

Driving the BPER e- volution

Green, Social and Sustainability Bond
Framework

Modena, May 2023

INTRODUCTION

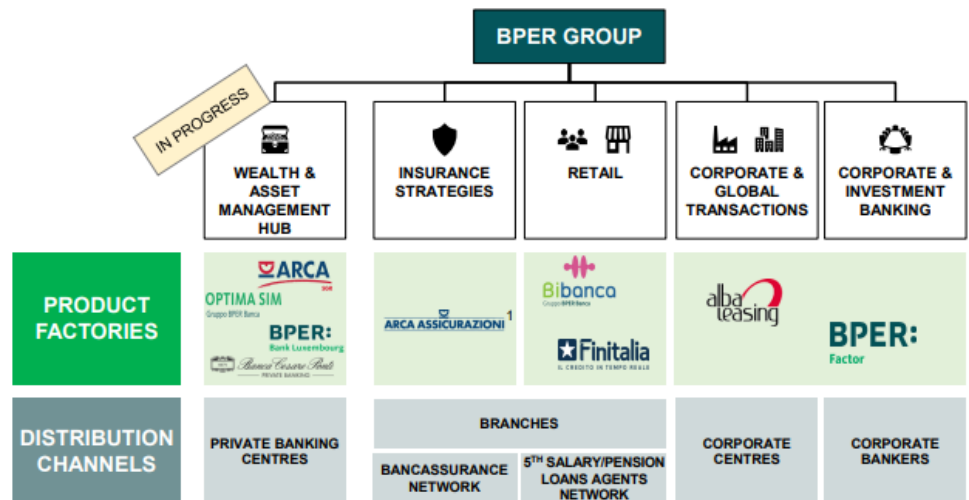
1. OVERVIEW OF THE GROUP

BPER Banca banking Group (“BPER” or the “Group”) is one of the most important Italian financial institutions:

- third largest banking group by number of branches (>1,900);
- fourth largest bank by total assets (c. €152bn as of 31 December 2022);
- one of the strongest positions in terms of indirect deposits.

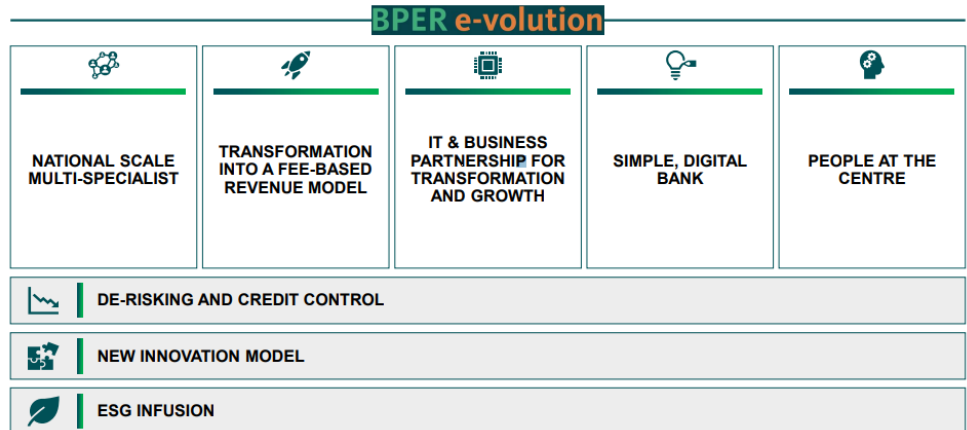
BPER Banca Group is a strong entity of five banks (BPER Banca, Banco di Sardegna, Banca Carige, Banca del Monte di Lucca, and Banca Cesare Ponti), all autonomous and well-established in their areas of operation. In addition to the banks, the Group also includes numerous product companies (asset management, personal loans, etc.) and special purpose vehicles.

BPER operates mainly in the traditional banking sector, providing loans, deposits and credit to households, small and medium-sized businesses and larger corporate customers. Through its network of companies, the Group also offers a range of other services including Corporate and Investment Banking, Private Banking and Wealth Management, as well as financial products such as leasing and factoring.



Business Plan and Strategy

In June 2022, BPER published its 2022-2025 Business Plan (“**BPER e-volution**”)¹, replacing the 2019-2021 Business Plan which reached its conclusion in December 2021. BPER e-volution sets out two major lines of growth and is structured around five transformative pillars supported by three cross-cutting workstreams, with the ambition to enable the major evolution planned for the Group.



2. BPER'S SUSTAINABILITY STRATEGY

BPER views sustainability as a driver of global development and growth, capable of improving competitiveness and building shared value for all its stakeholders. The Group is continuing along its path of sustainable growth with increasingly challenging goals, guided by the United Nations 2030 Agenda for Sustainable Development (“**UN 2030 Agenda**”) and the principles of the UN Global Compact, which the Bank has been a member of since 2017. BPER Banca also joined the UN Principles for Responsible Banking (“**PRB**”) and signed up to the Task Force on Climate-Related Financial Disclosures (“**TCFD**”) and the Net Zero Banking Alliance (“**NZBA**”), further informing the Group’s sustainability strategy.

Complementing these external commitments, the new 2022-2025 Business Plan, BPER e-volution (outlined above), aims for an Environmental, Social and Governance (“**ESG**”) infusion across all pillars of the strategic plan to create long-term shared value. As such, the Group intends to improve its leadership in the management of ESG issues to become more efficient and competitive and be a credible and reliable partner of its clients in creating a more sustainable, equitable and inclusive society.

