

2019 Sustainability Report

Consolidated non-financial statement
pursuant to Italian Legislative Decree 254/2016



The present document is the English translation of the Italian Consolidated Non-Financial Statement, prepared for and used in Italy, and has been translated only for the convenience of international readers. The Consolidated Non-Financial Statement was prepared in accordance with articles 3 and 4 of the Italian Legislative Decree no. 254 of December 30, 2016 (Decree) and the “Global Reporting Initiative Sustainability Reporting Standards” established in 2016 by GRI – Global Reporting Initiative (GRI Standards). Therefore it is not intended to present the non financial information according to regulatory framework and principles other than the Decree and GRI Standards.

Contents

| | |
|--|-----------|
| Letter to stakeholders | 3 |
| Methodological note | 5 |
| 1 Profile of the BPER Group | 10 |
| 1.1 The BPER Group | 10 |
| 1.2 History | 18 |
| 1.3 Business model and corporate strategy | 20 |
| 1.3.1 ESG Ratings | 21 |
| 1.3.2 Commitment to Sustainable Development Goals (SDGs) | 22 |
| 1.4 Mission and values | 25 |
| 1.4.1 Global Compact: the 10 principles of the United Nations | 25 |
| 1.5 Governance | 27 |
| 1.5.1 Risk management and Internal Control System | 32 |
| 1.5.2 Scenario analysis on climate change | 37 |
| 1.6 Autonomy and integrity in corporate conduct | 38 |
| 1.6.1 Code of Ethics | 38 |
| 1.6.2 Organisation and Management Model | 38 |
| 1.6.3 Fight against corruption and collaboration with the institutions | 40 |
| 1.6.4 Unfair competition | 41 |
| 1.6.5 Human Rights | 42 |
| 1.6.6 Anti-money laundering | 42 |
| 1.7 Relations with suppliers | 44 |
| 2 Group stakeholders and materiality analysis | 48 |
| 2.1 Stakeholders | 48 |
| 2.2 Materiality analysis | 49 |
| 3 Protection of financial stability | 56 |
| 3.1 Economic value generated and distributed | 57 |
| 3.2 Fiscal transparency | 58 |
| 4 Our customers | 62 |
| 4.1 Service innovation | 70 |
| 4.2 Management of customer relations | 72 |
| 4.3 A promise to be kept: Nearby. Beyond expectations | 73 |
| 4.4 Privacy and data protection | 75 |

| | | |
|----------|--|------------|
| 5 | Development of an ethical and green portfolio | 78 |
| | 5.1 Adequate and responsible offer | 78 |
| | 5.2 Ethical products and services | 79 |
| | 5.2.1 Products and services with social purposes | 80 |
| | 5.2.2 Products and services for environmental purposes | 86 |
| | 5.3 ESG investments | 91 |
| 6 | Our employees | 96 |
| | 6.1 Mobility and change management | 98 |
| | 6.2 Enhancing the value of employees | 99 |
| | 6.2.1 Training and growth of employees | 99 |
| | 6.2.2 Assessment and development of skills | 101 |
| | 6.2.3 Remuneration policies | 103 |
| | 6.3 Corporate identity and internal communication | 105 |
| | 6.4 Diversity and enhancement of female talent | 105 |
| | 6.5 The Welfare Plan | 107 |
| | 6.6 Health and Safety | 109 |
| | 6.7 Human rights and protection of workers' rights | 113 |
| | 6.8 Labour relations | 113 |
| | 6.9 Performance indicators | 114 |
| 7 | Environmental impacts | 120 |
| | 7.1 Management of direct environmental impacts | 121 |
| | 7.1.1 Acquisition and responsible use of resources | 122 |
| | 7.1.2 Waste management | 123 |
| | 7.1.3 Energy consumption | 124 |
| | 7.1.4 Energy saving measures | 127 |
| | 7.1.5 Emissions generated | 129 |
| | 7.2 Reduction of indirect environmental impacts | 131 |
| 8 | Relations with the community | 134 |
| | 8.1 Commitment to the community | 135 |
| | 8.1.1 Donations | 135 |
| | 8.1.2 Investments in the community | 137 |
| | 8.1.3 Commercial initiatives in the community | 143 |
| | 8.1.4 Monitoring of impact on the local areas | 143 |
| | 8.1.5 Assessment of synergy among projects: Youth target | 143 |
| | 8.2 Responsibility in controversial sectors | 144 |
| | 8.2.1 Guidelines on arms | 144 |
| | 8.2.2 Fight against compulsive gambling | 144 |
| | Objectives | 148 |
| | GRI Content Index | 151 |

Letter to stakeholders



It is not easy to provide an overview of 2019 without turning our attention to what has been happening in these early months of 2020 as well. Indeed, we are experiencing a true emergency situation, forcing us to radically change our habits and behaviours, at work and in our daily lives.

Faced with such an unprecedented event as the dissemination of the Covid-19 virus, which threatens people's most precious asset, namely their health, our banking group decided to promptly implement any and all measures to contain risk, protect employees and clientele and guarantee operational continuity. We did so with the unanimous and passionate commitment of all of our resources, once again demonstrating a resilient attitude - i.e. the capacity to handle difficulty and changes without interrupting the process of development - that has always characterised the way we operate. We are now realistically and concretely ready to face future scenarios by optimising on the experience gained, with the aim of coming out of them even stronger.

The year 2019 was an extraordinary one under many aspects. We worked on several fronts simultaneously and with multiple objectives, in accordance with the strategic guidelines of our new Business Plan, which for the first time also includes social responsibility projects. If the results obtained are positive, it is due to our ability to build successful relationships with stakeholders: this has become even more important at this specific time in which, due to forces beyond our control, personal relationships have been reduced.

We are well aware, therefore, that it is only by further strengthening relationships and partnerships that we can optimise on the ambitious objectives set by this Sustainability Report. For this reason, in 2019, among other things, we confirmed our participation in the United Nations Global Compact and in the ten universal principles on human rights, employment, environment and the fight against corruption, to contribute to the building of "a more inclusive and sustainable global economy".

WE firmly believe that we cannot ignore these issues. Indeed, today, talking about sustainability for financial operators also means reasoning in terms of derisking of investments, as confirmed by the activities carried out by rating agencies in assessing companies in the sector.

We have therefore defined the guidelines for the development of company processes in this area, drawing up a Sustainability Plan that integrates with the Business Plan, in order to launch an extensive transformation process that involves governance, strategies and business models.

Translated into concrete actions, all of this means confirming our proximity to the local areas, with products and services that ensure greater social inclusion on the one hand, and concrete help for companies on the other, to handle the energy transition with the support of an experienced financial partner.

We must keep in mind that we are undergoing a complex situation, in which we must provide a response to the needs of the various areas and of an economic system severely tested by the health emergency and simultaneously support the supranational bodies in pursuing challenging objectives to combat climate change. Our cover photo demonstrates this commitment to the environment and on which we must reflect in consideration of two key facts: the planet is one, as is the humanity that inhabits it. We cannot win unless we are together.

Happy reading.

Alessandro Vandelli
Chief Executive Officer

Highlights

13,838
total employees



99.5%
employees hired
on permanent contract

44%
percentage of women over total
employees

Total economic
value generated
**Euro 1.96
billion**



Total economic
value distributed
**Euro 1.81
billion**

Loans for environmental/
social purposes

Euro 372 million

89%
Electricity purchased
from renewable source



9 photovoltaic systems
542,177 kWh produced

CO₂e saved **32,985 t**
which corresponds to planting a forest
as large as about 67 football pitches

Donations
**Euro 1.71
million**



Total expenditure
for the company
**Euro 7.83
million**

**Over
78 thousand**
young people involved in projects

Methodological note

This document constitutes the third consolidated Non-Financial Statement (hereinafter also “Sustainability Report”) of the BPER Banca Group (hereinafter also “Group” or “BPER Group”) with regard to the year 2019. The main objective of the document is to respond to stakeholder expectations, highlighting, in a transparent manner and according to international guidelines, the work undertaken to increase sustainability of the BPER Banca Group.

The Sustainability Report of the BPER Banca Group has been drawn up to the extent necessary to ensure comprehension of the Group’s business, its performance, its results and the impact it generates, and also covers issues deemed relevant, as envisaged by Art. 3 of Italian Legislative Decree 254/2016 with regard to the year 2019 (from 1 January to 31 December). In particular, definition of the significant aspects for the BPER Banca Group and for its stakeholders took place through a structured process compliant with the reference standards: the guidelines of the Global Reporting Initiative - GRI and the AA1000APS standard of AccountAbility, both focused on the materiality principle. This process also took into consideration the requirements of the aforementioned Italian Legislative Decree 254/2016. In regard to the information envisaged under art. 3 paragraph 2 of said decree, note that water consumption and other polluting emissions into the atmosphere other than greenhouse gas emissions, in consideration of the business sector, were not deemed significant for the purposes of ensuring an understanding of the business activities.

This 2019 Sustainability Report was drawn up in compliance with the “Global Reporting Initiative Sustainability Reporting Standards” comprising the “Financial Services Sector Disclosures”, defined in 2016 and in 2013, respectively, by the GRI - Global Reporting Initiative, according to the “In accordance - Core” option. With regard to the specific GRI 403 (Occupational health and safety) standard, the most recent version of 2018 was adopted.

In drawing up the document, the “Guidelines on application within the bank of the GRI (Global Reporting Initiative) environmental standards” published by ABI Lab in the January 2020 version were also taken into consideration, in addition to the guidelines of the European Commission contained in Communication 2017/C 215/01 “Guidelines on the disclosure of non-financial information”. Furthermore, the BPER Banca Group has launched an initiative aimed at integrating its anal-

yses and reporting models with respect to the impact generated and experienced by the Group in terms of climate change, also based on development of the relevant legislation, as indicated in Communication 2019/C 209/01 “Guidelines on the disclosure of non-financial information: Supplement concerning the disclosure of climate-related information”.

Since 2017, BPER Banca has participated in the United Nations (UN) Global Compact, and the Sustainability Report therefore includes the requested information for the purposes of drawing up the Communication on Progress (COP).

With regard to the economic data, the reporting perimeter coincides with the area of consolidation in the consolidated financial statements of the BPER Banca Group¹. As regards the qualitative information and quantitative data of the social and environmental aspects, the parent company and its subsidiaries fully consolidated into the BPER Banca Group’s consolidated Financial Statements were included in the scope of reporting¹. Any changes in said scope have been appropriately noted in the document.

The External Relations and CSR (Corporate Social Responsibility) Office collected the data and prepared the financial statements, involving the relative departments of the BPER Banca Group companies included in the aforementioned perimeter in each phase.

In 2019, there were also a number of significant variations with regard to size and scope of consolidation, specifically:

- on 10 June 2019, the merger by incorporation of BPER Services S.C.p.A. into BPER Banca S.p.A. was carried out;
- from 1 July 2019, Unipol Banca became part of the scope of consolidation of the BPER Banca Group; Unipol Banca holds 100% of the share capital of Finitalia, company specialised in consumer credit, resulting in the acquisition of control, indirectly, by the BPER Banca Group. On 25 November 2019, Unipol Banca was merged by incorporation into the Parent Company, with accounting and tax effect from 1 July 2019;

¹ For the list of fully consolidated Group companies, see Section 3 - Scope and methods of consolidation - of Part A of the Notes to the Consolidated Financial Statements of the BPER Banca Group.

-
- from 1 July 2019, Arca Holding (which in turn holds all shares of Arca Fondi SGR) entered the scope of consolidation of the BPER Banca Group.

Following these corporate transactions, the organisational structure (executive offices) was also reviewed.

There were no significant changes to report with regard to the Group's ownership structure and supply chain.

To enable the comparability of data over time, the comparison with data relating to 2017 and 2018 was introduced. The restatement of previously published comparative data is indicated as such. It is pointed out that the data and information relating to Nuova Carife, acquired on 30 June 2017, are included in the environmental and social data of the Group starting from 1 July 2017. Any exceptions are appropriately indicated in the text. To guarantee reliability of the data, the use of estimates was limited as much as possible and, where present, such estimates were appropriately indicated in the document.

This report was submitted for approval by the Control and Risk Committee on 9 March 2020 and was subsequently approved by the Board of Directors on 10 March 2020.

The Sustainability Report was also subject to a limited examination (limited assurance engagement, according to the criteria indicated by the ISAE 3000 Revised principle) by Deloitte & Touche.

With regard to the activities of Corporate Social Responsibility, particular attention is paid to aspects concerning operational risk and reputational risk with regard to the following issues:

- human resources management
- health and safety
- customer relations (product responsibility, transparency, privacy)
- anti-corruption and anti-money laundering
- direct and indirect environmental impacts
- social impacts.

Note that the BPER Banca Group continued its path of continuous improvement undertaken in the development of policies and analysis of risks generated or suffered with regard to the material issues envisaged by art. 3 of Italian Legislative Decree 254/2016. Specifically:

Active and passive measures to fight corruption

The issue of active and passive measures to fight corruption has already been governed for some time as part of the Organisation Model 231/01 adopted by the Parent Company and by the leading subsidiaries. It should also be noted that the Group has prepared a "Group Policy on the Governance of the Risk of non-compliance with anti-corruption legislation", which identifies principles and rules for identifying and preventing potential corruption, while safeguarding the Group's integrity and reputation. At the same time, this Policy provides general information about the measures that each Group company must take to identify, mitigate and manage these risks. The Policy was approved by the BoD on 20 December 2018.

Social and personnel issues

Personnel issues are primarily governed through Group guidelines that outline the general principles through which to pursue a common logic of management and development of human resources and specific policies on recruitment, management and development of personnel.

The BPER Banca Group has defined a specific project (which is included in the 2019-2021 Business Plan) called "A Pari Merito" with the aim of increasing the share of female managers.

Issues regarding customers are highly governed as well: BPER Banca S.p.A. (with regard to the provision of Contact Centre services for the BPER Banca Group) and Modena Terminal S.r.l. possess UNI EN ISO 9001:2015 quality certification; BPER Banca S.p.A. also possesses UNI EN ISO 18295:2017 certification, which defines the monitoring of specific KPIs for the Contact Centres and imposes the achievement of minimum expected objectives for each channel and service. The BPER Banca Group also has a set of Group Regulations on the management process in terms of complaints and Group Regulations on the process for development and approval of the commercial offer.

The "ethical and sustainable portfolio development" issue is governed through the Group guidelines for regulation of the relationships of the BPER Banca Group with Defence operators and Weapons manufacturers and initiatives for fighting compulsive gambling.

Also note that the Group has set up a "Group policy for governing the risk of non-compliance with personal data protection legislation", with a view to providing common guidelines at the Group level, consistently with the Group's principles and values.

Human Rights

Note that this item is already covered in the Code of Ethics, within the scope of the Organisation Model 231/01, and is binding for the members of corporate bodies, top management, employees, including executives, as well as all of those who, even if not part of BPER, operate directly or indirectly on the Company's behalf². Furthermore, although the materiality analysis did not identify the issue of human rights as being significant, given BPER Banca Group's operating and regulatory context, during 2018, an internal due diligence was carried out on human rights which highlighted general control of the issues examined and adequate commitment to promote behaviour consistently with the Code of Ethics.

Environment

In 2019, the Group continued its commitment towards environmental issues, implementing over time monitoring processes aimed at reducing consumption in terms of both management of raw materials as well as energy, thanks to the efficient use of resources and correct management of waste.

In this respect, the internal regulation "BPER Group commitments towards the environment" was drawn up during the year and approved by the BoD on 17 January 2019. Preparation of the relative implementation regulations is underway.

The internal regulation identifies the environmental commitments aimed at reducing the direct and indirect impacts of the BPER Banca Group, especially with regard to resource savings (in terms of energy consumption and waste) and attention to climate change.

Moreover, to provide information on the risks arising from climate change, a *scenario analysis* was conducted, as an investigative tool to determine how climate change will impact the national and global economy in terms of both physical risks and transition risks, as well as to assess the direct impact of transition risks on the corporate portfolio.

The 2019 Sustainability Report is also published on the web site <https://istituzionale.bper.it/>

Clarification and information may be requested from:

External Relations and CSR Office, rsi@bper.it

² In its role as Parent Company, BPER Banca requires that none of the companies belonging to the Group carry out behaviours or make decisions that are prejudicial to the integrity and reputation of the Group or its components. Therefore, Group companies are required to include in their Code of Ethics the same values expressed in the Code of Ethics of the Parent Company, adapting their behaviours to it, in accordance with the current laws and with any regulations in force.



