clients and prospects about Sustainability and the related opportunities for reporting on their ESG performance.

Links and references

- [ESG Policy](#)
- [Annex to ESG Policy](#)
- [ESG-linked Loan Origination Policy](#)
- [BPER's Group commitments towards the environment](#)
- [2022-2025 Business Plan](#)
- [CNFS 2023 \(4. Our Customers and ESG offer, 4.6 ESG Products and Sustainable Finance\)](#)

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

<p>Furthermore, the Group has dedicated a section of its website to discussion with stakeholders from a sustainability perspective. Indeed, there are specific sections and pages for the various categories of key stakeholders of the Bank: employees, customers, shareholders, suppliers, the environment and the community. The aim is to provide relevant information on the initiatives promoted by the Bank, facilitating contact points.</p> <p>Another essential document is the ESG-linked Loan Origination Policy, which was approved in December 2022. In line with the ESG Policy, BPER Banca has incorporated ESG criteria into its ESG-linked Loan Origination Policy, which means the Bank implements ESG assessments to its clients. In this way, BPER not only reduces the risks associated with its activities, but it raises awareness and encourages the application of responsible lending principles across the Group and its clients, supporting them in a sustainable path.</p> <p>In this context, it is essential to listen to the needs and expectations of the customers. For this purpose, since 2019, the BPER Group has implemented a new communication system for its customers, which establishes a continuous monitoring system of the entire customer base. Through this system and other engagement channels, BPER manages customer relations from an ESG perspective.</p>	
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3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

<p>Response</p> <p>In line with investors' growing interest in environmental, social and good corporate governance issues, as well as to encourage sustainable practices, during 2023 the Group defined several ESG products, in continuity with the previous years.</p> <p>As evidence of future efforts to responsible banking and, in general, to sustainability, the Group's commitment is manifested through the ESG Infusion approach across all Pillars of its 2022-2025 Business Plan. The Bank, through the BPER e-volution Plan, has planned, among other things, to:</p> <ul style="list-style-type: none"> • intensify green lending and advisory (sectors/supply chains, NRRP, 110% superbonus, green mortgage loans, etc.), reaching over Euro 7 billion for the ESG loans granted to businesses over the Plan period; • support activities for the Community and Territories through charitable donations and sponsorships for a total of Euro 15 million; • develop the service model for the Third Sector through dedicated products and enhance the disbursement of credit; • improve the accessibility to DE&I products and services; • promote social inclusion of the weaker sections of society by collaborating with national organisations; • intensify financial education programmes; • increase the loans of honour to university students. 	<p>Links and references</p> <ul style="list-style-type: none"> • CNFS 2023 (4.7 ESG Products and Sustainable Finance, 7.2 Financial education and other educational projects) • 2022-2025 Business Plan
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With particular reference to products with environmental value, in 2023 there was a very high increase in the value disbursed for these products and services both in Retail Banking and in Commercial and Corporate banking.

With respect to products with a social value, the Group offers several direct opportunities to underserved customer groups. These are products that have important social repercussions; for example, for the economically disadvantaged, the Group's banks have adhered to the Agreement signed between the Ministry of Economy and Finance, the Bank of Italy, ABI, Poste Italiane and the Italian Association of Payment and Electronic Money Institutions to offer basic current accounts. In addition to these products, there are initiatives to facilitate access to credit, in particular, for the purchase of properties belonging to non-luxury cadastral categories, through fixed-rate mortgages and residential leases. In addition, for some time now, the Group's banks have been operating in microcredit, a fundamental financial instrument that responds to the financial inclusion needs of those who have difficulty accessing traditional credit. The BPER Group has made available a cap of Euro 175 million to promote this activity.

At the same time, the Group carries out numerous financial education and social inclusion projects.

These include, in particular:

- “B-education: idee che valgono”, an important and innovative national financial and sustainability education project conceived by BPER Banca with the involvement of several Italian universities and included in the Bank's 2022-2025 Business Plan;
- Present4Future, a social inclusion project dedicated to young people aged 14 to 24, conceived by BPER Banca together with the Abele Group Foundation, which is developed through a three-year plan of social, educational, sporting and cultural activities, aimed at developing intergenerational dialogue and taking charge of local projects for the care and development of the common good.