To this end, the BPER e-volution plan identifies concrete actions and objectives, spanning the three pillars of ESG:

Environmental

- External Transition: support for the green transition of companies and households by earmarking €7bn for green loans (specific sectors / supply chains, Piano Nazionale di Ripresa e Resilienza – NRRP, tax bonuses, green mortgages);
- Internal transition: identification of a science-based emissions reduction target, aligned with the Paris Agreement (-50% by 2030) and set at -23% by 2025; energy efficiency activities according to an Energy Plan with expected closure by 2025 and a 2022

¹ <https://istituzionale.bper.it/documents/133577364/1950886413/Presentation+of+2022-2025+Group+Business+Plan.pdf/6606cb45-a255-b186-90ba-da6e89f03e20?t=1654846127550>

baseline; 100% of the Group's electricity supply sourced from renewable energy by the end of 2022 (completed as of 1 January 2023).

Social

- Strong community orientation: allocation of €15m to sustain activities that support communities and local development;
- Youth initiatives: financial literacy and ambitious nationwide projects that will involve more than 400,000 young users over the Plan period; advanced training project for the most deserving students, in collaboration with Università Cattolica del Sacro Cuore ("loans of honour");
- Strengthen the service model for Non-Profit Organisations with dedicated products and increased lending;
- Definition of a Diversity & Inclusion project: unitary vision of the Bank on the issues of Diversity, Equity and Inclusion ("DE&I") which impacts on the Board of Directors, Board of Statutory Auditors, top management, employees and subsidiaries with concrete objectives in terms of gender diversity and equal pay, to be measured annually and reported in the Non-Financial Statement ("NFS");
- Dissemination of the "ESG Culture" and specific training activities: awareness raising and involvement of the entire company population on sustainability issues and upskilling and reskilling actions aimed at over 50% of employees;
- Initiatives in support of culture and promotion of art and museum heritage;
- Actions to encourage agile work and work / life balance including via a different management of employment locations (new workplace).

Governance

- Incorporating ESG targets in Management's long-term incentive system with KPIs weighing 15% of total long-term incentives;
- Redesigning the internal Organisational Model to define roles and responsibilities in ESG.

In addition, the Group is implementing other cross-cutting measures, including the integration of ESG factors into risk, credit and investment processes; a 25% expansion of the offering of ESG investment products and 25% increase in ESG-related assets under management compared to 31 December 2021 (EUR12.7bn); and incorporating ESG criteria in the Bank's procurement choices (through minimum environmental criteria and supplier ESG assessments).

BPER's sustainability strategy is further informed by dialogue with its key stakeholders, including representatives of shareholders, employees, financial market experts, dedicated networks / initiatives, academics, and other groups such as protection associations, customers, suppliers, trade unions. Engagement with stakeholders informs the Group's Materiality Analysis, which was updated in 2022 to help identify priority sustainability aspects to be considered in the BPER Group's 2022-25 Business Plan and to incorporate changes within the organization and changes related to the 2021 version of the GRI Standards. The Materiality Analysis provides a comprehensive view of the Group's impacts on the economy, the environment, and people, including human rights impacts. The outcome was approved by BPER's Board of Directors in December 2022.

Below is a list of the material topics representing the most significant impacts for the BPER Group. These results take into account i) the evaluations of the impacts generated expressed by internal and external stakeholders during interviews, ii) the results of the materiality

analysis obtained in the previous year, iii) the final consistency check of the results by the ESG Strategy Office:

- Integrity in conduct
- Fighting climate change
- Growth and involvement of employees
- IT privacy and security
- Protection and well-being of workers
- Support for entrepreneurship
- Solidity and performance
- Financial inclusion
- Sustainable finance
- Governance and decision-making processes
- Innovation and digitalisation
- Enhancing diversity
- Quality and satisfaction
- Adequacy and transparency of the offer
- Support to the community
- Relationship with the supply chain
- Environmental protection

3. SUSTAINABILITY PROGRESS

BPER publishes a comprehensive set of documents to allow its stakeholders to monitor its impact across a wide range of sustainability matters and its progress towards its sustainability goals outlined in BPER e-volution. These documents, including the latest Sustainability Report, TCFD Report and UN Principles for Responsible Banking Report can be accessed on its website through this [link](#).

4. SUSTAINABILITY GOVERNANCE

In October 2021, BPER Banca's Board of Directors ("BoD") set up an Internal Board Sustainability Committee with advisory and propositional functions to support the BoD in the field of sustainability. Key responsibilities include examining and assessing the Group's sustainability policies and reports (especially the NFS); assessing the Bank's positioning within sustainability metrics, indices and market benchmarks; and, assessing emerging scenarios and trends that are likely to have a significant impact on society, the Bank's corporate purpose and the way the Bank relates to society. The board-level Sustainability Committee is presided over by BPER Banca's Chair.

The Control and Risk Committee supports the Board of Directors in assessing risk management strategies capital and liquidity, as well as for all relevant risks of the Bank and the BPER Group on which the ESG theme also has 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 approved.

At the managerial level, the ESG Managerial Committee (the "**ESG Committee**") supports BPER's Chief Executive Officer ("**CEO**") in managing and coordinating the Group's approach to sustainability matters, including ESG risks and opportunities. The ESG Committee is comprised of BPER's CEO, the Executive responsible for financial reporting, all the chiefs of BPER Banca, the Head of the ESG Strategy Office, and the Head of the Corporate Governance and Corporate Consulting Office.

BPER Banca Group's ESG Strategy Office is responsible for carrying out all functions of the Group in the management of ESG matters, including the preparation of the annual Sustainability Report² and implementation of the Group's external commitments (such as PRB, NZBA). The ESG Strategy Office also prepares the Sustainability Plan and supports the divisions of the Group in their implementation of ESG initiatives.

5. OVERARCHING SUSTAINABILITY POLICIES³

The BPER Group and its stakeholders consider integrity in corporate conduct to be a fundamental value on which all transactions and decisions must be based. This issue was deemed as among the most important for both the Group as well as for stakeholders, according to the 2021 Materiality Analysis.