1. Group Profile



1.1 The BPER Group

The BPER Group was established in 1992 through an initiative by BPER Banca³ (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. Now the sixth largest Banking group in Italy in terms of total assets, deposits and loans, it operates in all the main market segments, also through investee companies or joint ventures:

- Corporate & Investment Banking
- Wealth Management & Insurance
- Leasing
- Factoring
- Consumer Credit.

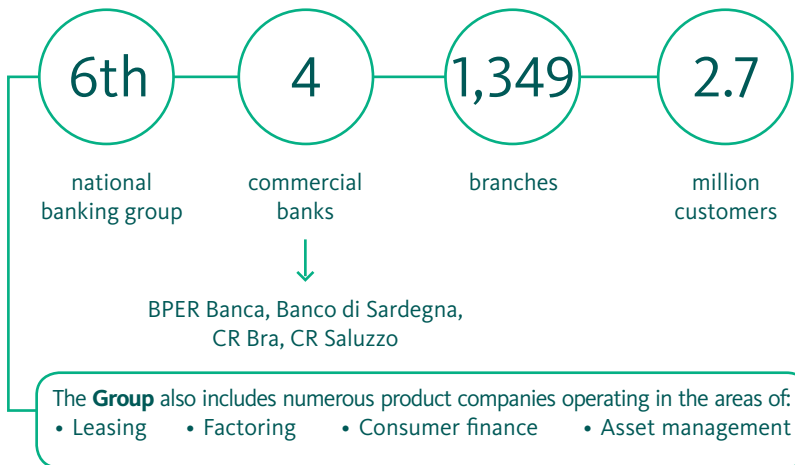
The BPER Group is currently present in 19 Italian regions, with a network of 1,349 branches nationwide, in addition to a branch in the Grand Duchy of Luxembourg of subsidiary BPER Bank of Luxembourg S.A., a clear example of the Group's international focus.

Backed by four commercial banks, all independent and well-established in their various local areas, the Group also includes numerous product companies (asset management, securities brokerage, personal credit, leasing and factoring) and instrumental companies.

Through a solid partnership network, it is able to provide assistance to its customers in Europe and in the rest of the world.

The BPER Group has been registered since 7 August 1992, under no. 5387.6 of the List pursuant to art. 64 of Italian Legislative Decree 385 of 1 September 1993.

OUR GROUP



³ BPER Banca S.p.A. based in Modena, Via San Carlo, 8/20; Parent Company of the BPER Banking Group, registered in the Register of Banking Groups under no. 5387.6 www.bper.it – <https://istituzionale.bper.it>

The BPER Group covers most of the Italian territory, thanks to companies that are deeply rooted in their relative areas:

Territorial banks

BPER Banca

Banco di Sardegna

Cassa di Risparmio di Bra

Cassa di Risparmio
di Saluzzo

Product companies

| Asset Management | Extended banking services, consumer credit |
|-------------------------|---|
| Optima Sim | Sardaleasing (BPER Leasing) |
| Arca Fondi Sgr S.p.A. | Emilia Romagna Factor (BPER Factor) |
| | Banca di Sassari (Consumer Division) |
| | BPER Credit Management |
| | Finitalia |

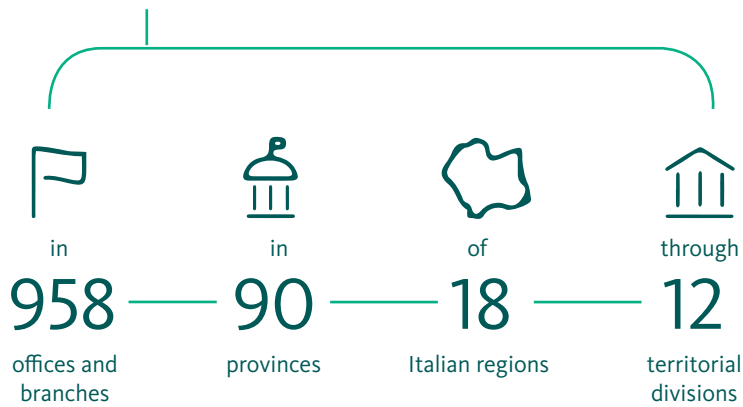
Following the merger by incorporation of Unipol Banca, effective since 25 November 2019, the Board of Directors of BPER Banca approved a revision of the organisation model, creating **twelve Regional Divisions** on the Peninsula, replacing the previous ten Territorial Divisions. The objective is to consolidate the Group's deep roots and to improve the quality and effectiveness of services. The structure of the Regional Divisions is broken down as follows:

- Lombardy Regional Division with headquarters in Milan
- Triveneto Regional Division with headquarters in Verona
- Emilia West Regional Division with headquarters in Reggio Emilia
- Emilia Centre Regional Division with headquarters in Modena
- Emilia East Regional Division with headquarters in Bologna
- Romagna-Marche Regional Division with headquarters in Ravenna
- Tuscany-Umbria Regional Division with headquarters in Florence
- Lazio Regional Division with headquarters in Rome
- Abruzzo-Molise Regional Division with headquarters in Lanciano
- Campania Regional Division with headquarters in Avellino
- Puglia-Basilicata Regional Division with headquarters in Matera
- Calabria-Sicily Regional Division with headquarters in Crotona



THE BPER BANCA NETWORK

Today we welcome our customers

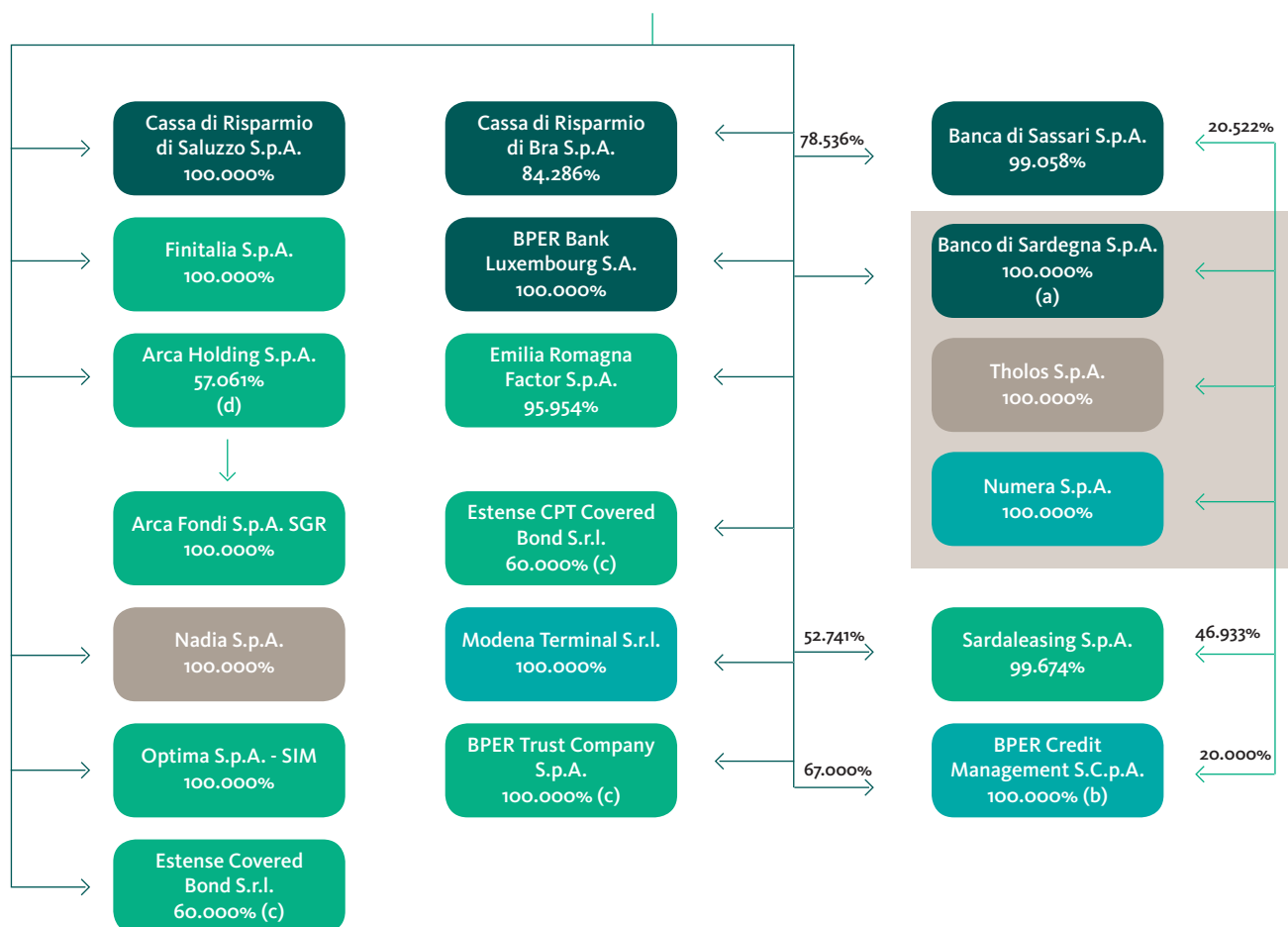


It has been listed on the FTSE Mib, the most important share index of Borsa Italiana, since September 2011. BPER Banca's goal is to respond to the challenges of increasingly competitive markets, combining the solidity of a top national bank with true knowledge of the territories in which customers live and operate. A bank focusing on households and on small to medium-sized companies, in line with its objectives to actively support and meet the needs and projects of the socio-economic community of the areas in which it is based.



Map of the BPER Banca Group as at 31/12/2019

BPER: Banca



a) Corresponding to 98.677% of the entire amount of share capital comprising ordinary, preferred and savings shares, the latter of which do not have voting rights.

b) Also part of BPER Credit Management S.C.p.A.:

- Sardaleasing S.p.A. (6.000%)
- Banca di Sassari S.p.A. (3.000%)
- Cassa di Risparmio di Bra S.p.A. (2.000%)
- Cassa di Risparmio di Saluzzo S.p.A. (1.000%)
- Emilia Romagna Factor S.p.A. (1.000%)

c) Subsidiaries consolidated using the equity method, excluding the qualitative information and quantitative data regarding the social and environmental aspects presented in this document.

d) Company not recorded as part of the Group, as it lacks the necessary instrumentality requirements.

The scope of consolidation also includes subsidiaries not recorded as part of the group, as they lack the necessary instrumentality requirements, consolidated with the equity method in the consolidated Financial Statements, excluding the qualitative information and quantitative data regarding the social and environmental aspects presented in this document:

- by the Parent Company:

- Adras S.p.A. (100%)
- Italiana Valorizzazioni Immobiliari S.r.l. (100%)
- Sifà S.p.A. (51%)

Banco di Sardegna

Banco di Sardegna has ancient origins and strong ties with the history and economy of Sardinia. As historic leader on the Island, it is present in 75% of the Sardinian municipalities with 334 branches. The Bank works to provide innovative and quality services to over 640,000 customers, implementing growth measures to contribute to development of the real economy as well as to support the social and cultural economy.

To ensure sustainable results over time, Banco di Sardegna promotes a sustainable growth style based on trust and satisfaction of both customers and shareholders, on a sense of belonging for its collaborators and on comprehension of the needs of households and companies. It works in an environment of continuous innovation, while always consistent with its founding values: simplicity, transparency, efficiency.

Banca di Sassari

Product company of the Group that oversees the e-money market, personal loans and salary-backed loans for the Group's Banks.

Banca di Sassari adopted the product company configuration on 23 May 2016, following the disposal of its network of bank branches to Banco di Sardegna.

At the end of 2019, it held a portfolio of payment cards of approximately 2.5 million units, comprising credit cards, debit cards and prepaid cards. Since 2016, it has managed the personal loans placed by the Banks of the BPER Group and, as part of the salary-backed loans, it handles disbursement on the network of branches of the Group's Banks, also through its own network of Agents.

Cassa di Risparmio di Bra

On 7 July 1842, Monte di Pietà - established in 1763 in Bra - approved the establishment of Cassa di Risparmio di Bra. In 1846, Cassa di Risparmio di Bra was authorised by the Sardinian government at the time to extend operations from the city of Bra alone to the entire territory of the "province" of Alba.

With the passing of time and expansion of the area covered, Bra's Monte di Pietà was fully absorbed by the Cassa. On 24 December 1991, Cassa di Risparmio di Bra, public credit entity, became a joint-stock company (S.p.A.). Following this, a division took place between the S.p.A. (joint-stock company), which focuses on banking activities, and Fondazione Cassa di Risparmio di Bra.

In 2013, BPER Banca acquired control of Cassa di Risparmio di Bra with a controlling stake of 67% of the share capital of Cassa di Risparmio di Bra. The majority shareholder subscribed a share capital increase in 2018, resulting in a controlling stake of 84.29% of the share capital of Cassa di Risparmio di Bra and subsequent reduced stake in Fondazione Cassa di Risparmio di Bra (15.71%).

Cassa di Risparmio di Saluzzo

Cassa di Risparmio di Saluzzo S.p.A. has been part of the Group since the end of 2016, and is 100%-owned by the same Group.

It has deep local roots and operates with 22 branches distributed within the Provinces of Cuneo and Turin. The bank has always operated predominantly with families and small businesses; it is the point of reference for agricultural entrepreneurs, artisans and merchants, in accordance with its activities as territorial bank.

BPER Credit Management

BPER Credit Management Soc. Consortile is responsible for the recovery and management of non-performing loans and any other operation aimed at facilitating enforcement and/or collection in favour of Group companies.

The streamlined organisational structure, the efficient operating models and the high professionalism of human resources have permitted greater effectiveness of the management strategies for impaired exposures. Just a few years from its establishment, the Consortium has succeeded in achieving ambitious goals in terms of both management and assets, also through extraordinary NPL deleveraging operations.

Sardaleasing The Company's purpose is the leasing of movable and immovable assets, intangible assets and any other asset or right in general, including commercial companies of any type, as well as the granting of loans, provided that they are connected to leasing operations.
It may also carry out consumer credit activities solely in the technical form of leasing.
It carries out activities that are instrumental to and connected with the corporate purpose and, in particular: management of assets acquired or held due to termination of leasing contracts in relation to the time strictly necessary for their leasing or sale, respectively, and operating leases, provided they are carried out under the conditions envisaged by supervisory regulations.
The financial product is distributed through the Group's banking channel. Another important channel consists of agents and credit brokers.

Emilia Romagna Factor The predominant activity is the purchase of trade receivables and the disbursement of loans, with a residual leasing activity.
The Company operates predominantly on the national market, although it also has dealings with other European countries (largely Greece and Spain). The main products regard the purchase of recourse and non-recourse receivables, financing of contracts and maturity (extensions to debtors). Moreover, in terms of services offered, the Company has a "WIP platform" product that electronically links customers and the Company.

Optima SIM Securities Brokerage Company that provides portfolio management services upon authorisation by banks of the Group.
Starting from August 2014, the Company manages, upon authorisation by UBS Third Party Management Company S.A. and through a team of specialised managers, 3 segments named "Open Selection" of BPER International SICAV, i.e. the SICAV authorised for placement in Italy, established by BPER Banca in the Grand Duchy of Luxembourg.
In May 2016, the Company expanded its range of services to include Optima-brand Proprietary Portfolio Management services, reserved for Professional customers pursuant to the MiFid regulations.
Lastly, starting in June 2019, the Securities Brokerage Company manages, also upon authorisation by UBS Third Party Management Company S.A., two sub funds of the Luxembourg Selection Fund.
As of 31 December 2019, the total portfolios managed, delegated or on own behalf, amounted to approximately Euro 3.9 billion.

Arca Holding S.p.A. and Arca Fondi Sgr S.p.A. Arca Fondi SGR is the company of Arca Holding S.p.A., arising from the history and experience of Arca SGR S.p.A. and founded in October 1983, immediately after the introduction of Law no. 77 of 1983 which established and governed open-ended mutual investment funds, thanks to the union of 12 shareholder cooperative banks, later accompanied over the years by numerous other credit institutes as placement agents.
One of the characteristics that makes Arca Fondi SGR a leading company in the managed assets sector in Italy is its widespread presence across the country: approximately 100 placement agents operate through over 8 thousand branches and with a network of financial advisors and online channels to ensure the utmost level of customer service and assistance.

