

**BPER:**

Banca

# Report Principles for Responsible Banking





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# Introduction

On 14 July 2021, BPER Banca signed the Principles for Responsible Banking (PRB), launched in 2019 by the UNEP Financial Initiative with the aim of supporting interventions to promote sustainability in the financial sector.

Joining the PRBs 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 launched a process to align its loan and investment portfolio with the goal of achieving zero 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", with a view to creating shared value, with

concrete actions and objectives for all the intervention lines of the Plan.

This Report has been prepared in accordance with the "Reporting and self-assessment template" published by UNEP FI on 12 October 2022 and approved by the Board of Directors of the BPER Banca on 9 March 2023 together with the Sustainability Report 2022 and the TCFD Report 2022.

The "Links and references" section contains references to the documentation already available to stakeholders, as well as the 2022 Consolidated Non-Financial Statement and the 2022 TCFD Report, which are currently being drafted and will therefore be available for consultation on the BPER institutional website from April 2023.

# 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 Group (hereinafter also "the Group") was established in 1994 through an initiative by BPER Banca (hereinafter also "BPER" or "the Bank"), then named Banca Popolare dell'Emilia-Romagna. The underlying objective was 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 that meets the needs of present generations without compromising the ability of future generations to meet their own needs. That means the Bank incorporates environmental, social and economic considerations within its operational and investment activities.

Today, BPER has become the third largest banking group in Italy in terms of number of branches and, through investee companies or joint ventures, it operates in all the main market segments, including:

- Corporate & investment banking
- Wealth management & insurance
- Leasing
- Factoring
- Consumer credit
- Managed assets.

The BPER Group is present in all Italian regions, with a network of 1,913 branches nationwide, in addition to a branch in the Grand Duchy of Luxembourg of subsidiary BPER Bank of Luxembourg S.A..

In addition to commercial banks, the Group also includes numerous product companies and instrumental companies and it is able to provide assistance to its customers in Europe and in the rest of the world.

## Links and references

- [Sustainability Report 2022 - Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(1. Profile of the BPER Group\)](#)

## 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: **TCFD, CDP, NZBA, Guide on climate-related and environmental risks - ECB**  
 Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----  
 None of the above

## Response

BPER has defined a corporate strategy that is consistent with relevant national and international frameworks, such as the NRRP (the National Recovery and Resilience Plan), the Paris Climate Agreement and the UN Sustainable Development Goals, and that is in line with the sustainability commitments included in the Group's "ESG Policy".

BPER Banca adopts the concept of sustainable development in its broadest sense, incorporating environmental, social and economic considerations within its operational and banking activities.

The BPER Group takes ESG criteria into consideration 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.

Furthermore, even in its investment activities, BPER considers ESG factors and has adopted a specific Policy in 2022.

The Bank has formalized its strategy for the next few years in the document "2022-2025 Business Plan" (hereinafter also "the Plan"), which traces the Group's line of development in ESG to create long-term shared value.

The main sustainability commitments of the Group included in the Plan are highlighted below:

- with particular reference to environmental matters, among all the objectives, the Group has set science-based emission reduction targets, in line with the Paris Agreement; moreover, BPER 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

## Links and references

- [ESG Policy](#)
- [ESG Investment Policy \(p. 8\)](#)
- [ESG-linked Loan Origination Policy \(p. 3\)](#)
- [2022-2025 Business Plan](#)
- [Sustainability Report 2021 - Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(1.5.1 Internal Control System, 4. Our Customers, 7.1 Task Force on Climate-Related Financial Disclosures \(TCFD\)\)](#)
- [Sustainability Report 2022 - Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(1.6.3 Rating ESG, 6. Environment and climate change\)](#)
- [TCFD Report 2022](#)
- [BPER NZBA membership](#)
- [BPER CDP Score 2021](#)

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- 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 Bank has been committed for years to voluntarily providing disclosure on its climate change related risk and to communicating its environmental performance to the BPER's stakeholder. For instance, among all the initiatives, these can be mentioned:

- the Carbon Disclosure Project (CDP), through which BPER has provided information on the management of climate change issues and the supplier engagement activities (carried out annually)
- the Carbon Footprint Analysis, through which (starting from 2020) BPER has measured, in CO<sub>2</sub> equivalent, the total greenhouse gas emissions associated with its portfolio
- Scenario Analysis, assessing both scenarios in line with the Paris Agreement and alternative scenarios such as the 'Business As Usual' (BAU), in which a major temperature increase is assumed.