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

The Group defines its strategies on the basis of the needs and expectations of the various stakeholders. To this end, the Group implements a structured process which involves stakeholders with the aim of intercepting their needs, understanding their expectations with respect to the Group's work and anticipating any risks in order to transform them into opportunities. This process is based on an analysis and segmentation of the stakeholders which allows a synthesis of multiple and differentiated interests (economic, social, environmental) and a number of tools and channels to establish a two-way dialogue with the Group's various stakeholders.

Annually, the Group ensures the inclusion of its stakeholders' perspectives through the process of updating the materiality analysis, to determine the positive and negative impacts related to the Group's action on sustainability issues. In this regard, the engagement of its stakeholders represents a fundamental resource in the Group's direction towards achieving ESG objectives. In 2023, with reference to the "employees", two specific activities were carried out. The Group's people were involved in an "ESG Week", i.e., through digital contests, idea-creation workshops and information sessions with which the Group's various areas of commitment were promoted and shared. In addition, also during the ESG Week, employees were able to make their contribution to updating the Group's materiality analysis, responding to a questionnaire aimed at assessing the significance of material issues based on their ability to generate impacts, positive or negative, towards the external context. Moreover, with reference to the materiality analysis, 3 territorial Focus Groups were organized, in geographical areas where the BPER Group has long been rooted (Modena, Brescia and Ancona/other areas of the Marche region). Each meeting was attended by representatives of the various categories of stakeholders significant for the Group such as representatives of local institutions, customers, associations and other components of the community. Participants were asked to express their opinion on issues of specific interest related to Climate Change, Community Support and Financial Inclusion.

Links and references

- [CNFS 2023 \(1.3 Governance and Organisation Model, 3. Group Stakeholders and the Materiality Analysis\)](#)

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

The BPER Group regularly collaborates with various national and international institutions, organizations of the financial community and other public or private entities (for example insurance companies, research centres and universities, Public Administration, etc.) and engages with stakeholders also through numerous participations in the activities of organizations and associations including: Global Compact Network Italy, Impronta Etica, Fondazione Sodalitas, Fondazione per l'Educazione Finanziaria e il Risparmio (FEduF), Forum for Sustainable Finance, Sustainability Makers, Associazione per la RSI, Valore D, ABI working groups on sustainability, inclusion and climate change. Specifically, the collaboration with the Fondazione per l'Educazione Finanziaria e il Risparmio (FEduF) is the tool with which the Group annually involves school students for the promotion of financial education.

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

The “ESG Policy” identifies, other than the sustainability commitments of the BPER Group, the elements useful to guide corporate governance, processes, divisions and functions, towards the pursuit of sustainable success, with particular reference to environmental, social and governance aspects, in compliance with the Corporate Governance Code and the principles developed by the competent international bodies, as well as the indications provided by regulators such as the European Central Bank (ECB) and the European Banking Authority (EBA).

Below are the main roles and responsibilities identified in relation to the assessment, monitoring and management of ESG impacts:

- the Board of Directors defines the Group’s guidelines and strategies with regard to ESG issues, and approves the Consolidated Non-Financial Statement, Business Plan, Risk Appetite Framework and Risk Governance Policies. With reference to the effective implementation of the Principles indicated by the PRB, the Board is informed and, in December 2023, approved the Group’s SMART targets;
- the Chief Executive Officer implements, within the scope of his powers, the strategic guidelines and the Plan and oversees operational activities, actions to be implemented and monitored relating to sustainability with the support of the ESG Strategy Function and the ESG Management Committee;
- the Sustainability Committee supports the Board of Director’s ESG activities, examines the ESG Policy and the Sustainability Report, assesses the Bank’s positioning in sustainability benchmarks, monitors relevant initiatives and assesses scenarios and macrotrends;

Links and references

- [ESG Policy](#)
- [Annex to ESG Policy](#)
- [CNFS 2023 \(1.3 Governance and Organisation Model; 1.\)](#)