Finitalia Finitalia, established in 1972, joined the BPER Group on 31 July 2019. Finitalia is a company operating in the sector of consumer credit specialised in the financing of premiums and of any products and services connected to insurance policies, through the issue of virtual revolving credit cards (on private circuit) and in personal and special-purpose loans. The product "Insurance premium loan" was created in collaboration with UnipolSai Assicurazioni S.p.A., used by insurance agencies as an instrument to promote loyalty of insurance customers, facilitating the collection and policy sales systems. (Finitalia has an online premium financing process in place with certified digital signature). Customers may also apply for personal loans. Lastly, Finitalia provides salary-backed loans to the employees of Companies and Groups with agreements in place, including some of the most well-known Italian industrial and services groups, as well as a part of the cooperative world.

Modena Terminal

Since 1983, company strongly committed to the provision of custody, storage, logistics and handling services for domestic, EU and foreign goods. Located in the customs area, it has warehouses for the maturing of cheese (traditionally, Parmesan cheese), and cold stores with 2 attached tunnel freezers, in addition to warehouses for various goods.

Modena Terminal is authorised to operate under the General Warehouse system and may therefore issue deposit slips and pledge notes on the goods deposited.

Procedures are also in place with the Parent Company for loans on deposited goods, activated on demand. Certified under ISO 9001:2015 and for Organic products.

Numera

Company of the BPER Group active in software development and ICT Services, whose two significant areas of expertise are electronic payments and electronic document management.

In these areas, the Company boasts the most important sector certifications, namely the PCI-DSS for payments and AgID accreditation as Registrar of Electronic Documents.

Nadia and Tholos

Real estate companies, operating predominantly at the Group level. The business consists of the acquisition, administration, management and leasing of real estate assets mainly for functional use by the Group Companies.

BPER Bank Luxembourg S.A.

BPER Bank Luxembourg S.A. is the Luxembourg subsidiary of the BPER Group.

It was established in 1996 and for over 20 years has dealt with the management of Private and Personal customers.

It also manages the treasury for private and institutional customers and loans mainly for “Corporate” customers.

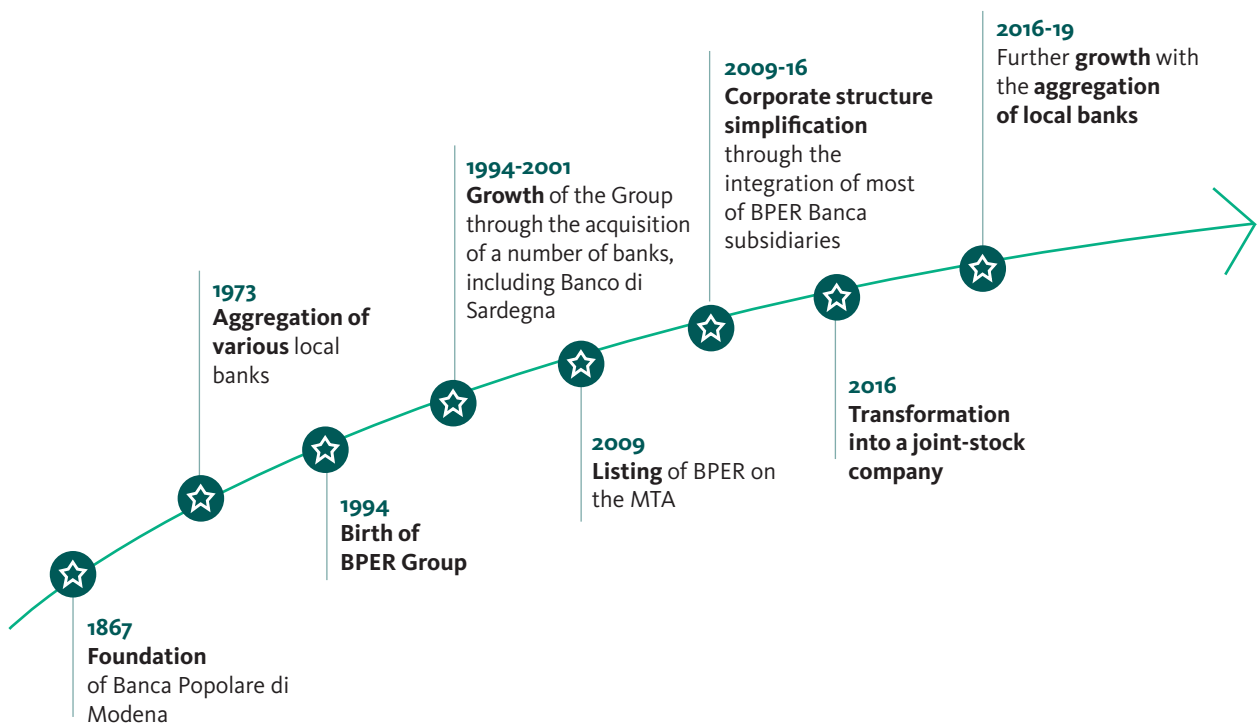
The growing importance of Luxembourg as a global financial centre has allowed the BPER Group, which is spread throughout the area, to seize greater opportunities in the collection and management of customer assets - especially private customers, HNWI and UHNWI - as well as better access to international credit.

1.2 History

In BPER Banca's history, we can trace strong ties to the economic and social events of the territory in which it has always been situated. The Bank's founding principles emerge from the documents contained in its archives: solidarity, soundness, deep roots, prudence and development. The production of economic value, with a constant growth trend, has enabled a small local bank to become one of the country's major Banking Groups.

Banca Popolare di Modena celebrated 150 years from its foundation on 12 June 2017.

The stages of the Group's development are illustrated below.



**February
2019**

BEST WAY - Business Plan 2019-2021 of the BPER Banca Group

On 27 February 2019, the BPER Banca Group approved and presented its three-year “Business Plan 19/21 - BEST WAY” to the market.

Optima CUBE Project

Consistently with the Business Plan of the BPER Group, in 2019 the Boards of Directors of BPER Banca and Optima SIM approved the Optima Cube project, with the objective of developing the offer of investment services and BPER Banca’s positioning in Wealth Management.

**June
2019**

Merger by incorporation of BPER Services S.c.P.A. into BPER Banca S.p.A.

On 10 June 2019, the merger by incorporation of BPER Services S.c.P.A. into BPER Banca S.p.A. was carried out.

**July
2019**

***Acquisition of control of Arca Holding (of Arca Fondi SGR indirectly)**

*Extraordinary transaction

On 22 July 2019, BPER Banca completed the purchase of 39.99% of the share capital of Arca Holding s.p.a., increasing its stake to 57.06%, resulting in the acquisition of control of the Holding and the inclusion of Arca Fondi SGR in the BPER Banking Group.

***Acquisition and merger of Unipol Banca (and indirectly of Finitalia)**

*Extraordinary transaction

On 31 July 2019, BPER Banca acquired from Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A. 85.24% and 14.76% of the share capital of Unipol Banca S.p.A., respectively, gaining control with 100% of the share capital. Furthermore, with this transaction, the Group indirectly acquired a 100% stake in the share capital of Finitalia, company specialised in consumer credit.

**November
2019**

***Public Exchange Offer on Banco di Sardegna S.p.A. shares**

*Extraordinary transaction

On 7 November 2019, BPER Banca announced its decision to promote a full voluntary Public Exchange Offer (Offerta Pubblica di Scambio or OPS) for all savings shares of Banco di Sardegna.

Turnover in Top Management

On 28 November 2019, the Board of Directors of BPER Banca resolved a revision to the organisational model of top management, with the aim of increasing efficiency in the governance and management of the Bank and the Group. Specifically, starting from 1 January 2020, Alessandro Vandelli, in addition to covering the role of Chief Executive Officer, will also act as General Manager.

**December
2019**

Italiana Valorizzazioni Immobiliari S.r.l.: merger by incorporation of Frara S.r.l. and Costruire Mulino S.r.l.

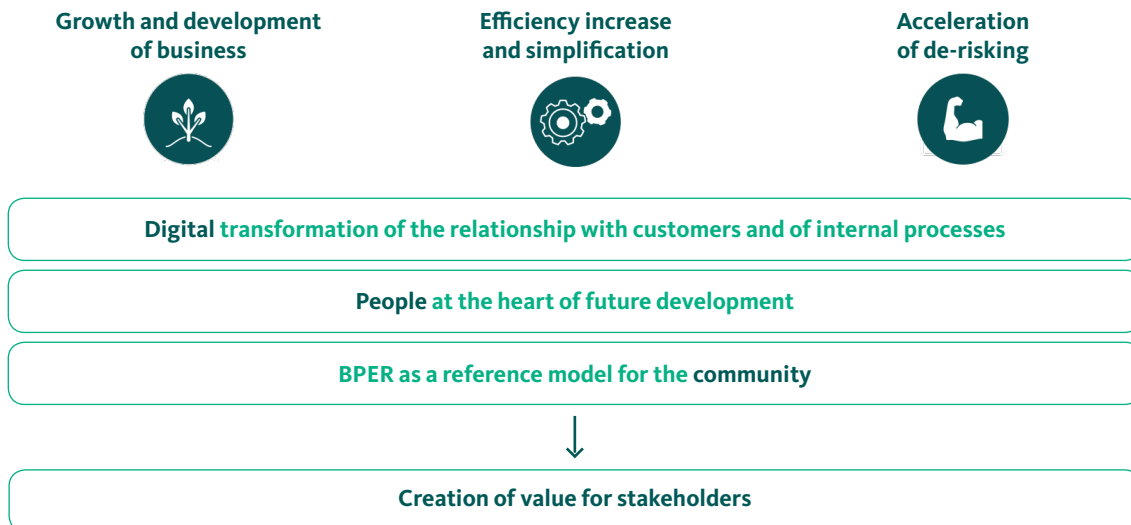
On 6 December 2019, the merger by incorporation of the companies Costruire Mulino S.r.l. and Frara S.r.l. into the company Italiana Valorizzazioni Immobiliari S.r.l. took place, with accounting and tax effect from 1 November 2019.

Development of the territorial network and head offices

Following the merger by incorporation of Unipol Banca into BPER Banca, the planned reorganisation of the territorial network was also implemented.

1.3 Business model and corporate strategy

The 2019-2021 Business Plan is based on three pillars supported by the same number of cross-cutting levers and actions that respond to the needs of local areas.



The 3 initiatives included in the Plan to better respond to the needs of local areas:

BPER Banca for the environment

- **Reduction in energy consumption** of BPER Banca through efficiency increase and use of renewable energy
- **10% energy consumption reduction***
- Implementation of an **Environmental Management System**
- Incentives to promote **sustainable mobility** among employees, including:
 - installation of 4 electric vehicle charging stations
 - launch of a car pooling app for employees



BPER Banca for the community

- **#LaBancaCheSaLeggere**
Promotion of culture and reading as a key to social enrichment
 - Meetings with the author at BPER Forum Monzani and at other locations
 - **+20% yearly increase in events**
 - “Nati per leggere” (“Born to read”), programme for the promotion of reading for families
 - **10,000 books donated**
- Commitment for the **financial education** of young generations
 - **66,000 students involved**
 - Financial education for children and families with publication of a book on the subject
 - **Writing and distribution of 3,000 books**



Sustainability in the value chain

- Definition of a sustainability **rating for suppliers**
- **200 suppliers assessed**
- Management of ESG unsolicited **rating for BPER Banca** and request of solicited rating:
 - Standard Ethics Rating
 - **Goal to reach EE level within 2021**
 - CDP Rating
 - **Goal to reach C- level within 2021**

* Baseline 2016

1.3.1 ESG Ratings

ESG rating (or sustainability rating) is a synthetic evaluation that certifies the soundness of an issuer, a security or a fund in terms of environmental, social and governance performance. As proof of the Group's commitment and ongoing improvement in this area, the ratings of BPER Banca are provided below:

Carbon Disclosure Project



The Carbon Disclosure Project (CDP) is an international non-profit organisation that allows companies to declare and report on their risks linked to climate change. Disclosing our environmental performance to stakeholders is of significant importance, as investors and financial institutions positively evaluate the inclusion of climate change risks within company policies. The CDP data are used by and for the financial market, political initiatives and society. In 2019, BPER Banca joined the CDP and obtained a "C" rating for the «Climate Change» sector, achieving and exceeding the objective of the Business Plan.

Following issuance of the rating, companies that reply to the complete version of the questionnaire on climate change also receive a score on involvement of suppliers. This rating assesses performance in terms of governance, objectives, indirect emissions and commitment in the value chain on climate change. The Supplier Engaging rating for BPER Banca is "B".

Standard Ethics Rating (SER)



Standard Ethics is an independent rating agency active since 2004, promoting the standard principles of sustainability and governance issued by the EU, the OECD and the United Nations. Its final assessments on the level of compliance of companies and nations with the sustainability principles are expressed through nine different rating classifications (from EEE to F).

In 2019, BPER earned an upgrade with a rating of "EE-" and a "Positive" outlook.

The Bank is part of the SE Italian Banks Index and the SE Italian Index.

Standard Ethics determined that BPER's ESG (Environmental, Social and Governance) reporting is in line with European best practices. The internal Policies appear to be advanced in various areas, such as anti-money laundering and prevention of corruption; sharing of information and communication with investors; management of human resources, company welfare and gender equality; risk management and controls; dematerialisation; social and green finance.

MSCI



The ESG assessments of the MSCI (Morgan Stanley Complex Index) aim to measure a company's resilience to ESG and financially relevant risks over the long term.

In 2019, BPER Banca's rating was "A".



1.3.2 Commitment to Sustainable Development Goals (SDGs)

The Global Agenda for Sustainable Development (Agenda 2030), approved by the United Nations in September 2015, identified 17 Objectives and 169 Targets as the path to sustainability for Countries and organisations around the world.

These objectives, to be achieved by 2030, in accordance with a highly integrated vision, describe how the current development model is unsustainable not only from a social and environmental standpoint but also from an economic one. Moreover, the implementation of Agenda 2030 involves not only countries, but all the components of society, from businesses to Third Sector organisations, universities and operators in the world of communications and culture.

As of today, the SDGs aim to act as a driver particularly for the world of business, key players in the achievement of sustainable development.

It is in this respect that the BPER Group - in line with the indications of the Business Plan 2019-2021 - also intends to base its sustainability reporting within this international framework, thereby highlighting the strong relationship that exists between the pursuit of business objectives and sustainability objectives.

The Sustainable Development Goals that the Group has decided to pursue are described through a number of examples in relation to the activities implemented.



*“The new Agenda is a promise by the leaders to all people throughout the world. It is an Agenda for **people**, to eliminate **poverty** in all of its forms, an Agenda for the **planet**, which is our home”.*

Ban Ki Moon, Secretary General of the United Nations from 2007 to 2016



Key SDGs



Goal 1: “Development of products that allow greater accessibility in terms of financial inclusion, including microcredit initiatives”.

Target 1.4

Agreement with the National Agency for Microcredit, Referral and Collaboration Agreement with PerMicro S.p.A., Resto al Sud, products/services with social purposes, fight against compulsive gambling.



Goal 4: “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”.

Targets 4.4, 4.7

Financial education projects (GRANDE!, Tarabaralla, Un passo verso il futuro), collaboration with the Foundation for Financial Education and Savings (FEduF), projects to promote reading (Forum 4School, Nati per leggere), alternating school-work programmes, projects with cultural, social and environmental impacts involving schools of every kind and level.



Goal 5: “Achieve gender equality and empower all women and girls”.

Target 5.5

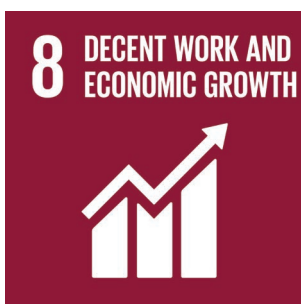
The Equal Opportunities project “A pari merito”, the Company Welfare Plan and BPER Banca’s participation in “Valore D”.



Goal 7: “Ensure access to affordable, reliable, sustainable and modern energy for all”.

Targets 7.2, 7.3

Purchase and production of renewable energy; development of financing services for renewable energy projects (biogas, hydroelectric, solar and wind) and energy saving.



Goal 8: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.

Targets 8.1, 8.2, 8.3, 8.4, 8.5, 8.10

Company Welfare Plan, “Sustainable mobility” project, “Sportello di ascolto” (counselling service), commitment to continuous training.



Goal 9: “Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation”

Targets 9.4, 9.5

Creation and marketing of products such as Innovfin and loans aimed at encouraging energy efficiency.



Goal 11: “Make cities and human settlements inclusive, safe, resilient and sustainable”.

Targets 11.4, 11.6

Activities supporting culture and sustainable mobility activities in support of the Group’s employees.



Goal 13: “Take urgent action to combat climate change and its impacts”.