BPER's "Code of Ethics" (available in Italian) describes the rights, duties and responsibilities of the Group companies towards the parties it interacts with, with the objective of creating social value beyond the scope of their business activities. The Code of Ethics requires that Management and all employees engage in conduct that is consistent with the Group's ethical principles and contribute to implementing the social responsibility policy, while minimising compliance risks and reputational risks.

The Code of Ethics is complemented by further oversight measures, such as the "Internal Governance Code of the BPER Banca Group", the "Group Policy for the governance of the risk of non-compliance with the anti-corruption regulations", a whistleblowing system with protective measures for reporting persons, and the "Group Policy for the Governance of the risk of non-compliance with Personal Data Protection regulations."

Regarding sustainability more broadly, BPER's "ESG Policy" details the Group's subscription to key international commitments, namely the UN 2030 Agenda, the UN Global Compact, the Universal Declaration of Human Rights, and the OECD Guidelines for Multinational Enterprises. The document also provides guidelines to reinforce BPER's Code of Ethics and Internal Governance Code, specifically in the areas of 1) Integrity and Transparency, 2) Development of Society, 3) Fair Business Practices and Customer Protection, 4) Protection of Workers, Diversity and Equal Opportunities, and 5) Integration of sustainability into the value chain and environmental protection. Additional information on the Group's environmental commitments, including BPER's approach to reducing negative impacts, promoting products and services with positive impacts, and encouraging sustainability initiatives throughout the Group's supply chain, can be found in "BPER Group's commitments towards the environment."

6. ESG CREDIT FRAMEWORK

In December 2022, BPER published a new ESG-linked Loan Origination Policy ("ESG Credit Framework"), explaining how the Group incorporates ESG considerations into its loan origination and monitoring process, in line with the broader commitments in BPER's ESG Policy. The ESG Credit Framework sets out clear counterparty exclusion criteria, general criteria for loan origination, positive screening criteria and sector-specific policies.

Counterparty Exclusion Criteria

In compliance with the principles of minimum safeguards on human rights, BPER will not provide financing to any counterparty or business proven to be subject to legal proceedings involving violation(s) of:

² <https://istituzionale.bper.it/en/sostenibilita/bilancio-di-sostenibilita>

³ <https://istituzionale.bper.it/en/sustainability/our-commitment/policy>

- Human rights and of health and safety regulations, both in reference to workers and to local communities;
- Fundamental rights at work and regulations concerning child and forced labour; or
- Fraud in financial and non-financial reporting, money laundering, corruption and terrorist financing.

Furthermore, the Group will not provide financial products or services to counterparties / activities whose operations are carried out at the expense of:

- UNESCO world heritage sites;
- Wetlands protected by the Ramsar Convention; or
- Biodiversity-sensitive areas (High Conservation Value Areas, Alliance for Zero Extinction sites, IUCN Category I-VI areas).

General criteria for loan origination

In line with the Group's commitment to supporting sustainable development, which includes ESG considerations together with economic aspects, the Group takes into consideration several ESG factors in the loan origination process:

- Responsible use of natural resources and responsible impact on the ecosystems;
- Adequate conditions of health, safety, fairness, equality and inclusion; and
- Income and employment generation in line with ethical principles and good corporate governance practices

In consideration of its footprint area and business model, the BPER Group has developed an ESG approach differentiated by type of counterparty. The approach recognizes the unique characteristics and importance of SMEs and Microenterprises – which account for a significant part of the European economic ecosystem – in the environmental transition. For this reason, the Group takes into consideration additional aspects for SME and Microenterprises such as the percentage of renewable energy used, investments made in efficiency-increasing measures for the production cycle, and general social and governance practices in its creditworthiness assessment.

Positive screening criteria

To support counterparties in their transition and meet the Group's objective of improving the profile of its loan portfolio, including in terms of environmentally sustainable exposures in accordance with the EU Taxonomy, the BPER Group will adopt positive screening criteria for counterparties that adequately demonstrate any of the following criteria:

- Official transition plans or commitments to reduce GHG emissions in line with European goals (e.g. Fit for 55, Green Deal) and, more generally, to improve their emissions profile compared to sector peers or in the activities of the business;
- Disclosure of a Non-Financial Statement attesting to lower GHG emissions than sector peers or in the relevant activities of the business;
- Specific investment projects that show a certain degree of alignment with the EU Taxonomy, in compliance with the requirements for substantial contribution to the environmental objectives, minimum social safeguards and do no significant harm

Sector-specific policies

To promote the integration and consideration of ESG factors within its banking business and management standards, the BPER Group has further defined some exclusion criteria and specific assessment processes for counterparties deemed higher ESG risk. In this context,

the BPER Group has identified the following ESG-sensitive sectors: Coal, Power generation, Mining, Unconventional Oil & Gas, Defence, Transportation (maritime and land), and Gambling. For each of the sectors, assessment rules / criteria have been defined to promote the safeguard of natural resources, energy consumption, the environment, health and safety of workers and respect for human rights. Further details of the specific lending criteria for each ESG-sensitive sector can be found in the Sustainability section of the BPER Group’s website.⁴

Monitoring

As part of its periodic management reporting framework, the BPER Group has defined several monitoring and control activities to verify and assess the trend of its exposure to ESG risks and to the sectors described in the ESG Credit Framework. Specifically, the following factors are periodically monitored:

- Specific key reporting indicators (“KRIs”) and ESG limits set in the Risk Appetite Framework (“RAF”)
- Performance of ESG indicators considered when granting and managing credit, in order to assess their applicability and possible areas of intervention;
- Performance of Group portfolio exposures to ESG-sensitive sectors.

7. SUSTAINABLE PRODUCTS & SERVICES

BPER’s customer offering includes a broad range of ethical product and services with either social or environmental purposes. These ethical products aim to increase financial inclusion and / or reduce negative / promote positive environmental impacts.