- the Control and Risk Committee supports the Board of Directors in assessing capital and liquidity risk management strategies, as well as for all relevant risks of the Bank and the BPER Group on which ESG topics also have an impact, such as market, credit, operational risks (including legal and IT) and reputational risks, in order to assess their suitability with respect to the Group risk appetite and risk strategy;
- the ESG Management Committee facilitates the coordination of corporate functions and supports the Chief Executive Officer in managing ESG issues, monitors the positioning of the Group with respect to sustainability and the 17 UN goals (SDGs) and finally, promotes and manages the ESG strategy and sustainability issues;
- the Deputy General Manager Chief Finance Officer – CFO manages the implementation of the strategic guidelines and the Business Plan approved by the Board of Directors and the operational activities related to sustainability for the ESG Strategy Unit;
- the ESG Strategy Unit: its priority tasks are the preparation of the Sustainability Report, defining the relevant issues and sustainability indicators to be disclosed, contributing to the drafting of the Business Plan in relation to projects that impact ESG and climate change issues. The Unit also supports the Sustainability Committee in the promotion and management of the ESG strategy and the Management Committee in the operational management of ESG and climate change issues. To do this, the ESG Strategy Unit assesses the ESG impacts deriving from the Group's initiatives, including through stakeholder engagement activities, and manages Energy and Mobility Management activities. The Unit is also responsible for managing the relationship with ESG rating agencies and relations with the ECB in relation to the climate and environmental risk issues for which it is responsible (e.g., Disclosure, organisational structures, ESG Strategy), coordinating the cross-cutting ESG exercises initiated by Supervisory Authority (e.g., ECB Climate and Environmental Risk questionnaires).

The ESG Strategy Unit is also responsible for overseeing the implementation of PRB.

The “ESG Policy” also highlights the key role of ESG Managers, defined within the structures that are active on ESG issues and of which they represent pivotal contacts, with the following roles:

- coordinate and monitor the activities defined to achieve the objectives;
- analyse the impacts of ESG issues in the structure in which they operate, for the issues under their competence, identifying risks and opportunities;
- take care of the relationship with the stakeholders with whom they come into contact on behalf of the structure in which they operate.

Finally, as part of the BPER Group's remuneration policies, the economic and financial objectives are integrated with sustainability objectives, which are based on 4 fundamental guidelines. In particular, the ESG objective (weight of 15%) is composed of:

- Sustainable Finance – Green Lending amount (weight of 25%);
- Energy Transition – Reduction of CO₂ emissions (weight of 25%);
- Diversity and Inclusion – Gender Gaps: less represented gender among Middle Managers and Managers (weight of 25%);
- “Futuro” project – increase in financial education programmes and definition of a youth inclusion project (weight of 25%).

5.2 Promoting a culture of responsible banking

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response

The BPER Group is committed to spread a culture of responsible banking among its internal and external stakeholders. In particular, BPER Banca's ESG Strategy Unit is responsible for the promotion of external and internal communication on issues relating to ESG matters, encouraging the spread of a sustainability culture among colleagues, customers and all the stakeholders of the Bank.

Over time, the BPER Group has developed many communication and engagement campaigns in the field of ESG, equal opportunities and professional development.

Specifically, in 2023 a campaign was carried out aimed at engaging employees, promoting the company's culture and values, and supporting the organization and business. Regarding ESG, the ESG Infusion activities envisaged in the Business Plan were promoted, involving the Group's people during the ESG Week, in which the Bank's various areas of commitment were promoted and shared through digital contests, idea-creation workshops and information sessions. The year 2023 was also marked by a renewed commitment to raising awareness among all employees on cross-cutting and strategic issues such as Diversity, Equity and Inclusion and ESG issues. In addition, ESG Managers, key figures active on ESG issues, benefited from dedicated face-to-face and webinar training to become process innovators and activators of application initiatives to bring ESG issues into BPER's banking operations. Finally, ESG training for Chief and Senior Management continued in 2023.

BPER has also created "Piantiamola", a coordinated set of initiatives and contests that are presented to colleagues to make the work environment, and not only, more sustainable. In this context, the initiative "Piantiamola di inquinare!" – the sustainable mobility project aimed at reducing CO₂ emissions into the atmosphere – has also been implemented for 2023 and involves groups of employees, distributed in the Group's various branches, committed to going to work for three months by bicycle, on foot or by electric scooter.