Target 13.2

Reduction of direct environmental impacts and loans dedicated to the Green Economy (“Prestito Valore Casa”, Life4energy, Project financing, Energy plan, dematerialisation projects, electric mobility support).



Goal 15: “Protect, restore and promote sustainable use of the earth’s ecosystem, sustainably manage forests, combat desertification, halt and reverse land degradation and stop the loss of biological diversity”.

Target 15.2

Purchase of recycled and/or FSC certified paper, dematerialisation projects and realisation of “Bosco BPER” (the BPER forest).



Goal 16: “Promote an inclusive and sustainable society through the prevention of episodes of corruption and transparent reporting”.

Targets 16.5, 16.6

Commitment against corruption and to ensure increasingly greater transparency and accountability through tools such as the Code of Ethics, OMM, Whistleblowing, Internal Governance Code and Anti-corruption policy.

The Group’s commitment to supporting the objectives for sustainable development are also confirmed by the inclusion of these objectives in the internal regulation “BPER Group commitments towards the environment”.

1.4 Mission and values

The 2019-2021 Business Plan is based on three pillars supported by the same number of cross-cutting levers and actions that respond to the needs of local areas.



*Not all banks are the same,
and the BPER Group strives to demonstrate this every day.*



Mission

Reliability, transparency and professionalism are the basic values that inspire the BPER Group's "way of doing business", aiming to encourage the minimal savings of households and the resources of companies in every context, viewing the granting of credit as a tool for the development and promotion of the territory.

Working alongside individuals, companies and communities. Helping them to make the right decisions, by sharing the relative risks and opportunities with them.

This aspiration has guided us right from the first day and it is the same aspiration with which we look towards the future.

Values



ACCOUNTABILITY



LOYALTY



INTEGRITY

1.4.1 Global Compact: the 10 principles of the United Nations

Global Compact Network Italia (GCNI) was established in 2002 with the objective of contributing to the development in Italy of the "Global Compact" initiative for the promotion of corporate citizenship, launched in 1999 by then UN Secretary General Kofi Annan.

In this respect, the Network operates as an information platform, providing support and coordination to the Italian companies and organisations that decide to share, sustain and apply a set of universal principles on human rights, labour, the environment and the fight against corruption, thereby contributing to the achievement of "a more inclusive and sustainable global economy".

In June 2013, GCNI became Fondazione Global Compact Network Italia.

Over 120 business and non-business organisations currently offer their support and participate in the Network's programme of activities.

<https://www.unglobalcompact.org/what-is-gc/participants/113751-BPER-Banca>

| The 10 principles | Performance indicators | GRI Standards |
|--------------------------|--|--|
| Human Rights | Principle 1 - Companies are required to promote and respect universally recognised human rights within their respective spheres of influence | Local communities: 413-2 |
| | Principle 2 - Companies are required to ensure that they are not accomplices in the abuse of human rights, even indirectly | Child labor: 408-1 Forced or compulsory labor: 409-1 |
| Labour | Principle 3 - Companies are required to support freedom of association by employees and recognise the right to collective bargaining | Collective bargaining agreements: 102-41 Freedom of association and collective bargaining: 407-1 Labor/Management Relations: 402-1 |
| | Principle 4 - Companies are required to eliminate all forms of forced and compulsory labour | Forced or compulsory labor: 409-1 |
| | Principle 5 - Companies are required to effectively eliminate child labour | Child labor: 408-1 |
| | Principle 6 - Companies are required to eliminate all forms of discrimination with regard to employment and occupation | Information on employees and other workers: 102-8 Market presence: 202-1 Employment: 401-1, 401-3 Training and education: 404-1, 404-3 Diversity and equal opportunity: 405-1, 405-2 |
| Environment | Principle 7 - Companies are required to take a precautionary approach with respect to environmental challenges | Economic performance: 201-2 Materials: 301-1 Energy: 302-1 Emissions: 305-1, 305-2, 305-3 |
| | Principle 8 - Companies are required to undertake initiatives that promote greater environmental responsibility | Materials: 301-1, 301-2 Energy: 302-1, 302-3, 302-4 Emissions: 305-1, 305-2, 305-3, 305-4, 305-5 Environmental compliance: 307-1 |
| | Principle 9 - Companies are required to encourage the development and diffusion of environmentally friendly technologies | Energy: 302-4 Emissions: 305-5 |
| Fight against corruption | Principle 10 - Companies are committed to fighting all forms of corruption, including extortion and bribery | Anti-corruption: 205-1, 205-3 Public policy: 415-1 |

1.5 Governance

BPER Banca S.p.A. is a listed, joint-stock company and Parent Company of the banking group of the same name, which - pursuant to the provisions of Art. 61 of Italian Legislative Decree 385 of 1 September 1993 - issues, in the exercising of its management and coordination functions, provisions to the members of the Group for execution of the guidelines set forth by the Bank of Italy and by other Supervisory Authorities in the interest of the Group's stability. In its role as Parent Company, BPER Banca requires that all companies of the Group refrain from carrying out behaviours or making decisions that are prejudicial to the integrity and reputation of the Group or its components. The Group companies⁴ include within their Code of Ethics the same values expressed by the Parent Company, adapting their behaviours to it, in accordance with the current laws and with any regulations in force. Consequently, all organisations of the Group interact with their territories, with the objective of creating social value even beyond the purely business-related activities.

BPER Banca has a traditional governance model that entails the presence of a Board of Directors, invested with all powers of ordinary and extraordinary administration of the Company (except for those reserved for the Shareholders' Meeting by Law or by the Articles of Association) and a Board of Statutory Auditors that oversees compliance with the legislative, regulatory and statutory rules, respect of the principles of proper administration, adequacy of the organisational and accounting structures, and functioning of the internal control system.

During the Shareholders' Meeting of 14 April 2018, the Board of Directors and the Board of Statutory Auditors were appointed, both for the three-year period 2018-2020.

On 17 April 2019, the Shareholders' Meeting integrated, for the remainder of the 2018-2020 three-year period, the Board of Statutory Auditors, through appointment of the Chairman and of another Standing Auditor, as well as two Alternate Auditors.

For further information on the structure and functioning of the Corporate Bodies, on the governance practices applied and on the activities of the board committees, see the "Report on corporate governance and ownership structures". The aforementioned Report is published jointly with the Financial Statements and the consolidated Sustainability Report, at the same time, at <https://istituzionale.bper.it/governance/documenti>

Chief Executive Officer and General Manager

The Board of Directors appoints from among its members a Chief Executive Officer, who oversees company management, in accordance with the overall planning and strategic guidelines outlined by said Board.

The CEO's responsibilities include:

- execution of the resolutions of the Board of Directors and of the Executive Committee
- ensuring that the organisational, administrative and accounting structure and the internal control system are adequate for the nature and size of the company and can accurately represent performance
- formulation of proposals to the Board of Directors and to the Executive Committee to adopt the relative resolutions within their scope of responsibility (without prejudice to right of each Director to make proposals)
- exercising of additional powers assigned by the Board of Directors.

The General Manager, with the collaboration and assistance of the Deputy General Managers, helped the CEO to implement the resolutions of the Board of Directors and Executive Committee, and implemented the instructions issued by the CEO in exercising the relative powers assigned to him. In December 2019, the Board of Directors of the Parent Company resolved that, from 1 January 2020, the CEO would also be assigned the role of General Manager, as part of the revision to the organisational model of top management, aimed at achieving greater efficiency in the governance and management of the Bank and Group. Therefore, monitoring of the activities of the governance, business and operational structures in BPER will be assigned to a single role, in order to ensure efficiency as indicated above, in line with the scenario in place in other key banking groups.

⁴ Excluding companies without an Organisation and Management Model pursuant to Italian Legislative Decree 231/2001.

CDA TRAINING ON ESG ISSUES

In September 2019, an in-depth meeting on sustainability issues was organised for members of BPER Banca's Board of Directors. Lasting approximately 4 hours, the meeting examined various social, environmental and governance aspects, in order to reflect on:

- the main trends and legislative developments underway
- best practices in terms of sustainability
- the Group's positioning on ESG matters.

The initiative was also an opportunity to discuss the Group's potential sustainability goals and for an update on the process of revision of the 2019 materiality analysis.

Diversity within the corporate bodies

The Bank of Italy's Supervisory Provisions on corporate governance (Circular no. 285 of 17 December 2013, Part One, Title IV, Chapter 1) require that the composition of Corporate Bodies must reflect adequate gender diversification.

In particular, large or operationally complex banks must identify the minimum number of members belonging to the less represented gender in the composition of the board of directors and must indicate the methods and time required for such composition.

The minimum number of members of the administration and control bodies of listed companies who must belong to the less represented gender is determined by applicable legislation and by the Articles of Association.

Law no. 120/2011 ("Golfo-Mosca"), which amended Article 147-ter, paragraph 1-ter, of the Consolidated Law on Finance, introduced the obligation for listed companies that at least one-third of the members of the administration and control bodies belong to the less represented gender.

In accordance with said provisions, BPER Banca has introduced into the mechanism for election of the Board of Directors - governed by the Articles of Association - the obligation for shareholders to submit lists that contain a number of candidates belonging to the less represented gender that ensures, within the same list, respect of the balance between genders, at least to the minimum extent required by law. This principle is also applicable to the appointment of the members of the Board of Statutory Auditors.


It should be noted that, starting from 2020, the Mosca law should no longer have been effective, as it envisaged an "expiry period" (three mandates from entry into force). In order to ensure continuity to the application of this legislation, the legislator intervened with Law no. 160 of 27 December 2019 (2020 Budget Law), in which art. 1, paragraphs 302-303, envisages: (a) the extension of the expiry period of three mandates originally stated in the Golfo-Mosca Law to a period of six mandates; (b) that the less represented gender be reserved at least 2/5 (no longer 1/3) of the members of the relative Board of Directors or Supervisory Body. Art. 1, paragraph 304, envisages that the new criterion "be applied starting from the first renewal of the boards of directors and supervisory boards of companies listed in regulated markets following the date of effectiveness of said law" (namely after 1 January 2020).

To safeguard the positive effects resulting from application of this law even when it will no longer be effective, the Self-Governance Code of Listed Companies has been supplemented with a recommendation aimed at applying diversity criteria, also related to gender, for the composition of both the Board of Directors and the Board of Statutory Auditors, thus continuing the effects of the Golfo-Mosca Law on a voluntary basis.

In this regard, BPER Banca is committed to promoting all measures for ensuring the appropriate presence of the less represented gender within the Group's corporate bodies. Among these, note the adoption - pursuant to the Law and the Articles of Association, and in compliance with the guidance and guidelines expressed by the aforementioned national and international Supervisory Bodies and Authorities - of an internal regulatory document that lays down general guidelines regarding the composition of the corporate bodies of subsidiaries, promoting the culture of inclusion, as well as enhancing the various contributions that may arise from the combination of gender.

The female component of the Board of Directors accounts for 47%, already in line with the new provisions introduced by aforementioned Law 160/2019.

Board of Directors

 WOMEN
47%

 MEN
53%

Composition of the Board of Directors

| | 31.12.2017 | | 31.12.2018 | | 31.12.2019 | |
|---------------------|------------|-----|------------|------|------------|------|
| | no. | % | no. | % | no. | % |
| High school diploma | 2 | 13% | 0 | 0% | 0 | 0% |
| University degree | 13 | 87% | 15 | 100% | 15 | 100% |
| <30 | 0 | 0% | 0 | 0% | 0 | 0% |
| 30-50 | 2 | 13% | 1 | 7% | 1 | 7% |
| >50 | 13 | 87% | 14 | 93% | 14 | 93% |

Composition of Board Committees as at 31/12/2019

| | Independent Directors TUF/ Self-Governance Code | Executive Directors | Participation in Committees | In office since ⁵ | Gender | Age |
|----------------------------------|--|---------------------|--|------------------------------|--------|-----|
| Pietro Ferrari ⁶ | | | | 14/04/2018 | M | 64 |
| Giuseppe Capponcelli | x | | - | 14/04/2018 | M | 62 |
| Alessandro Vandelli ⁷ | | x | Executive Committee | 14/04/2018 | M | 60 |
| Riccardo Barbieri | | x | Executive Committee | 14/04/2018 | M | 55 |
| Massimo Belcredi | x | | Appointments Committee | 14/04/2018 | M | 57 |
| Mara Bernardini | x | | Appointments Committee, Remuneration Committee | 14/04/2018 | F | 62 |
| Luciano Filippo Camagni | | x | Executive Committee | 14/04/2018 | M | 64 |
| Alessandro Robin Foti | x | | Control and Risk Committee | 14/04/2018 | M | 56 |
| Elisabetta Gualandri | x | | Control and Risk Committee, Committee for Independent Directors, Remuneration Committee | 14/04/2018 | F | 64 |
| Roberta Marracino | x | | Appointments Committee, Remuneration Committee | 14/04/2018 | F | 52 |
| Ornella Rita Lucia Moro | x | | Control and Risk Committee | 14/04/2018 | F | 58 |
| Mario Noera | | x | Executive Committee | 14/04/2018 | M | 67 |
| Marisa Pappalardo | x | | Committee for Independent Directors | 14/04/2018 | F | 59 |
| Rossella Schiavini | | x | Executive Committee | 14/04/2018 | F | 53 |
| Valeria Venturelli | x | | Committee for Independent Directors, Control and Risk Committee | 14/04/2018 | F | 50 |

For additional information, see the curricula of the members of the Board of Directors, published on the Group's website (<https://istituzionale.bper.it/governance/consiglio-di-amministrazione>).

⁵ Expiry of the mandate is envisaged for 31/12/2020.

⁶ In accordance with the respective Rules of Operation, the Chairman of the Board of Directors takes part, without the right to vote, in the meetings of the Executive Committee, Appointments Committee and Remuneration Committee. Again without the right to vote, the Chairman of the Board of Directors may also take part in the meetings of the Control and Risk Committee.

⁷ In accordance with the respective Rules of Operation, the CEO takes part, without the right to vote, in the meetings of the Appointments Committee, Remuneration Committee and Control and Risk Committee.

Composition of Executive Committee

| | 31.12.2017 | | 31.12.2018 | | 31.12.2019 | |
|---------------------|------------|------|------------|------|------------|------|
| | no. | % | no. | % | no. | % |
| Males | 5 | 100% | 4 | 80% | 4 | 80% |
| Females | 0 | 0% | 1 | 20% | 1 | 20% |
| High school diploma | 2 | 40% | 0 | 0% | 0 | 0% |
| University degree | 3 | 60% | 5 | 100% | 5 | 100% |
| <30 | 0 | 0% | 0 | 0% | 0 | 0% |
| 30-50 | 0 | 0% | 0 | 0% | 0 | 0% |
| >50 | 5 | 100% | 5 | 100% | 5 | 100% |

The current legislation on corporate governance pays particular attention to adequacy of the composition of the strategic supervision and management bodies of banks.

In particular, the Supervisory Provisions on corporate governance require the aforementioned bodies to identify their “optimal qualitative-quantitative composition”, also in light of the size and complexity of the companies and relative groups and, upon appointment, provide the Shareholders with the results of said analysis sufficiently in advance, so that they may take it into consideration in selecting the candidates.

Therefore, in view of the election of the members of the Board of Directors for the period 2018-2020, the Shareholders were informed by the outgoing Board on the recommended composition of the new Board and on the formation of lists, so that all of the requirements under the applicable provisions and Articles of Association⁸ would be respected.

The self-assessment process

The Board of Directors plays a primary role as the body responsible for resolving the strategic direction of the banks, defining the risk management and control policies and monitoring their proper functioning, in order to ensure effective, unified and consistent governance of risks.

The overall responsibilities assigned to the Board of Directors require its composition to be adequate from the qualitative and quantitative standpoint, also in relation to the operating and size characteristics of the Bank, and that its functioning be suitable to ensure sound and prudent management.

In this respect, the corporate bodies of the Banks of the Group submit, in accordance with the legislative and regulatory provisions in effect, to periodic processes of self-assessment⁹, with the objective of:

- ensuring verification of proper and effective functioning of the body and of its adequate composition
- guaranteeing essential respect of the regulatory provisions on “Corporate Governance” and the objectives they intend to achieve

- encouraging updates of the internal regulations governing the body’s functioning, in order to ensure their suitability, also in light of changes due to the evolution of activities and of the operating context
- identifying the main points of weakness, promoting discussion within the body and defining the corrective measures to be adopted
- strengthening the relationships of collaboration and trust among the individual components and between the strategic supervision and management function
- encouraging active participation by the individual members, ensuring full awareness of the specific role covered by each of them and the related responsibilities.