Products and services for environmental purposes:

Green mortgages	<ul style="list-style-type: none"> ▪ Provided to customers who purchase eco-friendly properties with Energy Performance Certificates (“EPCs”) in classes A or B ▪ Has implemented favourable pricing policies for Green Mortgages and has set an objective to increase the number of these transactions and disbursed value
Green Loans	<ul style="list-style-type: none"> ▪ Loans aimed at accelerating the transition of companies towards greater environmental sustainability of their business model, linking it to predefined objectives (e.g. reduction of CO2 emissions)
Ecobonus	<ul style="list-style-type: none"> ▪ The 110% Superbonus (Ecobonus and Sismabonus) is a tax benefit allowing a 110% deduction for expenses aimed at improving energy efficiency, reducing seismic risk, installing PV systems ▪ Offer includes pre-financing products, insurance products, and consultancy services, as well as the Bank’s purchase of the tax credit
Sace Green Loans⁵	<ul style="list-style-type: none"> ▪ Green corporate loan to support a transition toward clean and circular economy, integrate production cycles with low-emission technology, or promote smart mobility ▪ Medium term financing product granted with a Sace guarantee up to 80% of the facility line
LIFE4Energy	<ul style="list-style-type: none"> ▪ To support the energy efficiency improvement; financing the customer fiscal credit sale to multi-utility companies following refurbishment projects with at least a 30% of energy saving

⁴ Ethical finance and code of conduct | BPER Banca

⁵ Practice-Bancario_green-loan_-ENG_20210202.pdf

Prestito Valore Case	<ul style="list-style-type: none"> Special credit facilities in order to improve the energy production with solar power installations, alternative energy productions and/or energy savings and earthquake preventions
Project Finance	<ul style="list-style-type: none"> Offers financing of projects including production of energy from renewable sources or for infrastructural initiatives under concession (ports, hospitals, gas distribution systems, etc.)
Fin Energy	<ul style="list-style-type: none"> Loans dedicated to companies investing in the installation of systems for the production of electricity from alternative sources, in particular biogas, biomass, wind, hydroelectric etc. Provides a loan ranging from Euro 500k to 5m, with financing up to 80% of the cost (excl. VAT)
Fin Helios Corporate Banking	<ul style="list-style-type: none"> Financing dedicated to the installation of PV systems for electricity designated for self-consumption or sale and to the expenses sustained for the removal or disposal of "Eternit" and/or asbestos, in relation to the roof pitch on which the photovoltaic system will be installed
Regional Funding Multipurpose Loan - Energy sector	<ul style="list-style-type: none"> Unsecured low-interest loans designated for companies of the Emilia-Romagna Region, with mixed funding, 70% from public resources (Por Fesr 2014-2020) and remaining 30% from funds provided by the banks having agreements in place with ARTIGIANCREDITO Aimed at promoting energy efficiency and developing use of renewable energy

Products and services for social purposes:

Microcredit	<ul style="list-style-type: none"> Financial instrument meeting the requirements of financial inclusion for those with difficulty in accessing traditional credit Has stipulated an important agreement with Ente Nazionale per il Microcredito to provide interested customers (guaranteed by the Central Guarantee Fund for SMEs) with microcredit and auxiliary services
Mortgages for people under the age of 36	<ul style="list-style-type: none"> Expanded its offer of mortgage lines dedicated to customers under 36 years of age for the purchase of their first home with a Consap guarantee⁶ Loans are provided at subsidised conditions and allow first-time buyers to realise tax benefits
Fin PMI	<ul style="list-style-type: none"> The Fund envisages, among other things, priority intervention for: <ul style="list-style-type: none"> less-favoured areas or areas affected by earthquakes companies with predominantly female ownership innovative start-ups
Innovfin	<ul style="list-style-type: none"> Loan 50% guaranteed by the European Investment Fund and is addressed to SME's, characterised by a high level of innovation or investment in R&S Loan covers 100% of the project cost
Mortgage with EIB funds	<ul style="list-style-type: none"> A medium and long term loan in support of investment programmes of SME's and Midcaps engaged in industrial and service sectors and in agro-industry Loan can cover 100% of the project cost

⁶ <https://www.consap.it/fondo-prima-casa/>

Finprogex	<ul style="list-style-type: none"> Intended as a stimulus for company growth in foreign markets and issued with the SACE guarantee, dedicated to the internationalisation and foreign investments of companies
Fin Short Term	<ul style="list-style-type: none"> A short-term unsecured loan with the SACE guarantee, dedicated to companies that are seeking to internationalise and enter into new markets
Fin Sabatini	<ul style="list-style-type: none"> Loan for small and medium-sized enterprises to support the purchase of new machinery, plants and equipment, hardware, software and digital technologies
Fin PMI Female Entrepreneurship	<ul style="list-style-type: none"> Unsecured loan backed by direct Guarantee by the Guarantee Fund for SME's, to facilitate access to financial resources by SMEs with a predominantly female component
Special Credit	<ul style="list-style-type: none"> Loan aimed at freelancers, artisans, sole proprietorships and companies that aims to finance the advance payment of taxes, contributions and thirteenth months' pay, in the amount of 80%

ESG Investments

- Investments owned:** The Group is committed to ethical investments in its own portfolio and has drawn up and adopted an ESG Investment Policy. The Group's current financial portfolio is partly characterised by ESG criteria and includes an Ethics Portfolio and investments in Green, Social and Sustainability Bonds (6% of invested value as of 31 December 2021).
- ESG investments offering:** through the Group's majority-owned subsidiary ARCA SGR and Banca Etica (10% stake), the only Italian Banking Group entirely dedicated to ethical finance and the top placement agent of Etica SGR funds within Italy, BPER's stakeholders are able to access opportunities in ESG and sustainable investing.