Furthermore, BPER Banca adopts a remuneration policy based on solid principles, shared and firmly anchored in the awareness of being a strongly rooted company in the areas in which it operates and which plays a role in supporting the development of local economies. As indicated in the "2023 Report on the Remuneration Policy and Compensation Paid", the commitment to ESG is an integral part of the business strategy and outlines a credible and reliable partnership with customers on the path to creating a more sustainable, equitable and inclusive society. The Remuneration Policy, aligned with the Business Plan, is closely related to the strategic guidelines set out in the Business Plan, with reference to the economic and financial objectives and the environmental, social and governance impact. It is the fundamental tool for attracting, retaining and motivating people who meet high standards of performance and act in accordance with the principles of collaboration, courage, conscience, dialogue and results. In particular, the remuneration policy for 2023 is inspired, among others, by the following principles:

- alignment between remuneration and sustainable performance, through a variable remuneration policy articulated in short- and long-term incentives for an increasingly wide range of the company's population;
- challenging economic-financial objectives and positive impact on the environment and society in line with the ESG objectives that the Bank has set itself;
- consolidation of the safeguards to guarantee the gender neutrality of the remuneration policy.

Links and references

- [ESG Policy](#)
- [Annex to ESG Policy](#)
- [CNFS 2023 \(5.4 Growth and Engagement\)](#)
- [2023 Report on Remuneration Policy and Compensation Paid \(7. Remuneration Policy 2023\)](#)

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³

Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

The 'Environmental, Social and Governance (ESG) Investment Policy for the Management of the Group's proprietary portfolio' defines the general principles and guidelines for investment activities carried out on behalf of the BPER Group, with the assessment of ESG factors forming part of the decision-making process.

To pursue these objectives, the Group develops and adopts an approach aimed at identifying and assessing potential ESG risks arising from loans to and investments in companies operating in controversial sectors, with a low ESG rating, involved in serious events that have resulted, or may result, in negative environmental, social or governance-related impacts.

Specifically, the policy 'guidelines' aim to:

- raise awareness and encourage the application of responsible lending and investment principles and processes within the Group;
- reduce risks and indirect impacts associated with core business activities managed by the Group;
- avoid engaging in activities and investments that are inconsistent with the ethics and integrity at the core of the Group's business;
- mitigate the impact that climate and environmental risks may have on the Parent Company's soundness and solvency;
- define the level of appetite for environmental, social and governance risks;
- provide a framework for analysing exposures to climate and environmental risks, to enable the Body that has the function of strategic supervision and Board committees to make decisions.

The integration and management of ESG risks in the regulatory and prudential supervisory framework is an issue of considerable relevance for the European regulator. Indeed, as also indicated in the "Guide on climate and environmental risks", the European Central Bank (ECB) believes that the ecological transition process entails both risks and opportunities for the entire economic system and for financial institutions, while physical damage induced by climate change and environmental degradation can have a very significant impact on the real economy and the financial sector.

Links and references

- [ESG-linked Loan Origination Policy \(p. 3-4\)](#)
- [2023 TCFD Report](#)
- [ESG Investment Policy for the Management of the Group's proprietary portfolio](#)

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

In this regard, in 2023 the BPER Group continued to establish the activities defined in the multi-year progressive adjustment plan with project milestones in line with the prudential expectations of the European regulator and such as to ensure internal consistency with the initiatives defined in the “ESG Infusion” Plan, to support the construction of a consistent framework at Group level. Specifically, the activities had a cross-cutting impact on various core processes of the Risk Management Framework, including: the risk identification process, the Risk Appetite Framework (RAF), the individual risk management processes (including second-level controls) and related reporting, the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP) and the risk forecasting and stress testing programme. ESG risk management is also the basis for the development of the 2022-2025 Business Plan: the strategy also considers the activities aimed at achieving sustainability objectives, with the awareness that the implications of ESG-related risks on individuals and on the performance of companies require careful and responsible corporate management. These factors are integrated taking into account market needs, regulatory changes, the expectations of the Supervisor and the various stakeholders, in order to identify those short- and medium-long-term management actions that can mitigate the risks deriving from the pursuit of the defined sustainability objectives.