Following the self-assessment process, upon identification of any areas for improvement, the Board of Directors determines the appropriate corrective measures.

A similar process is carried out with respect to the adequate composition of the Executive Committee and Board of Statutory Auditors.

⁸ For additional information, see paragraph 4.1, 4.2, 4.3 of the “Report on corporate governance and ownership structures”, pursuant to Art. 123-bis of the Consolidated Law on Finance (TUF), published on the Group’s website (<https://istituzionale.bper.it/governance/documenti>).

⁹ For additional information, see paragraph 4.3 of the “Report on corporate governance and ownership structures” pursuant to Art. 123-bis TUF, published on the company website.

The Control and Risk Committee performs functions to support the activities of the Board of Directors with regard to risk and the internal control system, as well as those regarding approval of the periodic financial reports. Particular attention is dedicated to those activities that are instrumental and necessary for the Board of Directors to reach a correct and effective determination of the RAF (“Risk Appetite Framework”) and of the risk governance policies. The Committee is also charged with supervising sustainability matters connected to the exercising of corporate activities and the interactions with all stakeholders. In particular, with regard to the issues of social responsibility, it is in charge of the following tasks:

- expressing an opinion prior to the approval, at least once a year, of the planning of activities for the company’s control functions, for the Manager responsible for preparing the company’s financial reports and for the Corporate Social Responsibility function
- examining in advance the final reports and the reports prepared by the company’s control functions, by the Manager responsible for preparing the company’s financial reports and by the Corporate Social Responsibility function, as well as any reports by the Chief Executive Officer on problems and critical issues that have emerged in the performance of his duties or of which he has in any case been informed
- providing a preventive opinion to support the Board of Directors in the approval of the annual sustainability report.

The attention paid to the environment and to social issues is confirmed by the appointment of an Energy Manager, under the Cost Governance Office, of a Mobility Manager under the Trade Union and Welfare Relations Office and by the establishment of an office for External Relations and CSR (Corporate Social Responsibility) activities. The External Relations and CSR Office reports directly to the Chief Executive Officer. In addition to drawing up this consolidated Sustainability Report, the CSR function carries out the following activities:

- training and consulting for Group companies on the issues of sustainability and the relative reporting
- preparation and implementation of the sustainability plan
- management of ESG ratings
- transversal collaboration with the Business Governance Area, HR Department, Risk Department, Credit Policies and Planning Department, Purchasing Service, Cost Governance Office, Real Estate Department, Compliance Department, with the General Manager Support and the Chief Strategy Officer on sustainability issues
- regulatory monitoring at the national and community level on issues of sustainability
- monitoring and control of the management of direct and indirect environmental impacts
- management of sustainability projects included in the Business Plan
- management of key CSR projects and events related to the activities of financial education and the fight against compulsive gambling

- assessment of operations in the branches, in close collaboration with them, in order to monitor full compliance with the “Linee Guida di Gruppo per la regolamentazione dei rapporti con gli operatori della difesa e le imprese produttrici di armamenti” (Group Guidelines for regulation of the relationships with defence operators and weapons manufacturers), along with drawing up of the “Arms Report”
- collaboration for the implementation of activities to stimulate awareness by employees with regard to environmental and social issues.

During 2019, the BPER Group, with the support of the External Relations and CSR Office, through an internal process involving top management and an external process of listening to stakeholders, defined the **2020/21 Sustainability Plan** with the objective of outlining a development strategy integrated with the business models. The Sustainability Plan that was approved, along with the Sustainability Report, on 10 March 2020, integrates the Business Plan and outlines the strategic development guidelines of the company processes in terms of sustainability under the following issues:

- Governance and decision-making processes
- Risk management
- Responsible credit
- Financial inclusion
- Responsible investments
- Indirect environmental impacts and fight against climate change
- Support for entrepreneurship
- Support to the community
- Management of direct environmental impacts
- Protection and wellbeing of workers and dialogue.

Management of conflicts of interest

In terms of management of conflicts of interest, the Bank has adopted the following internal regulations:

1. Group Policy on governance of non-compliance risk in terms of conflict of interest with regard to related parties and risk activities with regard to associated parties (published on the company website)
2. Group Regulations on the process of managing conflicts of interest by company officers
3. Group Policy on governance of non-compliance risk in terms of conflict of interest in the provision of investment and ancillary services
4. Group Regulations on the process of management of Internal Dealing (published on the company website).

Moreover, since 2010, the Bank has had a Committee for Independent Directors, which performs the duties and exercises the powers assigned to the independent directors in accordance with the legislative and regulatory provisions and with the remaining legislation in effect with regard to related and associated parties.

With regard to notification of potential conflicts of interest, please refer to the paragraph “Information on intra-group transactions and transactions with related parties” of the Financial Statements.

With regard to the presence of a majority shareholder, this information is also available in the Financial Statements, as well as in the relative section of the Group’s website (<https://istituzionale.bper.it/investor-relations/azionariato>).

1.5.1 Risk management and Internal Control System

To ensure achievement of the strategic and operational objectives, the BPER Group has defined and updated its Internal Control System, which is a fundamental component of the overall governance system.

This system is set up to improve profitability, protect financial solidity and ensure compliance with internal and external regulations and with the codes of conduct. This encourages transparency towards the market via governance of the risks adopted by the Group and, more generally, ensures that company activities are in line with the strategies and with the risk propensity statement of the Group.

The BPER Group uses the Risk Appetite Framework (RAF) as the Group’s risk governance tool in the implementation of its company strategies. Through a coordinated and representative series of metrics, the RAF outlines the risk objectives, any tolerance thresholds and the operating limits under normal operating and

stress conditions, which the Group intends to respect in the pursuit of its strategic guidelines.

In order to ensure effective and pervasive communication of the risk objectives, the Group expresses its overall risk appetite by setting the management limits that govern the operations of the operational structures, in a structured framework consistent with its governance and single risk control policies. The Group periodically monitors the RAF metrics in order to promptly identify any deviations from the desired levels, activating specific escalation and mitigation processes in line with internal regulations (Policies/Regulations).

The RAF is considered to be a management tool that permits implementation of governance of the planning, control and risk management activities, and it is also an enabling instrument for:

- strengthening the ability to govern corporate risks by facilitating the development and diffusion of an integrated risk culture
- ensuring the alignment between strategic guidelines and risk levels that may be assumed by formalising consistent goals and limits
- developing a rapid and effective monitoring and communication system for the risk profile assumed.

With regard to the objectives under the 2019 Sustainability Report, the Risk Map for BPER Banca and for the Group overall has been updated and integrated, introducing the ESG Risk perspective.

The process to expand the risk management system to ESG factors is also a result of the Group’s participation in the project implemented by ABI during 2018, which also involved an examination of the approach adopted by players in the banking and non-banking world to manage ESG risks.

ESG risk factors table

| Topic Italian Legislative Decree 254/2016 | ESG risk factors | Description of ESG risk suffered | Controls/mitigating actions |
|---|---|---|--|
| Environmental | Energy efficiency (renewable and non-renewable sources) | Risk of being affected by impacts on profits linked to the use of non-renewable natural resources, energy inefficiency and failure to recycle (higher costs) | Regulations: Commitments by the BPER Group towards the environment; Projects included within the 2019-2021 Business Plan |
| Environmental | Climate change (natural disasters, weather events) | Risk of suffering losses due to reduced operational continuity resulting from natural disasters (e.g. floods, heavy snowfalls, extreme temperature changes) Reputational and market risks linked to downgrading of the Rating Carbon Disclosure Project (CDP) Transition risks and physical risks | Business Continuity Plan Scenario Analysis relative to the risks deriving from climate change Regulations: Commitments by the BPER Group with respect to the environment Identification of the economic activities subject to transition risk |
| Social | Funding of activities with social criticalities | Credit risk resulting from the failure to evaluate significant social aspects for the sector of belonging of the counterparty when assessing creditworthiness | Agreements with the National Microcredit Agency and with Per Micro |
| Social | IT risk | Risk of suffering losses due to the vulnerability of operational management processes and business continuity deriving from ICT tools and infrastructures, and of the IT system architecture, both for use by the company and used by customers | IT safety Group policy and relevant procedures |
| Social | Risk of failure to protect personal data and privacy | Risk of suffering losses resulting from failure to comply with data privacy regulations | Group policy for governing the risk of non-compliance with personal data protection legislation and relevant procedures |
| Personnel | Risk related to occupational health and safety | Risk of suffering losses due to accidents/legal actions as a result of accidents at work in relation to the activities carried out, to work places and to the work equipment used | Group Policy for governing the risk of non-compliance with occupational health and safety regulations and relevant procedures |
| Personnel | Risk of losing the wealth of knowledge and experience | Risk of reduced profits due to inadequate professional profiles and loss of key resources, especially those considered to be most distinctive and critical for business development | Group guidelines for the management of Human Resources and relevant procedures |
| Personnel | Risk of equal opportunity violation | Risk of suffering losses resulting from the violation of equal opportunity regulations | Group guidelines for the management of Human Resources and relevant procedures Projects included in 2019-2021 Business Plan |
| Personnel | Risk of conflict among social parties | Risk of suffering losses resulting from the violation of trade union regulations | Group guidelines for the management of Human Resources and relevant procedures |

| | | | |
|--------------|---|--|--|
| Human Rights | Risk of violating human rights | Risk of losses due to sanctions and/or legal disputes resulting from discriminatory statements or behaviour towards a company party | Code of Ethics; Group guidelines for the management of Human Resources |
| Human Rights | Risk deriving from inappropriate operations in supplier companies with regard to the respect for human rights | Risk of losses due to sanctions and/or legal disputes resulting from inappropriate operations in supplier companies with regard to the respect for human rights | Group regulations for the purchasing process and payables cycle, and relevant procedures Projects included in the Sustainability Business Plan in the value chain |
| Corruption | Changes, infringement of law and compliance risk | Risk of losses due to sanctions and/or legal disputes resulting from non-compliance with procedures regarding anti-corruption, crime prevention pursuant to Italian Legislative Decree 231/01, money laundering, market abuse, and conflicts of interest in performing banking and intermediation activities | Group Policy governing the risk of non-compliance with anti-corruption law |
| Corruption | Failure to train personnel | Risk of losses due to sanctions and/or legal disputes resulting from the failure to train and inform personnel and contractors on the performance of the company's business with regard to compliance with anti-corruption legislation | Group Policy governing the risk of non-compliance with anti-corruption law |

The objective of implementing a process to monitor ESG issues and items directly linked to the RAF is confirmed for 2020, also in line with the regulatory developments in the sector.

Activities related to operational and reputational risk frameworks will continue.

Identification of risks

The BPER Group pays particular attention to identifying significant business risks, both current and future. The Prudential Supervisory Regulations provide that banks independently and accurately identify the risks to which they are or could be exposed, taking into account their operations and reference markets.

This activity is the result of an integrated and ongoing recognition process carried out centrally by the Parent Company, which also envisages (if deemed necessary in relation to any developments and/or changes in the business model) the involvement of the individual legal entities included in the Group's scope of consolidation, in order to enhance its role in relation to individual and specific operational features. In this regard, the Risk Map is viewed as having management and risk governance purposes, making it the cornerstone of the Internal Control System.

The risk identification process involves periodic updating of the "Group Risk Map" that defines the scope of significant current and future risks.

With regard to the activities of Corporate Social Responsibility, particular attention is paid to aspects concerning operational risk and reputational risk with regard to the following issues:

- human resources management
- health and safety
- customer relations (product responsibility, transparency, privacy)
- anti-corruption and anti-money laundering
- environmental impacts
- social impacts.

Operational risk

The BPER Group applies management frameworks for operational risks, consistently with the regulations and reference best practices, for governance and continuous monitoring able to highlight any anomalies.

The principles, objectives, methods and responsibility for governance of operational risk have been described in a specific policy. The management framework is based on the following assumptions:

- operational risks are identified, reported and notified to Top Management
- risk is assessed by determining its impact on business processes also from a financial viewpoint; periodic monitoring of operational risks and exposure to significant losses is ensured
- appropriate management actions for risk mitigation are adopted
- operational and management reporting is defined, aimed at reporting the outcome of activities both to Corporate Bodies and to various operational structures.

This framework results in loss data collection activities carried out on an ongoing basis. Their results are used for risk self-assessment analyses which identify and monitor the most critical areas and potential operational risks.

Reputational risk

Reputational risk is defined as the risk, current or future, of a decline in profits or capital arising from a negative perception of the bank's image by customers, counterparties, shareholders, investors or the Supervisory Authorities. This risk has the following characteristics:

- risk connected to other specific risks of the banking activity (mainly operational risk and non-compliance risk) but separate from the other cases of risk
- risk that is not fully controllable, as it also depends on factors outside of the Group's operations, for which constant monitoring is necessary in order to effectively and promptly intervene
- risk that can be prevented and mitigated through careful monitoring of the characteristics of the individual triggering events, as the reputational crisis occurs only under specific conditions (visibility, resonance, etc.)
- risk of difficult measurement, in that its damaging effects, whilst they could also generate directly identifiable accounting losses, more frequently and indirectly impact different areas of the company's performance.

The main elements that make up the reputational risk management framework are described and formalised in a specific Policy, which envisages centralised governance of said risk within the Parent Company, with a decentralised assumption of risk across the individual Legal Entities, detailing the responsibilities of the Business Units of the Parent Company and of the Group Companies involved, under normal operating conditions as well as in the presence of so-called "critical reputational events".

The reputational risk management system adopted by the BPER Group is implemented through the following components:

- identification and assessment of risk based on Reputational Data Collection and Reputational Self Assessment
 - monitoring of the Group's exposure to reputational risk, through monitoring of a series of reputational Key Risk Indicators
 - management of critical reputational events through activation of the functional escalation process and definition of the response and mitigation activities over the short and long term
 - preparation of adequate reports.
-

Most Significant Transactions

Furthermore, in accordance with the requirements of the Supervisory Authority, BPER Group's Risk Control function specifically assesses the consistency of its most significant transactions with respect to the Risk Appetite Framework. Most significant transactions are transactions that can have significant, quantifiable and negative impacts on the Group's risk profile expressed in terms of RAF metrics and that may relate to transactions having extraordinary (or at least not ordinary) and significant characteristics due to their complexity, or business transactions and/or transactions of another nature.

CORONAVIRUS EMERGENCY - INITIATIVES ADOPTED BY THE BPER GROUP

From the beginning of the emergency, the BPER Group has handled the situation with immediate responses, adopting initiatives to contain risk, protect the health of employees and customers, guarantee operational continuity of critical processes and implement measures to support the economy for Individuals and Companies.

A Consultation Committee was immediately set up in order to oversee the health emergency, aimed at monitoring development of the events, with its members comprising the Chief Human Resource Officer (CHRO), the Head of the Prevention and Protection Service (RSPP), the Chief Operating Officer (COO), the Chief Risk Officer (CRO), the Business Continuity Manager, the Organisation Department, the Risk Department and the Service Desk Department, coordinated by the Group's Crisis Manager.

The first measure regarded the geographic area known as the "red zone", hardest hit by the initial contagions, with the closure of branches, interruption of work activities and quarantine for workers and residents of the zone, based on the methods outlined by the regional and government ordinances.

As the emergency continued, the main areas of intervention of the Committee included HR Management, Business Continuity, Protection of the public and Support to the economy, with different measures.

Management of human resources

All personnel were promptly sent various communications regarding the initiatives underway and the instructions to be followed, including the immediate suspension of all travel (replaced by meetings in audio/video conference mode), the cancellation of scheduled training rooms pending the definition of an e-learning mode and the prohibition of access by external personnel to the main offices. With the aim of ensuring complete information for all personnel, a page was created on the BLink corporate intranet dedicated to the Coronavirus emergency, continuously updated and containing all useful information (FAQ and technical, organisational, regulatory and disease prevention information), with the simultaneous opening of a HR Department mailbox managed in real time in order to answer any operational queries.

In compliance with government provisions and in order to prevent people from moving, authorisations were granted for employees to work from home, increasing the scope of the equipment that can be used, and from workstations closer to one's own residence, particularly for the staff of central offices. To protect branch employees, measures have been put in place to reduce opening hours to the public and to limit customer access to the premises. Moreover, all personnel, in accordance with their supervisors, have been able to use special hours of leave, particularly employees with children at home. Employees were also provided with a certificate authorising them to work, to be shown in the event of any home-work travel controls.

Alongside the initiatives described, constant contact has been maintained between the RSPP and Worker Safety Representatives (RLS) to facilitate the exchange of information on Covid-19 issues throughout the country.