8. UN Sustainable Development Goals

As outlined in the "BPER Group Policy in the area of Sustainability," BPER's managerial-level Sustainability Committee is responsible for monitoring the position of the BPER Group with respect to the 17 UN Sustainable Development Goals ("UN SDGs").⁷ The Group undertakes to make a significant contribution towards the UN SDGs, with special reference made to 10 of the goals:



⁷ <https://sdgs.un.org/goals>

BPER'S GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK

1. Overview and Rationale of the Framework

BPER's Green, Social and Sustainability Bond Framework (the "**Framework**") aims to become the reference document for the Green, Social and Sustainability debt instruments ("**Sustainable Debt Instruments**") issued by the BPER Group entities.



It allows BPER Banca, as parent bank, and its subsidiaries to issue Sustainable Debt Instruments in compliance with this Framework.



Each BPER entity will allocate an amount equivalent to the net proceeds of its Sustainable Debt Instruments to Eligible Green and Social Assets ("**Eligible Assets**") booked on its own balance sheet.



Sustainable Debt Instruments can be issued in different formats, including covered bonds, senior unsecured bonds (senior preferred and senior non-preferred), subordinated bonds, ABS and RMBS, through either public or private placements.

The rationale for BPER's Framework is to attract dedicated funding for loans and investments that bring positive environmental or social impacts and support BPER's commitment to building an innovative, inclusive and sustainable economy. As outlined in the Group's 2022-25 Business Plan ("BPER e-volution"), this commitment includes driving the transition of businesses to a low-carbon economy, reducing BPER Group's own carbon emissions (including financed emissions) in line with the goals of the Paris Agreement, and promoting social and financial inclusion.

BPER's Framework is compliant with the 2022 editions of the International Capital Market Association's ("**ICMA**") Green Bond Principles ("**GBP**")⁸, Social Bond Principles ("**SBP**")⁹ and Sustainability Bond Guidelines ("**SBG**")¹⁰, which consist of the four following core components:

1. Use of Proceeds;
2. Asset Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting.

BPER has also sought an external review on the Framework from an established independent second-party opinion ("SPO") provider, ISS Corporate Solutions, Inc. ("ICS"). The SPO is available on the ISS website and published on BPER's website.

To the extent that ICMA's GBP, SBP or SBG, and/or the EU Taxonomy are updated in the future, BPER may update this Framework to remain aligned with best market practices and sustainable finance policies and legislation. More generally, this Framework may be

⁸ ICMA Green Bond Principles (June 2021, with June 2022 Appendix 1)

⁹ ICMA Social Bond Principles (June 2021, with June 2022 Appendix 1)

¹⁰ ICMA Sustainability Bond Guidelines (June 2021)

subsequently updated as BPER's sustainable financing needs change, new products for customers are launched, and/or the sustainable finance market evolves.

2. Use of Proceeds

The proceeds of each Sustainable Debt Instrument are intended to be used to finance and/or refinance, in whole or in part, the Eligible Assets, which include new and existing loans (mortgages, term loans and revolving credit facilities), investments, or other financial assets¹¹.

BPER intends to disclose the expected allocation to each eligible Green and / or Social Asset project category prior to the issuance of its Sustainable Debt Instruments.







ELIGIBLE GREEN ASSETS

An amount equivalent to the net proceeds of BPER's Green Debt Instruments will be used exclusively to finance and/or refinance, in whole or in part, the Eligible Green Assets.

The Eligible Green Assets seek to make a substantial contribution to the selected UN SDGs and the EU's six environmental objectives¹², specifically climate change mitigation, transition to a circular economy, the sustainable use and protection of water and marine resources, pollution prevention and control and the protection and restoration of biodiversity and ecosystems.








¹¹ Finance and operating leases, hire purchase agreements, rental contract hire agreements

¹² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN>

ICMA GBP	Eligibility Criteria	EU Environmental Objective(s)	EU Economic Activity	UN SDGs (Targets)
Renewable Energy	<p>Financing or refinancing of the development, construction, operation, production, maintenance, and equipment related to the generation of renewable energy:</p> <ul style="list-style-type: none"> ○ Solar (photovoltaic) ○ Onshore and offshore wind ○ Small-scale hydropower (<10MW), where the facility complies with at least one of the following criteria: i) the facility is a run-of-river plant and does not have an artificial reservoir, ii) the power density of the facility is >5W/m2, iii) the lifecycle GHG emissions are <100gCO2e/kWh <p>Financing or refinancing of equipment and infrastructure dedicated to connecting renewable energy projects to electricity transmission and distribution grids.</p> <p>Financing or refinancing of battery storage systems connected to renewable energy projects.</p>	Climate Change Mitigation	3.1, 4.1, 4.3, 4.5, 4.9, 4.10	 <p>7.1, 7.2</p>  <p>13.2</p>
Energy Efficiency	<p>Financing of the manufacturing and installation of energy efficiency equipment and technology:</p> <ul style="list-style-type: none"> ○ Smart technology (e.g. smart meters, smart thermostats, building energy management systems) ○ Energy efficiency equipment (e.g. HVAC systems¹³, LED lighting, sensing equipment) 	Climate Change Mitigation	3.5, 4.9, 7.3	 <p>7.3</p>  <p>9.4</p>
Pollution Prevention and Control	<p>Financing or refinancing of waste management activities and infrastructure, including:</p> <ul style="list-style-type: none"> ○ Waste sorting, processing, recycling or treatment facilities¹⁴ ○ Anaerobic digestion of sewage sludge and bio-waste ○ Composting of biowaste 	Climate Change Mitigation Pollution Prevention and Control	5.6, 5.7, 5.8, 5.9	 <p>11.6</p>  <p>12.5</p>

¹³ Rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation

¹⁴ Separately collected and transported non-hazardous waste that is segregated at source and intended for preparation for reuse or recycling operations