Recently, 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 special reference to climate-related and environmental risks, in January 2021 the European Central Bank sent a first questionnaire to banks on their positioning with respect to the ECB Guide on climate-related and environmental risk, and a second questionnaire aimed at identifying the initiatives to implement to fill any shortcomings that emerged. 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 BPER Banca'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.

BPER will continue to monitor the relevant legislation and guidelines to identify any developments in the ESG field to be implemented in the Group's 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 regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

- 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 less than 1% of its customers are located outside of Italy. For this reason, the Impact Analysis (hereinafter also "the Analysis") has been carried out with exclusive reference to the 2021 Italian portfolio (which includes BPER Banca, Banco di Sardegna, Bibanca, Sardaleasing, Finitalia, BPER Factor), considering both Retail (private) and Corporate (business) clients.

Regarding the Retail portfolio, the scope refers exclusively to Group companies with exposures to private individuals, namely BPER Banca, Banco di Sardegna, Bibanca.

Details of the scope of the Impact Analysis are provided below (in percentages):

- Corporate banking (business customers): approximately 50% of total corporate loans were analysed
- Retail banking (private customers): approximately 81% of total retail loans were analysed.

Note: The data refers to the FY 2021 (01/01/2021 - 31/12/2021). Carige Group has been acquired during 2022; therefore, it will be included in the next reporting document.

- 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 & industries<sup>3</sup> 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.

### Links and references

- [Sustainability Report 2021 - Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(4. Our Customers\)](#)

<sup>1</sup> 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.

<sup>2</sup> Further guidance can be found in the Interactive Guidance on impact analysis and target setting.

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

## Response

Based on the scope defined in the previous point, which refers to 2021 data, the portfolio composition analysis has been performed with the support of the UNEP FI Consumer and Institutional Tools. As regards the analysis of the Retail and Corporate customer portfolio, the monetary value of the total loans was used. The consumer portfolio breakdown in terms of products and services is represented in the table below:

Consumer Banking products/services	%
Current accounts	2.23%
Credit cards	2.54%
Home loans / mortgages	91.04%
Targeted products - youth	4.06%
Targeted products - other vulnerable groups	0.01%
Microcredit	0.12%

The corporate portfolio breakdown in terms of financial exposures in its business sectors is represented in the table below:

Business banking sectors	%
Agriculture, forestry and fishing	1.97%
Mining and quarrying	0.15%
Manufacturing	46.68%
Electricity, gas, steam and air conditioning supply	2.72%
Water supply; sewerage, waste management and remediation	2.44%
Construction	6.98%
Wholesale and retail trade; repair of motor vehicles	21.42%
Transportation and storage	4.29%
Accommodation and food service	1.89%
Information and communication	2.98%
Financial and insurance activities	0.05%
Real estate activities	1.31%
Professional, scientific and technical	1.34%
Administrative and support service activities	3.61%
Public administration and defense	0.01%
Education	0.04%
Human health and social work	1.69%
Arts, entertainment and recreation	0.16%
Other service activities	0.26%

## Links and references

- [Sustainability Report 2021 -Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016](#) (4. Our Customers, 7.2 Climate-related risks and opportunities)



**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<sup>4</sup>? 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

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

The context analysis highlighted as priorities both environmental issues, such as climate stability, biodiversity & ecosystems well-being 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 the Italian 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 and culture
2. The green revolution and ecological transition
3. Infrastructures for sustainable mobility
4. Education and research
5. Inclusion and cohesion
6. Healthcare.