The hygienic and sanitary measures in place within branches and central offices have also been strengthened.

Business Continuity

In addition to the solutions immediately available and present in the Continuity Plans (alternative sites, twin units, back-up resources), the availability of special mobile instruments for resources has been ensured, in order to guarantee continuity of critical processes. From the point of view of activity, discussions have begun with ABI and the Bank of Italy on the supply of cash (ATM), particularly in the so-called red zones or in those subject to greater restrictions.

Protection of the public

Right from the beginning of the emergency, a sign was displayed in the Group's branches throughout the country, indicating the admission of customers also wearing masks and a maximum number of customers entering at one time, equal to the number of internal staff.

Due to the continuing emergency and the greater restrictions imposed by the Government, the number of branches open to the public has also been reduced and new opening hours and access methods have been defined, upon appointment, for the operational branches. Customers have been guaranteed all essential and urgent transactions, also offering greater remote support in the use of mobile and home banking applications.

Support to the economy and to the regions

To counteract the negative effects of the Coronavirus on the real economy, the Group has implemented a series of measures in favour of households and businesses, as well as implementing the relative Ministerial Decrees, such as suspension of instalment loans due to job loss or lack of liquidity due to the emergency.

At the same time, the BPER Banca per l'Italia initiative was launched, establishing two credit lines of Euro 100 million (for individuals and businesses) and Euro 1 billion (Corporate-SME) for liquidity requirements and short or medium-term financing.

Lastly, in order to strengthen its commitment to the fight against Covid-19, the Parent Company has made donations to healthcare facilities in the areas in which it is present, aimed at purchasing ventilators and other equipment.

Throughout the duration of the emergency, the relationship with the Local Authorities, the Ministry of Health and the ABI (Italian Banking Association) has remained constant, for monitoring of the national situation, of any directives issued and actions undertaken by the banking system. Reporting to the Directors has also been regular throughout the crisis period.

1.5.2 Scenario analysis on climate change

The “Action plan to finance sustainable growth”, published by the EC in March 2018, established the EU’s strategy on sustainable finance. Subsequently, in December 2019, the European Banking Authority (EBA) published its own action plan focusing on results and activities linked to environmental, social and governance (ESG) factors and ESG risks.

It contained three main objectives:

- to outline the approach and relative deadlines for the technical analyses assigned by the EBA with regard to sustainable finance
- to focus attention on the key issues of sustainable finance in order to clarify the direction undertaken by the EBA and the forecasts on ESG risks
- to analyse environmental risks and, in particular, the risk of climate change.

The EBA also identifies three areas in which it encourages entities to implement assessment processes in advance with respect to the regulations:

- risk strategy and management
- disclosure standards
- stress tests and scenario analysis.

Consequently, BPER Banca conducted a scenario analysis as an investigative tool to determine how climate change will impact the national and global economy in terms of both physical risks and transition risks, as well as to assess the direct impact of transition risks on the corporate portfolio.

Three different scenarios were considered:

1. Scenario of sharp increase in temperature (“business-as-usual” BAU): envisages minimal mitigation measures that differ depending on the area; the average increase in temperature will be 4.3°C in 2100
2. Scenario of medium increase in temperature (“baseline”, most likely): envisages medium-level mitigation measures that differ depending on the area; the average increase in temperature will be 3.1°C in 2100

3. “Paris Agreement” scenario: envisages strong mitigation measures that differ depending on the area; the average increase in temperature envisaged for 2100 will be 1.5°, with the goal of achieving a complete neutrality profile in 2070 (Europe in 2050).

The results of the study confirm that the loans of the BPER Group appear to be predominantly distributed in sectors with low specific emissions compared to those of the banking system overall, and therefore less exposed to transition risks with regard to carbon neutrality.

This study was accompanied by research on the resilience of the key corporate clients of the BPER Group with regard to climate change.

The results were comforting in this case as well, showing that 76% monitor their sustainability performance by drawing up a Sustainability Report, while 40% are subject to ESG rating and 82% have implemented mitigation measures with respect to climate change.

1.6 Autonomy and integrity in corporate conduct

The BPER Group and its stakeholders consider integrity in corporate conduct to be a fundamental value on which they must base all of the transactions and decisions of their companies. This issue was deemed as among the most important for both the Group as well as for stakeholders, according to the 2019 materiality analysis.

1.6.1 Code of Ethics

The Code of Ethics was last updated on 19 December 2019. Its contents were implemented and enriched, allowing the document to provide increasingly complete and effective control, in keeping with the company's approach.

Through the Code of Ethics, the Banks and companies of the BPER Group aim to:

- communicate the company's rights, duties and responsibilities to all parties with whom it forges relations (customers, employees and/or external staff, shareholders, suppliers, public authorities, supervisory bodies and institutions)
- indicate the ethical standards and the rules of conduct on which all its decisions are based
- request that management and employees adopt conduct that is consistent with the company's ethical principles
- contribute to implementing the Social Responsibility policy of the BPER Group, minimising the risk of external rules being infringed and reputational issues.

The Code of Ethics of the Group's Banks and companies complies with the principles indicated in the "Guidelines of the Italian Banking Association (ABI) for the adoption of Organisational Models for the administrative responsibility of banks" - adopted in February 2004 - and subsequent updates.

The Code of Ethics is also accompanied by the "Internal Governance Code" of employees of the BPER Group. The Code of Ethics is binding for shareholders, the members of Corporate Bodies, Top Management, employees, including executives, as well as all of those who, even if not part of the company, operate directly or indirectly on the company's behalf (e.g. financial advisors, external workers under any title, consultants, suppliers). All parties (internal and external) are made aware of the Code of Ethics and its updates by means of appropriate communication and circulation of the same, so that its values and principles are known and applied, thus avoiding that an individual acting alone may lead to conduct that is inconsistent with the ethical profile and reputation that the company is seeking to pursue.

The Code of Ethics is generally published on the website of the company it refers to. The Code may also be downloaded from each company intranet, with a view to making the Code accessible to all of its recipients.

A copy of the Code of Ethics, together with the address of the page on which the document may be viewed on the company intranet, is given to each board director, employee or external staff member at the time of their respective appointment, hiring or entering into a business relationship.

To encourage its full application, the Code of Ethics may be the subject of specific awareness campaigns for customers and other stakeholders. The annual training plan also contains initiatives that seek to promote the awareness of the values and the rules of conduct set out in the Code of Ethics.

1.6.2 Organisation and Management Model

Italian Legislative Decree no. 231 of 8 June 2001 sought to bring Italian legislation in line with international conventions by introducing into our legislation a system for the administrative liability of legal entities with regard to crimes, essentially comparable to criminal liability.

As at 31 December 2019, the following companies of the BPER Group had their own Organisation and Management Model pursuant to Italian Legislative Decree 231/01: BPER Banca, Banco di Sardegna, Banca di Sassari, Cassa di Risparmio di Bra, Cassa di Risparmio di Saluzzo, Nadia, Sardaleasing, Emilia Romagna Factor, BPER Credit Management, Finitalia and Arca SGR. Optima SIM is also in the process of adopting the Organisation and Management Model, for which the underlying documents have already been approved.

Implementing an OMM is not a legal requirement. Many of the companies of the BPER Group, guided by the Parent Company, demonstrate a sensitivity to the need to ensure that corporate and business affairs are run correctly and transparently, to safeguard their reputation, as well as that of their shareholders, deciding that implementing the Model was in line with company policies.

Adoption of the Model pursues the following fundamental objectives:

- to inform the addressees of the model and to make the same aware of the correct conduct required and the need to comply with internal and external regulations
- to effectively prevent the offences envisaged by the Decree from being committed
- to fully implement the values stated in the respective Code of Ethics.

Consequently, from an organisational perspective, said companies believe that adopting the Model can also contribute to achieving the following:

- increasing the effectiveness and the efficiency of business operations to achieve the company's strategies
- improving competitiveness in the domestic and international market
- improving the internal work environment.

The following parties must comply with the Model and the provisions contained in or referred to by the same, limited to their specific scope and the relations entertained with the companies:

- members of the Board of Directors
- members of the Board of Statutory Auditors
- members of the Supervisory Board
- employees (personnel belonging to the first, second and third professional categories, managers, executives)
- independent auditors
- those who, although not employees, work for the company and are under its control and supervision (e.g. financial advisors, placement students, workers on a temporary contract or project, temporary workers).

It is also important to draw attention to the fact that the rules of conduct set out in the Model are integrated with those of the respective Code of Ethics, which represents the first and most important protocol for preventing the commission of any crime, allowing for their concrete application at the organisational and management level.

To constantly supervise the appropriateness and effectiveness of the Model and its compliance, as well as propose its amendment and update, in the companies that have adopted it, a Supervisory Board has been appointed (pursuant to Articles 6 and 7 of Italian Legislative Decree no. 231/01), a body which is able to perform its duties in an autonomous and independent manner, as well as with the appropriate expertise and professionalism. The Supervisory Board (S.B.) operates based on its regulations/articles of association, which are an integral part of the OMM.

To date, all Group Supervisory Boards are of a collegial nature.

To involve employees in the constant updating of the Organisation and Management Model and collect any proposals for changes and implementation of said model, all of the Group's Italian Banks, as well as BPER Credit Management, have developed an internal IT procedure through which the business units are called upon to collaborate in a proactive manner and report any organisational changes involving them, as well as any new, potentially sensitive areas pursuant to Italian Legislative Decree 231/01 and any amendments and supplements to be made to relevant prevention protocols. This interrelation achieves highly satisfactory results and sees the active involvement - with reference to BPER Banca - of more than 86% of the business units that are recipients of the specific content of the Model.

The recipients of the Group's Organisation and Management Models are required to report to their respective Supervisory Board on any violations of the Models or, in general, of Legislative Decree 231/01, of which they may become aware, according to the reporting channels specifically set up for this purpose by the individual companies of the Group.

WHISTLEBLOWING PROCEDURE

Starting from 1 January 2016, in keeping with the obligations envisaged by the Supervisory Provisions, the Parent Company implemented its own Whistleblowing system, structured in such a way as to guarantee:

- the submission, receipt, examination and evaluation of reports on any illegitimate conduct regarding the breach of rules governing banking activities pursuant to art. 10 TUB - Consolidated Banking Act (collecting savings from the public, granting credit) and financial activities, fraud against one or more companies, recipients through specific, autonomous and independent channels other than ordinary reporting lines; furthermore, in consideration of the new regulations introduced following issue of the eleventh update of the Bank of Italy Circular no. 285/2013, the Whistleblowing system has also been extended to Market Abuse violations and to the fight against money laundering and terrorism financing
- the confidentiality and protection of the personal data belonging to the reporting person and the person being reported.

As regards the management of this Model, carried out centrally by the Parent Company for all Group companies falling within the scope of application of the process, a function in charge of handling reports was identified: the Internal Audit function. The person identified as Head of the Internal Reporting System for all the recipient companies is the Head of the Internal Audit Department. This centralisation, as indicated above, is also applicable to Finitalia S.p.A., which joined the Group at the end of 2019, while there is a specific exception for Arca Fondi SGR, which maintains management of its Whistleblowing system, through its own Head of Internal Audit.

The Whistleblowing System does not amend or abolish, but rather supplements, the internal reporting procedures already applied within the Group in relation to specific sectors, the value of which, therefore, is unaltered and confirmed.

In 2019, the Parent Company did not receive any reports through the Whistleblowing channel.

1.6.3 Fight against corruption and collaboration with the institutions

The Group carries out its activities with a view to providing banking and financial services to its customers in compliance with the value of integrity, which in turn is based on the principles of professionalism, diligence, honesty, fairness and responsibility. The activities and organisational structures are subject to checks related to the implementation of Model 231/2001, while the Supervisory Body reports to the Corporate Bodies on its adoption and effective implementation, on the supervision of its functioning and on its update.

Moreover, since 2018, the Group has prepared a “Group Policy on the Governance of the Risk of non-compliance with anti-corruption legislation”, which identifies principles and rules for identifying and preventing potential corruption, while safeguarding the Group’s integrity and reputation.

In accordance with the values and provisions contained in the Code of Ethics, in the OMM 231/01 and in the Anti-Corruption Policy, the Group does not tolerate:

- any type of corruption, in whatever form, manner or jurisdiction it occurs
- any conduct involving the offer or acceptance, whether direct or indirect, of money or other benefits, for the purpose of inducing or rewarding the performance of a function/activity or the omission thereof.

Such conduct is not tolerated even if referring to payments of small amounts for the purpose of speeding up, favouring or ensuring the performance of routine activities or activities that are part of the recipients’ duties (Facilitation Payments).

In particular, the Group has identified a number of areas in which the risk of corruptive behaviour is higher: gifts and entertainment expenses; charitable donations and sponsorships; relations with third parties (suppliers and other parties that collaborate with the Group, agreements and definition of commercial agreements or contracts for services, including banking services, with, for example, public entities and government-controlled companies); purchase, management and disposal of investments and other assets; hiring of personnel; purchase, management and disposal of real estate. In these areas, in order to ensure implementation of the general principle of “zero tolerance” of corruption, all Group companies respect the general rules in the management of their operating processes and adopt the organisational and control regulations, as well as the appropriate guidelines. Furthermore, the Group Regulations on the process of institutional promotion of donations were approved in 2019.

Group personnel who are involved in an act of corruption or favour such conduct, or act in a manner that is not in keeping with internal or external regulatory provisions, are subject to disciplinary measures in accordance with the law and with the contractual provisions governing their employment relationship.

Similarly, with reference to external parties, the Group terminates any relationship with third parties that, in their dealings with Group companies, breach the law on the fight against corruption, including the Anti-Corruption Policy, as required by the specific clauses included in the contracts.

There were no cases of corruption regarding Group personnel in 2019.

Moreover, with regard to dealings with the Institutions, the BPER Group governs the channels of communication with Public Administration at all levels; in this respect, it identified the relevant authorised company functions, which may solely take on commitments with regard to Public Administration, performing their duties with integrity, independence, fairness and transparency. In order not to hinder their institutional activities, relations between BPER Banca and Public Administration are based on the utmost collaboration, so as to preserve the proper scopes of mutual independence, avoiding any action or attitude that might be interpreted as an attempt to improperly influence decisions. Particular attention is paid to the collaboration with the Legal Authorities and the relative authorised bodies, in the event of inquiries against the bank or its clientele.

Specifically, the following are prohibited:

- exercising pressure of any kind on the person called upon to make statements before the Legal Authorities, in order to convince said person not to make statements or to make false statements
- helping those who have committed a criminal offence to evade inquiries by the authorities or to evade investigations.

The recipients of the Code of Ethics are prohibited from promising or offering payments, gifts or other benefits to Public Officials, Public Service Employees and, in general, to all employees of Public Administration in order to promote or favour the interests of Group companies when undertaking commitments and/or managing any type of relationship with Public Administration (for example, in the stipulation and disbursement of contracts, awarding and management of authorisations, inspection and control activities or in the context of legal proceedings).

The relevant corporate functions are required to verify that the disbursements, contributions or subsidised loans in favour of the Bank are used to carry out the activities for which they were granted.

1.6.4 Unfair competition

With regard to unfair competition, the Group has defined the areas relating to unfair commercial practices among the risk profiles set out in a specific Antitrust Policy: the document summarises the principles of conduct required to prevent this risk.

Regulations on unfair commercial practices - which are divided into misleading practices (e.g. related to comparative advertising and/or actions) and aggressive practices (e.g. the use of unfair terms) - are specifically aimed at protecting consumers from any commercial action, omission, conduct, statement or communication unfairly carried out by a professional in relation to the promotion, sale or supply of products or services.

A commercial practice is considered to be unfair and is therefore prohibited if it is likely to alter the consumer's ability to make an informed decision, causing him/her to make a commercial decision that he/she would otherwise not have made.

The Group has defined a number of organisational and regulatory controls to ensure that consumer clients are able to make informed decisions without any restrictions concerning:

- the convenience or otherwise of purchasing a product
- the terms and conditions of the promotion, sale or supply of products or services
- partial or full payment
- the convenience of keeping a product or eliminating it
- the convenience of exercising a contractual right related to it.

Commercial practices are prohibited if they do not comply with professional diligence requirements and if they seek to significantly alter the economic conduct - in relation to the product - of average consumers or of a group of consumers to whom they are addressed.

Moreover, principles of conduct are defined to prevent unfair commercial practices which include, among other things: the ban on performing any type of action, omission, conduct, statement or commercial communication including advertising and marketing which may significantly distort the customer's economic behaviour; the need to avoid behaviour that does not comply with the requirements of professional diligence in dealings with customers, in addition to any behaviour that could distort with a reasonable degree of likelihood the economic behaviour of the average customer.