<p>Water and Wastewater management</p>	<p>Financing or refinancing of water and wastewater management activities, technologies and infrastructure, including:</p> <ul style="list-style-type: none"> ○ Water treatment facilities ○ Wastewater treatment facilities 	<p>Climate Change Mitigation</p> <p>Sustainable Use and Protection of Water Resources</p>	<p>5.1, 5.2, 5.3, 5.4</p>	 <p>6.3, 6.4</p>  <p>12.5</p>
<p>Green Buildings¹⁵</p>	<p>Financing or refinancing of new or existing residential and commercial buildings:</p> <ul style="list-style-type: none"> ○ Built before 31 December 2020: EPC of at least A or belonging to the top 15% of the local or regional building stock based on Primary Energy Demand (PED)¹⁶ ○ Built after 31 December 2020: PED at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures¹⁷ <p>Financing or refinancing of the refurbishment of residential and commercial buildings resulting in a reduction in Primary Energy Demand of ≥30% and validated through an Energy Performance Certificate (EPC) (corresponding to an improvement of at least two EPC classes)</p>	<p>Climate Change Mitigation</p>	<p>7.1, 7.2, 7.7</p>	 <p>7.3</p>  <p>11.3</p>  <p>13.2</p>
<p>Clean Transportation¹⁸</p>	<p>Financing or refinancing of low carbon transportation and related infrastructure including¹⁹:</p> <ul style="list-style-type: none"> ○ Zero direct CO2 emissions freight and passenger rail and road transport ○ Zero direct CO2 emissions passenger cars and commercial vehicles ○ Hybrid vehicles (passenger cars and light commercial vehicles) with an emissions threshold of 50 gCO2/km (until 31 December 2025) ○ Personal mobility devices²⁰ (e.g. bicycles, e-scooters, e-bikes) and related infrastructure (e.g. footpaths and bike paths) ○ Electric vehicle charging stations and hydrogen fuelling stations 	<p>Climate Change Mitigation</p>	<p>3.3, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.13, 6.14, 6.15, 7.4</p>	 <p>9.1</p>  <p>11.2</p>

¹⁵ BPER has appointed CRIF to develop a methodology for identifying the top 15% most energy efficient buildings and defining NZEB-10 according to the EU Taxonomy's Substantial Contribution Criteria for Climate Change Mitigation.

The CRIF technical report is available on BPER's [website](#).








¹⁶ In compliance with the EU Taxonomy Substantial Contribution Criteria, '7.7. Acquisition and ownership of buildings.' Large non-residential buildings will not be included within the eligible asset portfolio.

¹⁷ In compliance with the EU Taxonomy Substantial Contribution Criteria, '7.1. Construction of new buildings.' Buildings larger than 5,000m² will not be included within the eligible asset portfolio.

¹⁸ Only projects fully complying with the relevant EU Taxonomy Technical Screening Criteria for Climate Change Mitigation (activities 3.3, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.13, 6.14, 6.15, 7.4) are eligible under this Framework

¹⁹ In all cases, any vehicles or infrastructure dedicated to the transport of fossil fuels shall be excluded

²⁰ Only personal mobility devices where (i) the propulsion comes from the physical activity of the user, from a zero-emissions motor, or a mix; and (ii) where the personal mobility devices are allowed to be operated on the same public infrastructure as bikes or pedestrians will be financed

				 13.2
Circular economy adapted products, production technologies and processes	Financing or refinancing of projects involving: <ul style="list-style-type: none"> o Eco-design, eco-innovation, re-manufacturing, re-design, re-engineering of production processes, product reconditioning, lifecycle extension, recovery of raw materials o Integration of renewable energy (as defined under the Renewable Energy category) into production cycles to produce sustainable goods and services 	Transition to a Circular Economy	--	 7.2  12.2
Environmentally Sustainable Management of Living Natural Resources and Land Use	Financing or refinancing of certified sustainable forestry: <ul style="list-style-type: none"> o Forest Stewardship Council (FSC) standard o Programme for the Endorsement of Forest Certification (PEFC), or o Sustainable Forestry Initiative (SFI) Financing or refinancing of sustainable agriculture ^{21,22} : <ul style="list-style-type: none"> o Certified organic agriculture (e.g. EU Organic, AIAB), including activities related to Grana Padano and Parmigiano Reggiano o in compliance with EU & national organic farming regulation o Use of renewable energy in the agriculture sector, such as solar PV and onshore wind – selected in compliance with the Renewable Energy criteria Financing or refinancing of the preservation and restoration of natural landscapes, including: <ul style="list-style-type: none"> o Protected area operators o Afforestation / reforestation projects o Conservation of terrestrial and aquatic biodiversity projects 	Climate Change Mitigation Protection and Restoration of Biodiversity and Ecosystems	--	 2.4  7.2  14.2  15.1, 15.2, 15.3, 15.4






²¹ Excludes loans exclusively for livestock farming

²² At least 90% of turnover derived from certified organic business

ELIGIBLE SOCIAL ASSETS

An amount equivalent to the net proceeds of BPER's Social Debt Instruments will be used exclusively to finance and/or refinance, in whole or in part, the Eligible Social Assets.

The Eligible Social Assets seek to positively contribute to the selected UN SDGs and help address pressing societal issues, such as increasing access to essential services, facilitating social inclusion and creating and preserving decent jobs.