Furthermore, for the purpose of drafting its own Non-Financial Statement (in accordance with the requirements of the Legislative Decree 254/2016), BPER Banca carried out the 2022 Materiality Assessment process and, among the activities carried out, involved a series of qualified stakeholders through one-to-one interviews, including the financial community, with the aim of defining sustainability issues and the main impacts that the Bank can generate on the economy, the environment and society.

The expectations of the stakeholders regarding the topics to which BPER should pay more attention has been taken into consideration in the context analysis.

### Links and references

- [National Recovery and Resilience Plan \(NRRP\)](#)

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.

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios

<sup>5</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

## Response

To identify the Group's positive and negative impacts areas connected to banks' lending activities, BPER has implemented a double assessment process:

1. the first one assessment was performed with the use of the UNEP FI Impact Analysis Tools, which have been fulfilled with the Retail (private) and Corporate (business) portfolio data
2. the second one was carried out during the 2022 Materiality Analysis process, based on external and internal stakeholder engagement activities with the aim to assess the positive and negative impacts generated (or that can be generated) from the Group.

At the end of these processes, two significant impact areas have been identified: **climate change mitigation** and **financial inclusion**.

The details of the analysis carried out on Group's consumer Corporate and Retail portfolio and the related results are shown below.

### Institutional Banking Portfolio Analysis (business)

The BPER Group initiated an analysis of the positive and negative impacts related to its Corporate portfolio, using the UNEP FI Impact Analysis tool, specifically the Institutional Banking Module. By detailing the exposures linked to the NACE sectors of the counterparties, it was possible to return a complete overview of the positive and negative impacts linked to its portfolio. Below are the outputs provided by the tool:

With regard to positive impacts, significant impacts were found on all impact areas considered by the UNEP FI Impact Radar. The most relevant areas, associated with a high portion of the portfolio and linked to Italian country needs, are:

- 'Availability, accessibility, affordability, quality of resources & services'
- 'Circularity'
- 'Biodiversity & healthy ecosystems'
- 'Climate stability'.

With respect to the negative impacts, taking into consideration the key associations proposed by the tool, the proportion of portfolio, the Italian country needs identified through the context analysis, the most relevant impacts include the following areas:

- 'Climate stability'.
- 'Circularity'
- 'Biodiversity & healthy ecosystems'
- 'Availability, accessibility, affordability, quality of resources & services'.

On the basis of the results obtained, in line with its membership of the TCFD, the Net-Zero Banking Alliance and the ESG objectives set by the 2022-2025 BPER e-volution Business Plan, the Group has defined **climate change mitigation** as a priority impact area.

This choice also takes into consideration the expectations of the European Central Bank (ECB), reported in the "Guide on climate and environmental risks" (November 2020), which requires to each bank to define and implement a climate adaptation strategy suited to the context in which it operates.

## Links and references

- [Sustainability Report 2022 -Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(3.2 Materiality Analysis\)](#)

### Consumer Retail Banking Portfolio Analysis (private)

The BPER Group has started analysing the impact generated by its activities with Retail customers, using the UNEP FI Impact Analysis tool, specifically the Consumer Banking Module. This preliminary analysis highlights the areas of impact on which the BPER Group has already been working for some time.

Given the Group's strong focus on lending to private customers, with a significant exposure to loans linked to the purchase of homes, as well as the presence of products dedicated to specific target populations such as young people and other vulnerable groups, the main area of impact where the BPER Group can generate greater positive impact is **financial inclusion**.

Consistent with the activities envisaged in the 'ESG Infusion' pillar of the business plan, the BPER Group will identify specific SMART Targets and further detail the targets and areas of work.

### Materiality assessment for the purpose of drafting the 2022 Sustainability Report

In the context of the drafting of the Sustainability Report 2022 Consolidated Non-Financial Statement pursuant to Italian Legislative Decree. 254/2016, the Group updated the materiality assessment, incorporating regulatory changes in sustainability reporting. In particular, the new Global Reporting Initiative (GRI) standards, effective from January 2023, require a revision of the materiality analysis path. The objective of the new GRI materiality (Impact Materiality) is to identify what effects (positive and negative) a company causes on society and the surrounding environment (generated impacts). The Group has therefore evaluated and reported the issues that represent the most significant impacts generated on the economy, the environment and people, including human rights.