In 2019, as part of the acquisition of Unipol Banca and Finitalia, the entire procedure was subject to a mandatory assessment by the Antitrust Authority and resulted in an order to close branches, in order to avoid excessive concentration, to the detriment of competition, in the predominant area of operation of Banco di Sardegna (in the Sardinia Region).

However, no disciplinary proceedings were ordered on the matter.

1.6.5 Human Rights

Despite the fact that the materiality analysis did not consider the issue of human rights to be significant, given the operational and regulatory context of the BPER Group, it is covered by the Code of Ethics, within the Group's commitment to comply with the values of fairness and objectivity towards employees, customers, suppliers and any other stakeholder.

Furthermore, in 2018, the BPER Group carried out an internal due diligence on the issue of human rights aimed at:

- setting up a Gap Analysis on human rights with a view to implementing relevant corrective actions
- achieving greater consistency with the UN Global Compact Principles which the Group has adhered to since 2017.

Starting from this premise, the due diligence was able to map existing controls and start a process for assessing the potential impact of the Group's activities in terms of respect for human rights.

The assessment analysed internal documents, especially policies and procedures of interest for the human rights areas examined; interviews with Group Departments then followed for greater completeness of the information collected and analysed.

The results highlighted general control of the issues examined and adequate commitment to promote behaviour consistently with the Code of Ethics.

1.6.6 Anti-money laundering

To date, in addition to the Parent Company, the three territorial banks, Banca di Sassari and five Italian non-banking companies (BPER Trust Company, Emilia Romagna Factor, Optima SIM, Finitalia and Sardaleasing), are included within the scope of the Anti-Money Laundering Function. The "Anti-Money Laundering Function" of the Banks and non-banking companies is exercised centrally by the Anti-Money Laundering Function, which, between 2011 and 2019, was assigned the various activities of control, monitoring and assessment of compliance envisaged by the reference regulations, as indicated in the Regulations for the Anti-Money Laundering Service in charge of controlling anti-money laundering issues¹⁰.

The aforementioned function carries out specialised control for the Parent Company, the Banks and companies of the Group which are the recipients of reference legislation, and reports directly to the Parent Company's Chief Executive Officer. The internal audit function, assigned to the "Internal Audit" Business Unit, is based in the Parent Company for all Banks and companies of the Group.

Governance of the anti-money laundering and anti-terrorism areas is based on the following activities:

- constant updating of the internal regulatory framework
- development and implementation of the appropriate IT procedures to manage the risk profile of customers
- recording of transactions and storage of data
- identification of potentially suspicious transactions, monitoring of transactions from/to risk countries
- availability of training courses on anti-money laundering and anti-terrorism for all employees.

As required by the legislation in force, the Institute draws up an annual Report on the Anti-Money Laundering Function, which contains the self-assessment of money laundering and terrorism financing risk. The document illustrates the activities implemented by the Service and the planning of future operations, defined based on any dysfunctions identified. The report also highlights the training objectives of the Group, defined by the Anti-Money Laundering Function in collaboration with the Human Resources Recruitment, Selection and Training Department.

The annual Report is submitted for examination by the Board of Directors of the Parent Company and of the relevant Group companies, which view it and approve its contents.

As part of the corporate management process, and in accordance with the provisions of the regulations in effect, BPER Banca prevents and combats, on an ongoing basis, the risk of money laundering and terrorism financing, understood as "the risk arising from the violation of legal, regulatory and self-regulatory provisions functional to the prevention of use of the financial system for the purposes of money laundering, terrorist financing or financing of programmes for the development of weapons of mass destruction, as well as the risk of involvement in episodes of money laundering, terrorist financing or financing of programmes for the development of weapons of mass destruction".

¹⁰ Regulations of the Business Unit in charge of overseeing the specific anti-money laundering rules of Group companies based in Italy (does not include BPER Bank Luxembourg) - last amendment of 17/10/2019.

To ensure efficacy of the anti-money laundering measures, the Bank has developed a number of appropriate IT procedures and instruments, such as: the “Gianos” application for customer profiling and risk management, with identification/reporting of potentially suspicious transactions; an electronic questionnaire for compliance with the customer assessment and monitoring measures; the NAUI (Nuovo Archivio Unico Informatico - New Single Electronic Archive) to record and store information; and an internally developed software dedicated to remote control of cash flows carried out by clientele. Monitoring of money laundering and terrorist financing risk is also ensured by specific control procedures which allow the verification, in real time, of the names of the persons who carry out a banking transaction, in order to exclude them from the so-called “black list”, and to identify any political exposure of customers.

Lastly, with regard to the disciplinary proceedings that became final during the three-year period 2017-2019, mention goes to two sanctions¹¹ that refer to events that occurred in the period 17/12/2004-11/06/2010 and which had been imposed by the Ministry of Economy and Finance for failure to report suspicious transactions pursuant to Italian Legislative Decree 197/91 and subsequent amendments and additions.

¹¹ The figure refers to sanctions imposed against the Bank for a significant amount, namely over Euro 10,000.00.

1.7 Relations with suppliers

The Procurement Function governs the procurement cycle for Group companies, in accordance with the “Group Regulations for the purchasing process and payables cycle”, governing the roles and responsibilities of the various functions involved. The Regulations also detail the principles underlying the purchasing process, defining the behaviours to be respected with regard to conflict of interest, confidentiality, fair competition, transparency, gifts and invitations. The mission of the Procurement Function is to ensure that internal customers benefit from the availability of products and services that best satisfy their requirements, selecting suppliers that guarantee the best balance between price and quality of service, as well as those able to satisfy the company’s expectations in regard to social and environmental responsibility.

The risks relative to the supply chain are carefully governed through preliminary analysis and document requests that enable each supplier to be assessed as extensively as possible. The reputational risks in this area are mapped together with the designated office and monitored periodically. The overall level of expected risk is currently classified as “low”.

The main product categories supplied are indicated below:

- information systems, with reference to the IT area (HW and SW), including e-money
- professional services, consulting and various professional services (information services and surveys, financial information)
- property management for maintenance, energy, cleaning and leasing costs
- security, including transport, value reduction and surveillance
- office supplies and transport, specifically also postage, telephone and gifts.

Several estimates must generally be obtained from different suppliers in order to ensure efficiency and cost-effectiveness. The supplier selection methods may differ based on the type of purchase and product (tender, comparison of offers, direct negotiation, framework agreements). Once the supply is completed, its qualitative outcome and respect of the criteria defined during the tender phase are assessed, together with the internal customer.

Geographical distribution of purchases in the period 2018-2019¹²

| Geographical area ¹³ | 2018 | | 2019 | |
|---------------------------------|--------------------|-----------------|--------------------|-----------------|
| | Expenditure (€) | Expenditure (%) | Expenditure (€) | Expenditure (%) |
| Italy - North | 471,814,948 | 73.5% | 423,867,772 | 72.7% |
| Italy - Centre | 80,040,864 | 12.5% | 68,815,174 | 11.8% |
| Italy - South and Islands | 70,248,605 | 10.9% | 64,069,781 | 11.0% |
| Outside Italy | 20,057,161 | 3.1% | 26,042,088 | 4.5% |
| Total | 642,161,579 | 100% | 582,794,815 | 100% |

In 2019, spending on local suppliers¹⁴ accounted for 96% of total purchases by companies of the BPER Group, a figure essentially in line with that of 2018 (97%).

¹² The reported data refer to the value of spending before VAT and net of intercompany values. Following a process of alignment to the procedures of the Parent Company and improvement of the reporting system, the 2018 data have been restated compared to those published in the previous Sustainability Report. For the previously published data, refer to the 2018 Sustainability Report, in the Sustainability section of the web site <https://istituzionale.bper.it/>

¹³ The geographical areas refer to the registered office of suppliers and are subdivided as follows: North: Liguria, Lombardy, Piedmont, Valle d’Aosta, Emilia-Romagna, Friuli-Venezia Giulia, Trentino-Alto Adige, Veneto; Centre: Lazio, Marche, Tuscany and Umbria; South and Islands: Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sicily, Sardinia.

¹⁴ “Local suppliers” are those with registered office in the country in which each individual company operates.

As it has well-known Italian suppliers, the Group believes there are no problems with regard to the violation of human rights. In any case, suppliers are required to fully respect the regulations on the protection of workers and, in particular, the national collective bargaining agreements for the category in question, the provisions on social security, accident prevention and insurance, as well as the specific regulations on health and safety in the workplace. Upon stipulation of a contract, they are required to accept and agree to respect the principles outlined in the Code of Ethics.

As a result of the Group's¹⁵ willingness to strengthen a responsible approach in the supply chain, in collaboration with the ABC Consortium (an insurance and banking consortium to which BPER Banca belongs), a project was developed (and subsequently added to the Business Plan) to assign a sustainability rating to the top 200 suppliers. The project consists of an assessment system implemented through documentary auditing, at the end of which each supplier receives a rating and a report they could use for their business, thus achieving greater visibility on the ABC Portal. More specifically, 3 rating ranges were defined, similar to the Legality Rating (Antitrust Authority), with the aim of ensuring a fair assessment for companies that voluntarily adopt socially responsible behaviour, even if partially, in the following areas: governance, environment, labour, human rights, corruption, consumers, local community.

The rating also takes into account size criteria, with the objective of not penalising small and micro enterprises, which objectively have greater difficulty in structuring costly procedures and certifications.

Of the 101 companies involved thus far, 87 responded to the questionnaire. Of these, 33 (38%) reached the minimum threshold to be reported as companies that have adopted a programme for management of sustainability issues.

Among the main details that emerged, 12 companies provided a social or sustainability report and 54 a Code of Ethics and/or Organisation and Management Model (OMM).

Regarding certifications, a total of 65 certifications in the area of Social Responsibility were noted.

¹⁵ With regard to the scope of application of SAP: BPER Banca, Banca di Sassari, Banco di Sardegna, CR Bra, NADIA, CR Saluzzo.





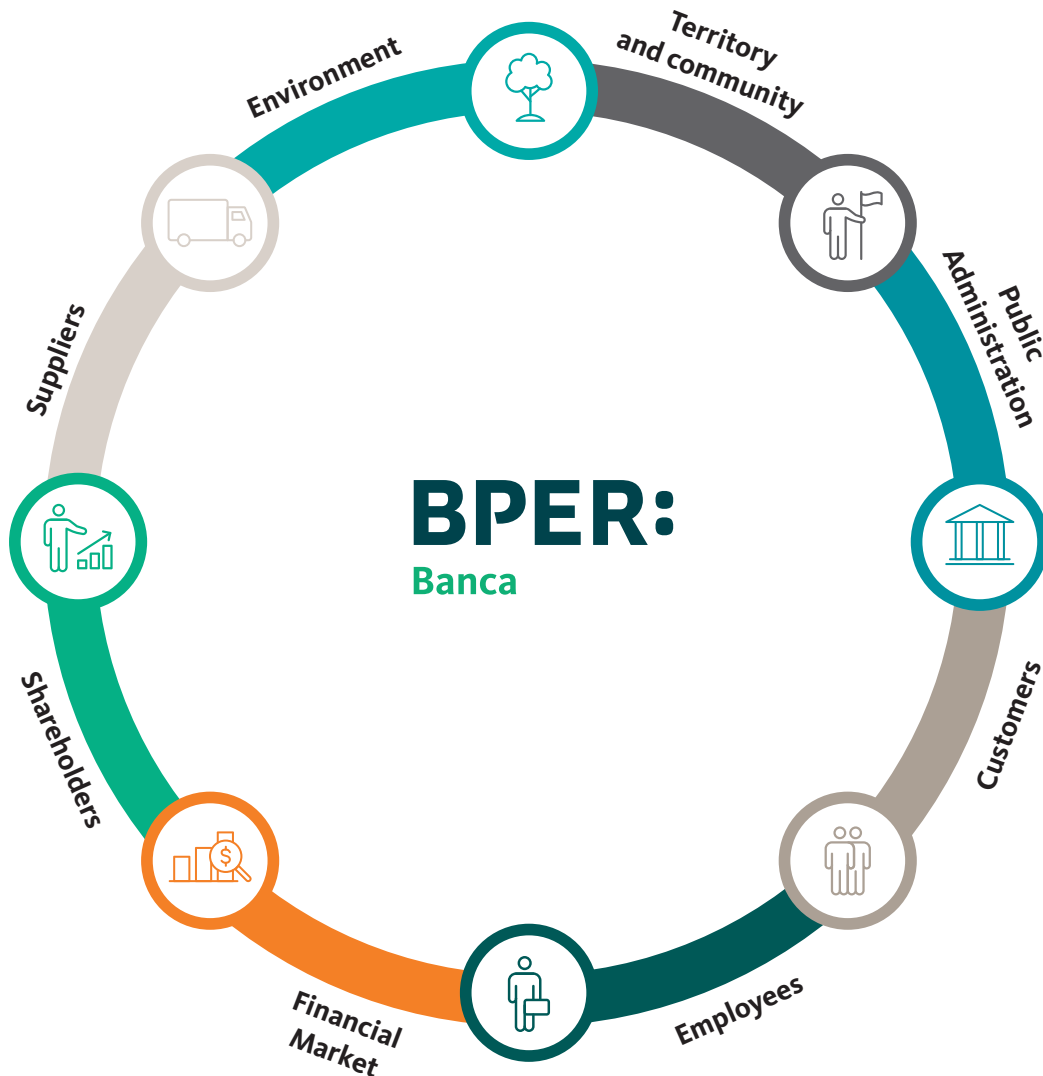
2. Group stakeholders and materiality analysis

2.

2.1 Stakeholders

Every active organisation at the economic level may be positively or negatively influenced by its stakeholders, namely by those who have an interest in the organisation itself. The various stakeholders include those without which a company cannot survive, such as customers and employees, along with others who, although important, have minimal influence levels.

On one hand, the Group actually plays an active role in the lives and decisions of its stakeholders and, on the other hand, it is in turn influenced by them. This concept is easy to understand if you apply it to customers, shareholders or employees, while it is just as true but less immediate if its attention is shifted towards suppliers and relative companies. Therefore, it is necessary to map out all of the parties that influence or are influenced by the BPER Group, as there may be indirect methods of interaction able to generate negative impacts. The figure below illustrates the map of stakeholders of the BPER Group.



To define its strategies based on the requirements of the various stakeholders, the BPER Group analyses and categorises them through a structured process, involving the various company functions: this is necessary because sometimes they have many different interests (economic, social, environmental), or because one stakeholder may belong to more than one category simultaneously (for example, an employee who is also a customer and shareholder). Over the years, therefore, channels for listening to the above have been set in place, able to manage dialogue with different parties, but all directed towards the good of the Group. The BPER Group adopts 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 company's operations.

2.2 Materiality Analysis

The materiality analysis, as required by Italian Legislative Decree 254/16, defines the relevant aspects to be reported (Material Topic) through internal research and various activities of listening to stakeholders. A topic is defined as “material” if it is able to influence the decisions, actions and performance of an organisation and of its stakeholders. The Group materiality analysis takes place on the basis of a structured process compliant with the reference standards: the guidelines of the Global Reporting Initiative - GRI and the AA1000APS standard of AccountAbility, both focused on the materiality principle. This process also takes into consideration the requirements of the aforementioned Italian Legislative Decree 254/2016.

The BPER Group updates the materiality analysis every two years, unless the annual assessment it performs shows that there have been significant changes with respect to the economic, environmental and social impacts of the Group and the context of reference. A summary of the revision of material topics conducted in 2019 is provided below.

In order to identify the most significant issues in the banking sector, a preliminary activity was carried out, based on two steps: the benchmark on the Non-Financial Statements of the leading Italian banks (12 banks) and a number of interviews of opinion leaders in the finance sector. The analysis highlighted the opportunity to define three thematic areas:

1. the **business in terms of ESG sustainability**, i.e., issues relative to support for entrepreneurship, financial inclusion and responsible investments
2. the **evolution of the customer relationship**, specifically on accessibility and digitalisation of services and IT privacy and security
3. the **commitment towards the environment**, specifically on indirect environmental impacts, the fight against climate change and management of direct environmental impacts.

The new list of issues as detailed and integrated was submitted for assessment by Top Management (29 individuals) during a dedicated workshop in which the most significant issues for the BPER Group were rated.

Instead, to evaluate the relevance of issues for stakeholders, the BPER Group organised 3 multistakeholder forums and a dedicated survey of a wide range of Customers (1,000 respondents).

