



BPER Group Policy in the area of Sustainability

Modena, *25/02/2021*

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1 General Aspects

Summary of main issues dealt with / changes made

This document identifies the commitments relating to sustainability of the BPER Banca Group (hereinafter BPER Group). Integration of the principles of sustainability into the value chain primarily takes on the meaning of constant commitment aimed at reconciling economic goals with social and environmental goals, generating value for the company, the stakeholders and the territories while simultaneously placing value on the positive environmental and social impacts and reducing the negative impacts to a minimum.

The BPER Group decided to organise its route to sustainability by adopting an integrated strategy that can combine the growth of the business and financial strength with social and environmental sustainability, creating long-term shared values. In order to achieve this objective, it incorporated the global goals identified from international bodies aimed at saving the planet and the interests of future generations.

Drafting party:

Sustainability and ESG Management Office

Approving party:

Board of Directors

Recipients of the document:

Banks		Group Companies				
Computer aligned		Instrumental		Financial		Other subsidiaries*
X	Bper	X	MO Terminal	-	Credit	Adras
X	Bibanca	X	Nadia	X	Emil-Ro Factor	Ivi
X	Banco di Sardegna	X	Numera	X	Sardaleasing	Sifà
Abroad		X	Bper Credit Management	X	Finitalia	
X	Bper Lux			-	Non-Credit	
					Estense C. Bond	
					Estense C.B.CPT	
				X	Optima Sim	
					Bper Trust Company	

*falling within the scope of consolidation but not part of the Banking Group

2 Definitions

Sustainable Development Goals (SDGs): global initiatives of the UNDP (United Nations Development Programme) aimed at eliminating poverty, protecting ecosystem balances, building an inclusive society and promoting peace. It comprises 17 goals and 169 specific targets.

Sustainability Report: corporate document that the company uses to report the information regarding the impact of its activities on the environment and on third parties, or in any case, all the information traditionally not included on the standard financial statements.

Non-financial statement (NFS): reporting document drawn up in a way that complies with the requirements set out by Legislative Decree 254/2016 "Implementation of directive 2014/95/EU of the European Parliament and the Council of 22 October 2014 containing amendments to the directive 2013/34/EU with regard to non-financial reporting and information on diversity by certain enterprises and certain large groups". It may be the same as the Sustainability report or be contained in it.

The 2030 Agenda for Sustainable Development: it is a plan of action for people, the planet and prosperity signed by the governments of 193 UN member countries in September 2015. It incorporates the 17 Sustainable Development Goals, SDGs. The official start-up of the Sustainable Development Goals coincided with the beginning of 2016, guiding the world towards the route to take over the following 15 years: the countries undertook to achieve the goals by 2030.

The United Nations Global Compact: it is the largest strategic corporate citizenship initiative in the world. It was founded with the aim of promoting a sustainable global economy, i.e. respectful of human and labour rights, environmental protection and the fight against corruption. It is an initiative that can be joined on a voluntary basis and embodies a set of principles that promote long-term sustainability values through political actions, company practices, responsible social and civil behaviour and that takes account of future generations; it is also a commitment, signed with the United Nations by top managers of the participating companies, to contribute towards a new phase of globalisation characterised by sustainability, international cooperation and partnerships from a multi-stakeholder perspective.

Communication on Progress: the companies that join the United Nations Global Compact undertake to integrate the Ten Principles relating to human and labour rights, the protection of the environment and tackling corruption promoted by the initiative into their strategic vision and the organisational culture and day-to-day operations of the company, and more generally, to support the broader goals of development established by the United Nations. The Communication on Progress - COP (Annual Communication) is the tool that companies who join the Global Compact can use to keep their stakeholders constantly updated on the activities implemented and the corresponding results achieved.

ESG: This acronym (Environmental, Social, Governance) is used in the economic/financial area to indicate all those activities linked to responsible investing (IR) that pursue the typical goals of financial management that takes account of environmental, social and governance aspects.

RSI Contact party: the Resources that belong to the Group companies in charge of providing support, where requested by the Sustainability and ESG Management Office of the Parent Company in the stakeholder engagement activities that can help organise the materiality matrix and to collect the information that can help draw up the Sustainability Report (or Consolidated Non-Financial Statement).

3 Contents of the regulatory sources

3.1 The international context

This document takes its inspiration from the sustainability principles indicated by international bodies and institutions such as the European Union, the Organization for Economic Co-operation and Development and the United Nations.

The main international declarations taken as references are listed below.

The BPER Group undertakes to make a significant contribution towards reaching the "Sustainable Development Goals" contained in the "UN 2030 Agenda" with special reference to the following (Sustainable Development Goals, SDGs):

- Goal 1: End poverty in all its forms everywhere;
- Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
- Goal 5: Achieve gender equality and empower all women and girls;
- Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all;
- Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation;
- Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable;
- Goal 13: Take urgent action to combat climate change and its impacts;
- Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss;
- Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

The BPER Group undertakes to promote and respect the universally recognised human rights as set out in the Universal Declaration of Human Rights.