The outcome of the 2022 Materiality Assessment confirms that BPER, throughout its activities, can generate an high impact on the **climate change mitigation** and **financial inclusion** areas, which are in fact present in the Sustainability Report 2022 as material topics.

Although BPER focuses on the previous areas to set its SMART Targets, the Group is certainly committed to improving its impact also with reference to Circularity and Biodiversity.

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 BPER Banca 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, which requires each bank to define and implement a climate adaptation strategy suited to the context in which it operates.

For these reasons, in 2021 BPER carried out an assessment activity (scenario analysis and portfolio carbon footprint) to verify the effective possibility of defining science-based targets for the reduction of scope 3 emissions of its loan portfolio medium (to 2030) and long term (by 2050), in accordance with the Paris Agreement and earnings in order to maintain its high positioning.

### Links and references

- [Sustainability Report 2021 -Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(4. Our Customers, 7.2 Climate-related risks and opportunities\)](#)
- [Sustainability Report 2022 -Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(4.6 ESG Products and Sustainable Finance\)](#)
- [2022-2025 Business Plan](#)
- [TCFD Report 2022](#)

BPER Banca has worked on the new 2022 Portfolio Carbon Footprint and Scenario analyses; the results will be disclosed in the 2022 TCFD Report.

Furthermore, BPER continues its path in the fight against climate change, joining the Net-Zero Banking Alliance (NZBA) in March 2022. The NZBA is the industry alliance promoted by the United Nations, which mobilises banks around the world in a commitment to align their credit and investment portfolios to the goal of zero emissions by 2050, thus reinforcing the goals set by the Paris Climate Agreement. The main purpose is to commit to align its loan and investment portfolios to net zero emissions by 2050.

**Detailed performance measurement analyses concerning climate change mitigation impact area are currently in progress in the context of the NZBA target definition project in order to set SMART Target by August 2023.**

## FINANCIAL INCLUSION

To demonstrate BPER Banca's growing commitment towards financial inclusion, there are a number of products with significant social impacts, for a total disbursed value in 2022 of 2.141,6 million €, of which 36% linked to Retail banking and 64% linked to Corporate banking area.

An important part of the social products is made up of financial inclusion programs aimed at include who are not fully integrated into the economic and productive fabric or who, for various reasons, have been marginalized by it: young people and senior citizens, mainly. For these categories, financial, credit and savings 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. BPER offers to the Third Sector organisations services and products to support their activities and contribute to the progressive sustainable development of the community.

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: allocation of € 15 mln to support activities in support of communities and territories
- Initiatives for young people: financial literacy and ambitious nationwide projects that will involve more than 400,000 young people over the plan period; a project is also envisaged 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.

**Detailed performance measurement analyses concerning financial inclusion impact area are currently in progress in order to set SMART Target next year.**

## 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?<sup>6</sup>

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> 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)*

## 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 targets<sup>7</sup> 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 portfolio with<sup>8</sup> 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.*

<sup>6</sup> 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.

<sup>7</sup> 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.

<sup>8</sup> 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.

## Response

As international frameworks on Climate Change, BPER takes the Paris agreement, the Sustainable Development Goals and the TCFD framework as main references.

In particular, the BPER Group is committing to align its portfolio to the “Net Zero by 2050” goal of the Paris Agreement.

To do this, in March 2022 the Bank has joined the Net-Zero Banking Alliance and it is currently working on measuring its climate performance. Once the analyses have been completed, BPER will select indicators and targets that are linked to and drive alignment with the objective of the Paris Agreement.

As international framework on financial inclusion, BPER takes the Sustainable Development Goals as main reference.

The Bank is still completing the performance measurement on “financial inclusion” and analysing the framework in order to decide to which goal BPER can mainly contribute. Once the analyses have been completed, BPER will select indicators and targets that are linked to and drive alignment with the selected objective.

Anyway, BPER’s commitment to contributing to the social goals of the SDGs is shown in its “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 towards the communities and the promotion of a “diversity & inclusion” culture.