Furthermore, since 2021 BPER Banca has been a member of the Task Force on Climate-related Disclosure (TCFD). In line with the TCFD recommendations, BPER carried out the following analyses:

- assessment of the Carbon Footprint of loan and investment portfolios with analyses of physical and transitional risks impacted by them;
- scenario analysis on the loan portfolio, to estimate the physical risk on both the loan portfolio and real estate collateral as well as to assess the potential of the investments needed by the sectors with higher transition risk.

In the BPER Group’s scenario analysis, three scenarios were considered as relevant: Net Zero 2050, belonging to the NGFS Orderly transition family of scenarios, limits global warming to +1.5°C, through strict climate policies and innovation, reaching global net zero CO₂ emissions around 2050; Delayed Transition, which belongs to the family of scenarios called Disorderly transition, assumes that annual emissions will not decrease until 2030. Strong policies are needed to limit warming to below 2°C; Current Policies, part of the Hot House World family of scenarios, assumes that existing climate policies remain in place, but that their level of ambition is not strengthened.

In December 2022, BPER also adopted a ESG-linked Loan Origination Policy, which takes ESG criteria into consideration when granting credit. The Policy aims at steering the governance of climate-related, environmental and other ESG-related risks as part of the Banking Group's lending framework, providing general principles and guidance for the assessment of specific risk factors in the BPER Group's loan origination and monitoring processes, with a special focus on:

- raising awareness and encouraging the application of responsible lending and investment principles and processes across the Group;
- reducing risks and indirect impacts associated with core business operations managed by the Group;
- preventing engagement in activities that are inconsistent with the ethics and integrity at the core of the Group's business;
- mitigating the impact that climate and environmental risks may have on the Parent Company's soundness and solvency;
- providing a framework for the analysis of the exposures to climate-related and environmental risks.

To this end, the document defines:

- general limitation and exclusion criteria for counterparty and/or project financeability, consistently with the "ESG Policy" of the Group and its voluntary commitments;
- detailed criteria applying to "risk-sensitive" businesses;
- strategies to support transition and the increasing "alignment" of counterparties with the principles of the EU Taxonomy, including via dedicated products or services.

In addition, in March 2022 BPER Banca joined the Net-Zero Banking Alliance with the aim of aligning its bank portfolio to the "Net Zero by 2050" goal of the Paris Agreement. In this context, the Group is carrying out other analyses to identify and assess environmental and social risks associated with the bank's portfolio.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

Response

This is the second year of reporting on the PRB; the Group will evaluate whether to start an assurance process next year.

Links and references

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other:

Response

Annually, the Group responds to the requests of Legislative Decree 254/2016 (the implementing Directive 2014/95/EU of the European Parliament regarding disclosure of non-financial information) and draws up its Sustainability Report, in compliance with the "Global Reporting Initiative Sustainability Reporting Standards" comprising the "Financial Services Sector Disclosures", defined by the GRI - Global Reporting Initiative.

In addition, disclosure of Scope 1, Scope 2 and Scope 3 greenhouse gas emissions is in line with the GHG Protocol methodology.

The Bank has been committed for years to voluntarily disclosing its risks related to climate change and to communicating its environmental performance to the stakeholders. Among the initiatives adopted, the following should be highlighted:

- the Carbon Disclosure Project (CDP), through which the Group has provided information on the management of climate change issues and supplier engagement activities (carried out annually);
- the disclosure on the alignment of its strategies with the recommendations on climate-related risks and opportunities (TCFD Report 2023), as BPER has joined the Task Force on Climate-related Financial Disclosures (TCFD).

Links and references

- [CNFS 2023](#)
- [TCFD Report 2023](#)

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting¹⁴ and governance structure for implementing the PRB)?

Please describe briefly.

Response

Over the next 12 months, the Group will be committed to achieving the objectives set for the two priority impact areas identified (Climate Change Mitigation and Financial Inclusion). As part of its membership of the Net-Zero Banking Alliance, it will continue its analyses to define decarbonisation targets for other carbon-intensive sectors and decarbonisation strategies to consider new sectors on which to define future alignment targets. In addition, the Group will implement constant monitoring to ensure the achievement of the objectives set.

Links and references

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking?¹⁵ Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies | <input type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these.

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement.

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.



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