ICMA SBP	Eligibility Criteria	Target Population(s)	Social Objectives	UN SDGs
Employment Generation	Loans to small and medium enterprises (SMEs) ²³ and microfinance ²⁴ enterprises: <ul style="list-style-type: none"> located in socioeconomically disadvantaged areas²⁵ and ranking in the worst 30% in terms of unemployment rate in response to natural disasters (such as earthquakes or floods) or health and other social emergencies²⁶ 	SMEs in economically underperforming regions SMEs affected by natural disasters and/or socioeconomic crises	Creating and preserving decent jobs	 8.3
Socioeconomic Advancement and Empowerment	Loans to SMEs and microfinance enterprises operated, managed or owned by women (≥ 51%) ²⁷ Loans to non-profit organizations, associations, foundations and philanthropic entities focused on: <ul style="list-style-type: none"> Art, culture and sport (e.g. recreational facilities and services, visual and performing arts, etc.) Welfare and solidarity (e.g. education, vocational skills training, housing, and medical care) 	Female entrepreneurs Vulnerable populations that include youth, unemployed, elderly, undereducated, disabled individuals and migrants General public	Equal employment opportunities for women Supporting local communities Social protection and inclusion of all	 1.3  5.5  10.2
Affordable Housing	Financing or refinancing of the construction, renovation and upgrade of social housing in Italy ²⁸ .	Low-income individuals and households	Improving access to good-quality housing and reducing social vulnerabilities	 1.4

²³ SMEs definition according to EU: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en





²⁴ In accordance with the EU definition

²⁵ Defined as regions with GDP per capita lower than the national GDP per capita as per ISTAT Istituto Nazionale di Statistica

²⁶ When related to the Covid-19 crisis, these financings fall under Government's SME guarantee scheme, as per Law Decree no. 23 of 8 April 2020 (the "Decreto Liquidità") and Law no. 27 of 24 April 2020, the "Decreto Cura Italia")

²⁷ IFC Definition of Women-owned enterprises

²⁸ In Italy, access to social housing is defined by national law and regulations (Ministerial Decree of 04.22.2008, Ministry for Infrastructures' Decree 3904, Law No. 431/1998, and the Law 167/1962). Eligibility criteria is determined based on income requirements set out by local authorities.

				 11.1
Access to Essential Services (Healthcare, Social Care)	Financing or refinancing of the construction, development and operation of public health projects and infrastructure: <ul style="list-style-type: none"> Healthcare facilities, i.e. hospitals and primary care facilities Home care facilities (i.e. nursing homes) for elderly people and people with specific health conditions 	General public, vulnerable groups, elderly people	Ensuring access to quality healthcare products and services including care services	 3.8
Access to Essential Services (Financial Services)	Financing or refinancing of mortgages under the 80% Public Guarantee of the First Home Mortgage Guarantee Fund (" <i>Fondo Prima casa</i> ") administered by CONSAP (Concessionaria Servizi Assicurativi Pubblici) ²⁹ : <ul style="list-style-type: none"> Loans to first-time buyers with ISEE (Equivalent Economic Situation Indicator) of <€40K/yr, for applicants who are i) young people below the age of 36, or ii) single-parent families with minor children. For these mortgages, a controlled rate of the loan is envisaged. 	First-time home buyers	Enabling financial empowerment and economic inclusion	 1.2  10.2

EXCLUSION LIST

The net proceeds of BPER's Sustainable Debt Instruments will not be used to finance or refinance any asset or investment related to: fossil fuels, nuclear energy, weapons, alcohol, gambling, adult entertainment, or tobacco. Furthermore, businesses with significant involvement in environmental controversies or social incidents such as human rights, labour rights, health and safety at work or negative impacts on communities will also be excluded under this Framework.

3. Process for Asset Evaluation and Selection

BPER's ESG Managerial Committee ("ESG Committee") oversees managing the principles and guidelines defining the selection and evaluation of the Eligible Assets. The ESG Committee is chaired by the Group's Chief Executive Officer and includes top representatives from all relevant business departments involved in the origination of the Eligible Assets, with full knowledge of the technical and sustainability characteristics of the Eligible Assets.

The ESG Committee advises the different departments of BPER Group on the identification of the Eligible Assets in the internal information systems and oversees the process for asset evaluation and selection:

²⁹ <https://www.consap.it/fondo-prima-casa/>

- the relevant department of BPER Group carries out a pre-selection of potential Eligible Assets (as detailed in the Use of Proceeds section of this Framework);
- the potential Eligible Assets are submitted by the different BPER departments to the ESG Committee.
- The ESG Committee verifies the alignment of the pre-selected Eligible Assets with the Eligibility Criteria, including the Exclusion List, and approves their admission to the Eligible Asset Portfolio (defined in the Management of Proceeds section); and
- the Eligible Assets are clearly identified within BPER Group's internal information system.

With regards to general ESG risk management, all Eligible Assets are subject to the Bank's regular credit processes, including the ESG Credit Framework³⁰ (detailed in the Introduction), as well as other relevant sustainability policies, including the Code of Ethics, the ESG Policy, and the Group's commitments towards the environment, amongst others. Furthermore, BPER will also ensure, on a best efforts basis, that all Eligible Assets comply with relevant international, national and local laws and regulations.

In the unlikely event an Eligible Asset is subject to a material ESG controversy, as determined by BPER's ESG Committee, it will be removed from the Eligible Asset Portfolio.

EU TAXONOMY ASSESSMENT

As part of its credit assessment process, BPER will screen specific investment projects for alignment with the EU Taxonomy requirements, including the project's contribution to at least one of the EU's environmental objectives, fulfilment of the technical screening criteria, and compliance with minimum social safeguards. For projects greater than EUR10m, the borrower will be required to obtain third-party verification to demonstrate compliance with the EU Taxonomy requirements. For lower amounts, commitments and certifications are provided by the corporate customer and assessed by the BPER Group.

Furthermore, BPER may also provide lending to corporate customers under the SACE Green Guarantee Programme. For these loans, SACE conducts an extensive assessment of the ESG risk for each counterparty and requires that the specific investment projects are aligned with the EU Taxonomy criteria.³¹ As such, BPER will assess these loans as EU Taxonomy-aligned, subject to available information.

Other inputs, such as technical reports from third-party consultants (e.g. CRIF), may also be relied upon to determine the EU Taxonomy-eligibility or alignment of BPER's Eligible Green Asset Portfolio.

4. Management of Proceeds

BPER's Finance Department is responsible for managing and monitoring the allocation of the net proceeds of the Sustainable Debt Instruments to the Eligible Asset Portfolio, which includes an Eligible Green Assets sub-portfolio and an Eligible Social Assets sub-portfolio. The net proceeds will be managed on a portfolio basis and recorded and tracked in BPER's internal information systems.