## Links and references

- [ESG Policy](#)
- [Sustainability Report 2021 – Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(1.3 Business model and corporate strategy, 7.2 Climate-related risks and opportunities, 8. Relations with the Community, Objectives\)](#)
- [BPER NZBA membership](#)
- [2022-2025 Business Plan](#)

**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.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

Impact area	Indicator code	Response
Financial health & inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

### Response

The BPER Group is working on the performance measurement activities related to the impact areas of “climate change mitigation” and “financial inclusion”. As soon as the measurements are completed, BPER will proceed with the determination of the baseline and subsequently with setting the targets. Disclosure relating to SMART Targets will be available in the 2023 PRB Report.

### Links and references

**c) SMART targets** (incl. key performance indicators (KPIs)<sup>9</sup>): 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

The BPER Group is working on the performance measurement activities related to the impact areas of “climate change mitigation” and “financial inclusion”. As soon as the measurements are completed, BPER will proceed with the determination of the baseline and subsequently with setting the targets. Disclosure relating to SMART Targets will be available in the 2023 PRB Report.

### Links and references

**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

The BPER Group is working on the performance measurement activities related to the impact areas of “climate change mitigation” and “financial inclusion”. As soon as the measurements are completed, BPER will proceed with the determination of the baseline, the target setting and the definition of an action plan. Disclosure relating to SMART Targets will be available in the 2023 PRB Report.

### Links and references

## Self-assessment summary

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...

	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: ... (please name it)
Alignment	<input checked="" type="checkbox"/> Yes <input 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
Baseline	<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
SMART targets	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

<sup>9</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.WW

## 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***

The BPER Group is working on the performance measurement activities related to the impact areas of “climate change mitigation” and “financial inclusion”. As soon as the measurements are completed, BPER will proceed with the determination of the baseline, the target setting and the definition of an action plan.

### ***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 customers<sup>10</sup> 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 activities<sup>11</sup>). 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 aiming to encourage sustainable practices of its clients and customers. First of these, the Group ESG Policy defines role and responsibilities to manage customers relations and to identify new customer needs from an ESG perspective.

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

Furthermore, with special 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' behavior through actions aimed at adopting sustainable choices.

The Group's Banks, as part of the collaboration with local 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, 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 on the subject of 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](#)
- [Sustainability Report 2022 -Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(4. Our Customers and ESG offer, 4.6 ESG Products and Sustainable Finance\)](#)

<sup>10</sup> 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.

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

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.

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 credit 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 and investment principles across the Group and its clients, supporting them in a sustainability path.

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 listening 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 and clients relations from an ESG perspective.

### 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.).

#### Response

In line with investors' growing interest in environmental, social and good corporate governance issues, as well as to encourage sustainable practices, during 2022 BPER Banca has defined several ESG products, in continuity with the previous years.

As evidence of future efforts to responsible banking and, in general, to sustainability, in line with the ESG Infusion approach to all Pillars of its 2022-2025 business plan, BPER has concrete planned to:

- include ESG targets in the Management's long-term incentive system with KPIs accounting for 15% of the total
- redesign the internal Organizational Model to define roles and responsibilities for ESG issues
- intensify the green lending and advisory (sectors/supply chains, NRRP, 110% superbonus, green mortgage loans, etc.), reaching over 7 billion of euros the ESG loans granted to businesses over Plan period
- support activities for the Community and Territories through charitable donations and sponsorships for a total of 15 million euro
- enhance the disbursement of credit to the Third Sector
- improve the accessibility to D&I products and services
- promote social inclusion of the weaker sections of society by collaborating with national organisations
- intensify the financial education programmes for young people, reaching over 400,000 people over the Plan period
- increase the loans of honor to university students.

#### Links and references

- [Sustainability Report 2022 -Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(4.6 ESG Products and Sustainable Finance\)](#)
- [2022-2025 Business Plan](#)

# 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 groups<sup>12</sup>) 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, BPER implements a structured process which involves the latter 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 its various stakeholders, to listen to their needs and understand their expectations with respect to the Group's operations.