The Group also joined the United Nations Global Compact (UNGC), a United Nations project that aims to promote the culture of social responsibility of companies through sharing, implementation and the promotion of common principles and values. Ten universal principles set out into 4 macro areas were drawn up in accordance with that initiative: Human rights, Work, Environment, Fight against Corruption:

Principle I: Companies are required to promote and respect universally recognised human rights within their respective spheres of influence;

Principle II: Companies are required to ensure that they are not accomplices in the abuse of human rights, even indirectly;

Principle III: Companies are required to support freedom of association by employees and recognise the right to collective bargaining;

Principle IV: Elimination of all forms of forced and compulsory labour;

Principle V: Effective elimination of child labour;

Principle VI: Elimination of all forms of discrimination with regard to employment and occupation;

Principle VII: Companies are required to take a precautionary approach with respect to environmental challenges;

Principle VIII: Companies are required to undertake initiatives that promote greater environmental responsibility;

Principle IX: Companies are required to encourage the development and diffusion of environmentally friendly technologies;

Principle X: Companies are committed to fighting all forms of corruption, including extortion and bribery.

The BPER Group confirms its support for the principles of the UNGC and its intent to promote them in the company and publicly report them through the "Communication On Progress" (COP) contained in the Consolidated Non-Financial Statement of the BPER Group.

3.2 The guidelines

These rules were drawn up in accordance with the corporate strategy and values on which the Group is based, and represents the planning instrument that the BPER Group will use to encourage the spread of the culture in both the area of sustainability and the addition of the principles described below into the value chain. Therefore they shall reinforce and implement the values of responsibility, loyalty and substantiality in the respect for persons, the environment and society as a whole, as already indicated in the Code of Ethics and the Internal Governance Code that applies to representatives, employees, external partners and financial consultants of the Group.

More specifically, the rules describe the five guiding principles:

1. integrity and transparency,
2. development of society,
3. honest business practices and customer protection,
4. protection of workers, diversity and equal opportunities,
5. integration of sustainability into the value chain and environmental protection.

3.2.1 Integrity and transparency

The BPER Group and its stakeholders consider integrity to be of fundamental importance in corporate behaviour; the BPER Group undertakes to carry out its activities in accordance with the highest ethical standards and will not tolerate active or passive acts of corruption. The Group operates in compliance with all applicable laws and regulations. The main Group companies have an Organisation, management and control model and procedures designed to prevent the commission of crimes and offences within the scope of their operations. Specific training is guaranteed to all the Group employees in order to raise awareness of the culture of legality and prevent fraudulent behaviour or episodes of corruption or money-laundering. Internal reporting procedures are also in place for actual or alleged unlawful actions or breaches of laws and standards to be made to the applicable company bodies.

3.2.2 Development of society

For the BPER Group, supporting the development of society means focusing its commitment, with the main goal being to improve the quality of life, proposing solutions for the protection, support and realisation of their projects and acting as a partner of enterprises, institutions and territorial communities to support development and promote well-being.

It also means offering support to the territory, in partnership with the other social players, to experiment with and consolidate innovation with high social and environmental value.

The BPER Group wishes to be the driver of sustainable growth to promote a development model that encourages collective and widespread well-being.

3.2.3 Honest business practices and customer protection

The BPER Banca Group bases its success on the relationship of trust established with its clientele, characterised by fairness and transparency, and the desire to propose the best solutions to customers for their requirements and for development. In the company's philosophy, the customer is first and foremost a person with their own plans and problems. The process is based on a bond of trust that goes beyond the mere rules governing the relationship between bank and customer. Dialogue and listening are at the basis of the relationship that the Group's companies wish to instil with people to support them in a path of sustainable growth.

Please refer to the "Internal Governance Code of the BPER Banca Group" for more information on the behavioural rules for employees, external staff, financial advisors and the guidelines in relationships with customers and investors.

3.2.4 Protection of workers, diversity and equal opportunities

The BPER Group considers people to be at the centre of its business world: in addition to the mandatory respect for equal human rights and dignity, the Group promotes values of fairness and objectivity and undertakes to protect the maximum expression of the potential of the individual as an element of distinctiveness. It has always paid great attention to the Human Resources and is directed in particular to the realisation of routes aimed at enhancing the value and developing the professional and personal skills. Employees are a crucial resource for the Group to grow since they are the first to bear witness to its values, providing customers with excellent services and products and maintaining relationships of mutual trust.

The BPER Group recognises the value of diversity in terms of gender, age, persons with disabilities, state of health, ethnicity, sexual orientation or identity or political ideologies, as a key resource for innovation, productivity and growth of the organisation and the country. Special attention is given to the aspects linked to gender diversity with the commitment to ensure equal opportunities and treatment to all employees in order to encourage the full and effective participation of women at all levels of company activity, promoting excellence.