³⁰ <https://istituzionale.bper.it/documents/133577364/418651406/ESG-linked+Loan+Origination+Policy.pdf/312a6eb2-5424-a333-4a17-e5d6c736fa47?version=1.2&t=1675327295773&download=true>

³¹ <https://www.sace.it/en/about-us/our-commitment/sace-for-the-green-new-deal>

On a semi-annual basis, the ESG Committee, with input from BPER's Finance Department, will ensure that the total amount of the Eligible Asset Portfolio is greater than the outstanding amount of the Sustainable Debt Instruments. Furthermore, the ESG Committee will ensure that the amount of the Eligible Green Assets sub-portfolio exceeds the amount of any Green Debt Instruments outstanding, and that the amount of the Eligible Social Assets sub-portfolio exceeds the amount of any Social Debt Instruments outstanding.

An ordinary revolving and substitution policy will be followed to maintain the relationship between the Eligible Asset Portfolio and the outstanding Sustainable Debt Instruments. As a result, amortized, prepaid or redeemed Eligible Assets will be replaced with new Eligible Assets. Similarly, if a loan or investment no longer meets the Eligibility Criteria, the asset will be removed from the Eligible Asset Portfolio and replaced by another eligible loan or investment as soon as reasonably practical.



Pending the full allocation of the proceeds or in the unlikely case of insufficient Eligible Assets, BPER will temporarily hold any unallocated funds in the Group's Treasury investment portfolio, in accordance with its liquidity policy and ESG Investment Policy.

5. Reporting

BPER will publish an annual Green, Social and Sustainability Bond Report on its [website](#), detailing both the allocation of the net proceeds of the Sustainable Debt Instruments issued, as well as the associated environmental and social impacts of the Eligible Asset Portfolio.

BPER will also report on any material developments of the Eligible Asset Portfolio. This reporting commitment of the Eligible Asset Portfolio will cease once all Sustainable Debt Instruments have matured.

ALLOCATION REPORTING

The Sustainable Finance Report will provide information on the respective allocation of the net proceeds of the Sustainable Debt Instruments, including:

- the total amount and breakdown of Sustainable Debt Instruments outstanding;
- the total amount of allocated and unallocated proceeds, if any;
- the total amount allocated to each project category;
- a breakdown of the Eligible Asset Portfolio by industry and geographies, if relevant;
- the share of financing vs. refinancing;
- a breakdown of the vintage of loans in the Eligible Asset Portfolio;
- a mapping of the loans to the relevant UN SDGs;
- the proportion of the Eligible Green Asset portfolio that is EU Taxonomy-eligible and / or EU Taxonomy-aligned.

IMPACT REPORTING

The Sustainable Finance Report will also include information on the expected environmental and social impacts of the Eligible Asset Portfolio, where data is available, such as:

Environmental impact indicators:

Eligible project category	Impact reporting metrics
Renewable energy	<ul style="list-style-type: none"> Total installed renewable energy capacity (MW) Estimated annual renewable energy generation (MWh/yr) Estimated annual GHG emissions avoided (tCO₂e)
Energy efficiency	<ul style="list-style-type: none"> Estimated energy savings (MWh) # smart meters installed
Pollution prevention and control	<ul style="list-style-type: none"> Volume of recycled material (tons per year) or waste reduced (tons per year)
Water and Wastewater management	<ul style="list-style-type: none"> Annual absolute water savings (m³ or in %) Annual absolute amount of wastewater treated, reused or avoided (m³ or in %)
Green Buildings	<ul style="list-style-type: none"> Estimated annual GHG emissions avoided (tCO₂e)
Clean Transportation	<ul style="list-style-type: none"> Number of zero-emission vehicles financed # electric vehicle charge points installed Estimated number of passengers benefiting from clean transport solutions Annual passenger-kilometers Estimated annual avoided emissions (tCO₂e)
Circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> # products with environmental labels financed
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> Area under sustainable agriculture certification (hectares) Area of natural landscape preserved (km²) Ecologically sustainable agricultural production per hectare (tons)

Social impact indicators:

Eligible project category	Impact reporting metrics
Employment Generation	<ul style="list-style-type: none"> # loans granted to microcredits and SMEs, with statistical overlay of the number of people employed by the financed entities
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> # loans granted to non-profit organizations and, when available, estimated number of beneficiaries of non-profit organizations # loans extended to female businesses
Affordable Housing	<ul style="list-style-type: none"> # loans provided to social housing projects and, when available, estimated number of beneficiaries of social housing schemes
Access to Essential Services (Healthcare, Social Care)	<ul style="list-style-type: none"> # loans granted to public hospitals, publicly supported elderly care or other health facilities # loans granted to SMEs in the healthcare sector and, when available, estimated number of beneficiaries # people served by health facilities, when available.
Access to Essential Services (Financial Services)	<ul style="list-style-type: none"> # of beneficiaries (first time home owners)

6. External Review

SECOND PARTY OPINION (PRE-ISSUANCE)

BPER has obtained an independent Second Party Opinion (SPO) from ICS to confirm the validity of BPER's Green, Social and Sustainability Financing Framework and its alignment with ICMA's GBP, SBP, and SBG. The SPO also includes an assessment of the compliance of the Eligible Green Assets with the EU Taxonomy substantial contribution criteria for Climate Change Mitigation on a best efforts basis.

The SPO is publicly available on BPER's website.

EXTERNAL VERIFICATION (POST-ISSUANCE)

BPER may request external verification from an independent third party on the allocation of the net proceeds from the Sustainable Debt Instruments issued under this Framework on an annual basis until full allocation, or in the event of significant changes in the allocation of proceeds.

The post-issuance external verification report will be made publicly available on BPER's website.

Disclaimer

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