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 centers and universities, Public Administration,...) and has also achieved attention to dialogue and needs of the stakeholders 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. Furthermore, BPER participates in the 'Chief Sustainability Officers Roundtable' promoted by the European Banking Federation (EBF), with the aim of bringing together senior representatives of the main European banks to generate new knowledge and exchange ideas on sustainability and climate issues.

Furthermore, BPER develops products with a focus on financial inclusion to support people economically disadvantaged. With this in mind, the Group's banks participated in the agreement between the Minister of the Economy and Finance, the Bank of Italy, the Italian Banking Association (ABI), Poste Italiane and Associazione Italiana Istituti di Pagamento e di moneta elettronica (Italian Association of Payment and Electronic Money Institutes) to offer basic current accounts.

### Links and references

- [Sustainability Report 2022 -Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(3.1 Stakeholders, 4.6 ESG Products and Sustainable Finance, 6. Environment and Climate change\)](#)
- [Sustainability Report 2021 - Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(7.2 Climate-related risks and opportunities\)](#)
- [TCFD Report 2022](#)

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

# Principle 5: Governance & Culture



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

## 5.1 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 the sustainability commitments of the BPER Banca Group. The policy therefore has the objective of promoting an ESG culture within the BPER Group and of guide the corporate governance, processes, divisions and functions, through which to ensure pursuit of sustainable success, with particular reference to environmental, social and governance, in compliance with the Principle of the Corporate Governance Code and the principles developed by competent international bodies, as well as the indications provided by regulators such as for example 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 Sustainability Committee is chaired by BPER Banca Board of Directors’ President; it evaluates technological, environmental, social, economic, political and geopolitical scenarios and macrotrends intended to exercise, in a long term perspective, a significant impact on society as a whole and, by fall, on the corporate purpose of the Bank and on its way of relating to the company itself. It also provides support to the Board on ESG matters and influence all processes adopted by BPER to pursue sustainable development, including those relevant to the remuneration and incentive systems
- 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

### Links and references

- [ESG Policy](#)
- [Annex to ESG Policy](#)

- 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 BPER Group with respect to sustainability and the 17 UN goals (SDGs) and finally, promotes and manages the ESG strategy and sustainability issues
- The ESG Strategy Department assesses the ESG impacts deriving from Group initiatives and provides support to the departments Parent Company and the Group for the purposes of their implementation; furthermore, it monitors and controls the management of direct and indirect environmental impacts.

The ESG Strategy Department is also in charge to oversight of PRB implementation.

## 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

BPER Banca is committed to spread a culture of responsible banking among its internal and external stakeholders. In particular, the ESG Strategy Department of BPER Banca has the responsibility to promote 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 as much as possible.

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

Among all the initiatives, we can mention the “A pari merito” (on a par) programme which promotes commitment to people, so that they are proud to work in an environment that values the uniqueness of each individual without differences in gender, age, different abilities, health, ethnicity, sexual orientation and identity or political ideologies, to ensure that everyone has the same opportunities based on merit and aspirations. Another activity was carried out relating to ESG themes, “Piantiamola di inquinare!” (Let’s stop polluting!), which aimed to promote green mobility and environmental sustainability during the year. The project included awarding prizes to the people most active in adopting nonpolluting means of transport. It is also interesting to mention the Sustainable Mobility Area that has been created within the Welfare Plan in order to promote sustainable mobility among employees.

Furthermore, BPER Banca adopts a remuneration policy is 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. The “2022 Report on Remuneration Policy and Remuneration paid” confirmed the Group’s constant attention to communication, information and transparency in order to increase shareholder awareness regarding remuneration and incentive systems and the focus on the issues of sustainability in its broadest sense. In particular, BPER Banca introduces KPIs linked to ESG (Environmental, Social, Governance) objectives within the incentive system of the Group, which focus in 4 key directions: sustainable finance (green and social loans), energy transition (reduction of CO<sub>2</sub> emissions), diversity and inclusion (gender gap: less represented gender among senior managers and executives), and “Future” project (measurement of the social impact of specific projects for young people, activated using the internal “Future” fund).