3.2.5 Integration of sustainability into the creation of value and environmental protection

The BPER Group is careful to protect the environment as a primary resource for the well-being of man, and directs its choices so as to ensure the compatibility between economic initiatives and environmental requirements in accordance with the law. The Group has identified the main environmental impacts on which to organise its commitment through suitable planning and identification of goals. These impacts are divided into direct and indirect environmental impacts.

With regard to direct impacts, the Group promotes the efficient use of energy resources and the reduction of greenhouse gas emissions through the implementation of highly energy-efficient technologies and the promotion of renewable sources. With regard to indirect impacts relating to its operations, or connected to the financing or investment activities, the Group integrates sustainability into the value chain and improves its processes and behaviour to reduce the environmental and social impacts related to them.

There is a double goal: on the one hand, it wishes to reduce the related risks, and on the other, avail of any business opportunities that can be identified.

The fight against climate change specifically involves new risks, but also gives important new opportunities to create shared value in the territories it belongs to. This is why the BPER Group wishes to be increasingly a partner to its customers, making solutions and skills available that can help families and companies create and realise projects of growth and improvement with a view towards environmental and social sustainability.

3.3 Roles and responsibilities

- of the Parent Company:

Company Body / O.U.	Description of Roles and Responsibilities
Board of Directors	<ul style="list-style-type: none"> • Defines Group guidelines and strategies relating to sustainability issues • Approves the Non-Financial Consolidated Statement (or Sustainability Report) • Approves the Sustainability Plan
Control and Risk Committee	<ul style="list-style-type: none"> • Supervises sustainability issues pertaining to business activities and the dynamics of stakeholder interactions • It expresses an opinion prior to approval, at least once a year, of the plan of activity of the Sustainability and ESG Management Office • It issues an opinion prior to approval of the Consolidated Non-Financial Statement (or Sustainability Report) by the Board of Directors
Chief Executive Officer	<ul style="list-style-type: none"> • Presides over the activities relating to sustainability and the implementation and monitoring activities, using the support of the External Relations and Corporate Social Responsibility Service, the Sustainability and ESG Management Office and the Sustainability Committee
Sustainability Committee	<ul style="list-style-type: none"> • Coordinates the company and Group functions with regard to sustainability matters and the risks connected to them • Supports the CEO in managing the sustainability matters (ESG) at both Parent Company and Group level • Monitors the position of the BPER Group with respect to sustainability matters and the 17 UN goals (SDGs) • Promotes and manages the strategies in the areas of sustainability in accordance with the provisions of the Business Plan and the Sustainability Plan with the support of the Sustainability and ESG Management Office

External Relations and Corporate Social Responsibility Service	<ul style="list-style-type: none"> • Cooperates and gives supports in the management of all the sustainability and social responsibility issues to the CEO
Sustainability and ESG Management Office	<ul style="list-style-type: none"> • Prepares the Sustainability Report, defining the relevant issues and sustainability indicators to represent • Prepares the Sustainability Plan • Supports the Sustainability Committee in the promotion and management of the strategies in the areas of sustainability in accordance with the provisions of the Business Plan and the Sustainability Plan • Assesses the sustainability impacts resulting from the Group initiatives and provides support to the divisions of the bank and the Group to help in their realisation • Manages the ESG ratings of the Parent Company in cooperation with the Investor Relator • Promotes external and internal communication on the issues relating to ESG matters, encouraging the spread of sustainability culture among colleagues, customers and all the stakeholders of the bank as much as possible • Gives support in the management of all the sustainability and social responsibility issues to the CEO

- of the other Group companies:

Company Body / O.U.	Description of Roles and Responsibilities
RSI Contact	Works with the Sustainability and ESG Management Office in drawing up the consolidated Sustainability Report

4 Annexes

4.1 Reference regulatory context

External regulations:

- Legislative Decree 254/16
- Legislative Decree 231/01 - Regulation of the administrative liability of legal entities, of companies and of associations even if not legal entities, pursuant to article 11 of Italian Law no. 300 of 29 September 2000
- Regulation (EU) 2019/2088 of the European Parliament and the Council of 27 November 2019 relating to sustainability disclosures in the financial services sector

Internal regulations:

- Code of Ethics
- Internal Governance Code of the BPER Group
- BPER Group's environmental commitments
- Policy for governing the risk of non-compliance
- Group Policy for governing the risk of non-compliance with regulations on the correctness of the relationship with customers
- Group Policy for governing the risk of non-compliance with anti-corruption law
- Group Policy for reputational risk management
- Guidelines for Human Resources management
- Organisation and Management Model - General section and related annexes
- Organisation and Management Model - Special section and related annexes
- Control and Risks Committee - Operational rules
- Sustainability Committee - Operational rules
- Group rules for the process of preparation of the Consolidated Non-Financial Statement