### Links and references

- [ESG Policy](#)
- [Annex to ESG Policy](#)
- [Sustainability Report 2022 -Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(1.5.2 Remuneration policies; 5.2 Enhancement of Diversity; 5.5.1 Welfare Plan\)](#)
- [2022 Report on Remuneration Policy and Compensation Paid](#)

## 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your **portfolio**?<sup>13</sup> 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.

In particular, 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 Group'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, so as to enable the body that has the function of strategic supervision and Board-internal committees to make decisions.

The integration and management of ESG risks into the regulatory and prudential supervisory framework is an issue of considerable relevance for the European Banking Authority (EBA), as well as for the European Central Bank (ECB). In fact, as also indicated in the "Guide on climate-related and environmental risks", ECB considers the process leading towards ecological transition as involving both risks and opportunities for the entire economic system and financial institutions, while the physical damage induced by climate change and environmental degradation can have a very significant impact on the real economy and the financial sector.

BPER Banca pursued the path outlined by the ECB, the aim of which was to meet the 13 supervisory expectations of the banking authority in the area of climate-related and environmental risk management and disclosure.

Furthermore, in 2021 BPER Banca joined the Task Force on Climate-Related Disclosure (TCFD). In line with TCFD recommendations, BPER carried out the following analyses:

- assessment of the carbon footprint of loan and investment portfolios with risk class analysis by sector
- 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 order to adapt to two different scenarios: business as usual, Paris Agreement with assessment of the impact on the portfolio with respect to the additional debt space per sector.

### Links and references

- [TCFD Report 2022](#)
- [ESG Investment Policy](#)
- [ESG-linked Loan Origination Policy \(p. 3-4\)](#)

<sup>13</sup> 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 December 2022, BPER has also adopted a ESG-linked Loan Origination Policy which takes ESG criteria into consideration when granting credit. This 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 Group's soundness and solvency
- providing a framework for the analysis of the exposures to climate-related and environmental risks.

To this end, this document defines:

- general limitation and exclusion criteria for counterparty and/or project financeability, consistently with the "ESG Policy" of the BPER 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 to align its bank's portfolio to the "Net Zero by 2050" goal of the Paris Agreement.

In this context, the Group is going to carry 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  In progress  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 **first year** of reporting on the PRB; BPER Banca will evaluate whether to start an assurance process the 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 BPER Group responds to the requests of the D.Lgs. 254/16 (the Implementation of Directive 2014/95/EU of the European Parliament regarding the communication of the non-financial information) and draws up his 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.

Moreover, the Bank has been committed for years to voluntarily providing disclosure on its climate change related risk and to communicating its environmental performance to the BPER's stakeholder. For instance, among all the initiatives, we can mention:

### Links and references

- [Sustainability Report 2022 -Consolidated Non-Financial Statement Pursuant to Italian Legislative Decree. 254/2016 \(1.6.3 Rating ESG, 6. Environment and Climate Change\)](#)
- [BPER CDP Score](#)
- [TCFD Report 2022](#)



- the Carbon Disclosure Project (CDP), through which BPER has provided information on the management of climate change issues and the 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 2022), as BPER has joined the Task Force on Climate-Related Financial Disclosures (TCFD)
- in 2022 BPER Banca activated, for the first time, an ESG Rating Solicited S&P Global Ratings ESG Evaluation process. At the end of the ESG assessment process, the rating company assigned a score “Adequate” (in the range from “Low” to “Best in Class”) to BPER Banca.

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.

#### Response

Once the performance measurements related to the two impact areas will be completed, BPER Banca will set the S.M.A.R.T. targets on climate change mitigation and financial inclusion.

Next year BPER Banca will update its portfolio analyses in consideration of the new changes of the Group's perimeter, which has expanded with the acquisition of Carige Group in 2022. Finally, the analyses will also be updated in light of the results of the 2023 materiality analysis.

In order to include these future changes in the PRB process, BPER Banca will evaluate a review of its Impact Analysis and, consequently, of the S.M.A.R.T. targets.

#### 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? 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:

<sup>14</sup> 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

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





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