The multistakeholder forums involved over 60 people, comprising customers, public entities, trade associations, environmental and social associations, suppliers and schools and universities. The activity was set up in the areas of Modena (25 September 2019), Lanciano (15 October 2019) and Crotone (24 October 2019).

The topics that were deemed to be material are outlined below¹⁶.

¹⁶ For additional information on the materiality analysis published previously, please refer to the 2018 Sustainability report, published in the Sustainability section of the web site <https://istituzionale.bper.it/>

| Material topic | GRI aspect | Scope of impact | Involvement of the BPER Group |
|---|---|---|---|
| Integrity in conduct | Anti-corruption Public policy Anti-competitive behaviour Socioeconomic compliance Marketing and labeling Environmental compliance Tax | BPER Group | Caused by the BPER Group |
| Economic performance | Economic performance Market presence | BPER Group | Caused by the BPER Group |
| Protection of financial stability | N.A. | BPER Group | Caused by the BPER Group |
| Governance and decision-making processes | N.A. | Parent Company | Caused by the BPER Group |
| Risk management | Anti-corruption Environmental compliance Socioeconomic compliance Anti-competitive behaviour Marketing and labeling Tax | BPER Group | Caused by the BPER Group |
| Responsible credit | Products portfolio | Group Banks | Caused by the BPER Group |
| Support for entrepreneurship | Products portfolio | Group Banks | Caused by the BPER Group |
| Financial inclusion | Local communities | Group Banks | Caused by the BPER Group |
| Responsible investments | Products portfolio | Group Banks | Caused by the BPER Group |
| Indirect environmental impacts and fight against climate change | Products portfolio | BPER Group Corporate and Retail Clients | Caused by the BPER Group and to which the Group contributes |
| Adequacy and transparency of the offer | Products portfolio Marketing and labeling | BPER Group | Caused by the BPER Group |
| Service quality | Marketing and labeling | BPER Group | Caused by the BPER Group |
| Customer satisfaction | N.A. | BPER Group | Caused by the BPER Group |
| Accessibility and digitalisation of services | N.A. | Group Banks | Caused by the BPER Group |
| IT privacy and security | Customer privacy | BPER Group | Caused by the BPER Group |
| Support to the community | Local communities | BPER Group | Caused by the BPER Group |
| Protection and wellbeing of workers and dialogue | Employment Diversity and equal opportunity Occupational health and safety Labor/management relations | Group employees External staff ¹⁷ | Caused by the BPER Group |

¹⁷ The scope extended to external staff only refers to the aspects of Employment and Health and Safety in the workplace. The data on Health and Safety of external staff only include the category of Temporary workers and not other types of external staff working at BPER Group locations and/or under the control of the BPER Group, given their significance and the availability of such data, over which the BPER Group does not exercise direct control.

| | | | |
|--|---|--|---|
| Enhancement and involvement of employees | Employment Training and education | Group employees | Caused by the BPER Group |
| Management of direct environmental impacts | Materials Energy Emissions Environmental compliance Waste | BPER Group Suppliers of electricity | Caused by the BPER Group and directly correlated to the BPER Group through its commercial relations |
| Responsible management of the supply chain | Procurement practices | BPER Group | Caused by the BPER Group |

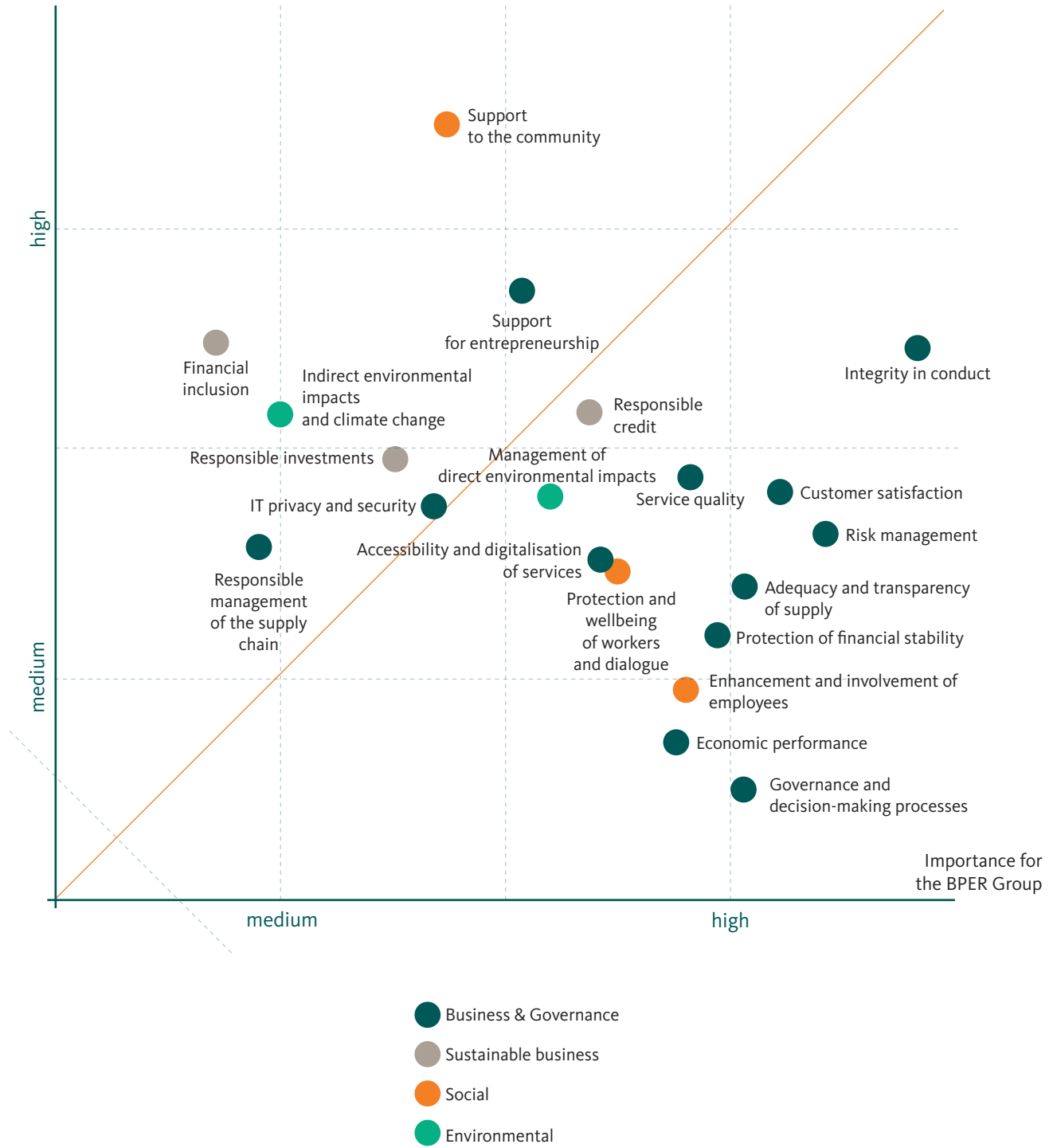
The results of the internal and external surveys conducted led to preparation of the 2019 Materiality Matrix, which was validated by the Control and Risk Committee and by the Board of Statutory Auditors and, lastly, approved by the Board of Directors of BPER Banca on 28 November 2019.

This document focuses on the issues identified as “material”, highlighting the critical aspects and expectations that emerged during the course of the engagement initiatives.



Materiality matrix

Importance for stakeholders



The 2019 Materiality Matrix resulted in the following considerations:

- the importance of Integrity in conduct as a cornerstone of the Group's behaviour and to secure its relationship with its stakeholders was confirmed
- the various categories of stakeholders recognise the Group's role and support in regard to the territory and community in which it operates
- the stakeholder engagement initiatives revealed the importance attributed to the new thematic areas based on qualification of the business from an ESG standpoint, namely Support for entrepreneurship and Responsible investments
- high interest was simultaneously noted with regard to environmental issues, particularly with regard to the management of indirect environmental impacts and the fight against climate change, with respect to which the Group has initiated an awareness initiative on the resulting risks.





3. Protection of financial stability

A description of certain characteristics of the BPER Group useful in assessing its reliability is provided below.

High solidity

CET1 (Common Equity Tier 1)

This index measures banking solidity. The higher the value compared to the one assigned by the ECB, the more solid the bank. The BPER Group value is significantly higher than the minimum that is required for 2019 (figures as at 31/12/2019).



High liquidity

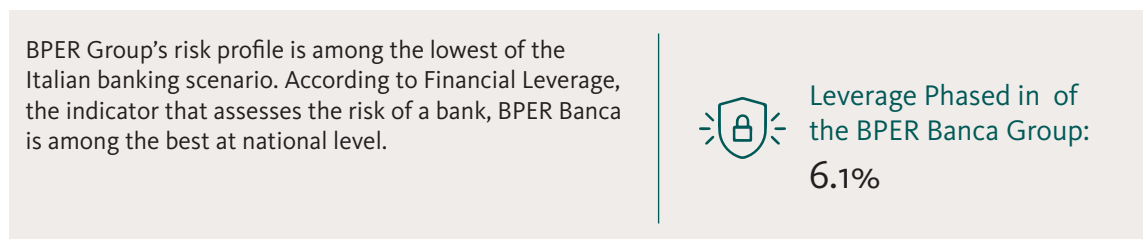
- Liquidity ratios envisaged by regulations significantly higher than the minimum required
- Ample refinancing capacity with the ECB.

Low risk

The risk profile is among the lowest of the national system.

Financial leverage

Indicator used to evaluate the risk profile of a bank.



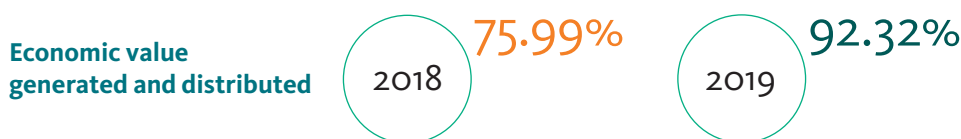
(As at 31/12/2019)

3.1 Economic value generated and distributed

The BPER Group operates on the market to create sustainable wealth over the long term for its stakeholders and for the entire territory. The objective of this chapter is to describe how the economic value generated by the Group, which in 2019 amounted to Euro 1.96 billion, was largely redistributed to stakeholders.

| Thousands of Euro | 2018 ¹⁸ | | 2019 | |
|---|--------------------|---------------|--------------------|---------------|
| | € | % | € | % |
| Total economic value generated directly | 1,963,518 | 100% | 1,964,965 | 100% |
| Economic value distributed to suppliers | (420,039) | 21.39% | (427,152) | 21.74% |
| Economic value distributed to employees and external staff | (821,494) | 41.84% | (1,051,712) | 53.52% |
| Economic value attributed to third parties | (43,837) | 2.23% | (14,869) | 0.76% |
| Economic value distributed to shareholders | (62,570) | 3.19% | (72,888) | 3.71% |
| Economic value distributed to central and local public administration | (139,259) | 7.09% | (241,822) | 12.31% |
| Economic value distributed to the community ¹⁹ | (4,842) | 0.25% | (5,552) | 0.28% |
| Total economic value distributed | (1,492,041) | 75.99% | (1,813,995) | 92.32% |
| Total economic value retained | (471,477) | 24.01% | (150,970) | 7.68% |

With a percent reduction in the economic value retained, the value distributed increased considerably, from 75.99% to 92.32%.



The economic value distributed to shareholders increased as well. For the latter, an amount of 14 cents per share, compared to 13 cents distributed in 2019, was resolved by the Board of Directors on 5 February 2020. Furthermore, the value generated in 2019, influenced by the business combination transactions carried out during the year, is essentially in line with the 2018 figure.

With higher adjustments to loans, particularly as a result of acceleration of the derisking process that the Group aims to achieve through a new securitisation plan for non-performing loans of a significant amount, to be completed in the first part of 2020, stability in interest income was recorded, as well as a significant increase in commissions.

¹⁸ The 2018 figures were restated following the update of the “Schedule for the determination and distribution of added value”, published by Associazione Bancaria Italiana (ABI) on 24 October 2019. For the previously published data, refer to the 2018 Sustainability Report, in the Sustainability section of the web site <https://istituzionale.bper.it/>

¹⁹ In addition to charitable donations, the item “Economic value distributed to the community” also includes investments in communities (see chapter 8 “Relations with the community”).

3.2 Fiscal transparency

At the end of a process that commenced in December 2017, BPER Banca was admitted to the cooperative compliance regime by Tax Authority Decision dated 25 July 2018, in accordance with Italian Legislative Decree no. 128 of 5 August 2015.

This significant result was obtained following submission of the application and subsequent investigation by Financial Administration, aimed at concretely verifying the adequacy of the Tax Control Framework set up by BPER Banca. Following said positive assessment, BPER Banca has been added to the list of companies admitted to the regime, which is published on the institutional web site of the Tax Authorities.

The cooperative compliance regime was introduced in Italy in 2015 through the aforementioned decision, with the goal of establishing rules and methods that permit the taxpayer and Administration to benefit from dialogue and interaction based on a relationship of trust between the parties. This permits the taxpayer to benefit from a series of advantages connected to the status of participant in said regime, including the following:

- to reach, with the Tax Authorities, a common assessment of situations likely to generate tax risks, prior to the submission of tax returns, through constant and preventive forms of discussion on factual elements, with a consequent increase in the level of certainty on relevant tax issues
- fast-track ruling on the application of tax provisions to specific cases
- reduced penalty system with collection suspended until final assessment for tax risks communicated in a timely and comprehensive manner by the taxpayer to the Tax Authorities, if the latter does not agree with the proposed position
- in the event of a report for tax offences, the Tax Authorities shall inform the Public Prosecutor's Office of the fact that the taxpayer is part of the Cooperative Compliance regime, providing, if requested, any useful information regarding the control of tax risk
- no guarantee is required for the payment of tax refunds, whether direct or indirect.

Conversely, the Bank must guarantee maintenance and management of a Tax Control Framework, systematically updated and monitored. To this end, the Bank's Tax Service essentially acts as a specialised body which, in coordination with the Compliance Department, guarantees systematic analysis, assessment and coverage of tax risks.



The procedure to implement and improve the TCF structure therefore continued in 2019, leading to a series of initiatives, the most relevant of which are the following:

- adoption of a specific IT platform, whose evaluation metrics are consistent with the methodology adopted by the Bank's Compliance Department
- formalisation of operating manuals that describe the activities carried out in detail
- update of tax risk management policy
- creation of an ICT platform for the management of tax consultancy, based on the ticketing system already in use at the Bank
- definition of formal models to assess interpretative risk.

Among the various elements subject to analysis and discussion with the Tax Authorities, an assessment on the 2018 taxation year took place in 2019 - on 18 April 2019 - specifically examining the tax effects resulting from the merger by incorporation of Nuova Cassa di Risparmio di Ferrara.

As at the date of approval of this Report, no risk elements emerged with respect to said assessment.



A close-up, low-angle shot of a woman's face in profile on the left, looking upwards with a slight smile. In the foreground, a person's arms are raised in a blue long-sleeved shirt, creating a sense of height and aspiration. The background is a bright, out-of-focus interior space.

4. Our customers

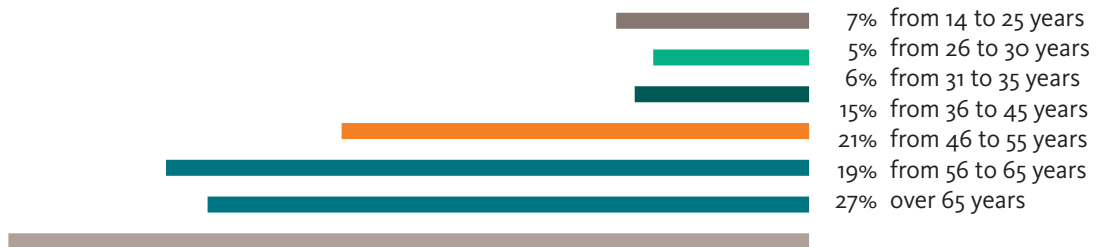
4.



The BPER Group bases its success on the relationship of trust established with its clientele, characterised by fairness and transparency. In the company’s philosophy, the customer is first and foremost a person with their own dreams and plans, but also one with problems and difficult situations. Our mission is to help customers implement their projects and overcome their difficulties. Customers of the BPER Group know that they can count on professionalism and expertise which, over the course of the years, have become our distinctive trait: over 61% of customers²⁰ have maintained a relationship with the Group for over 10 years.

Distribution of customers by age

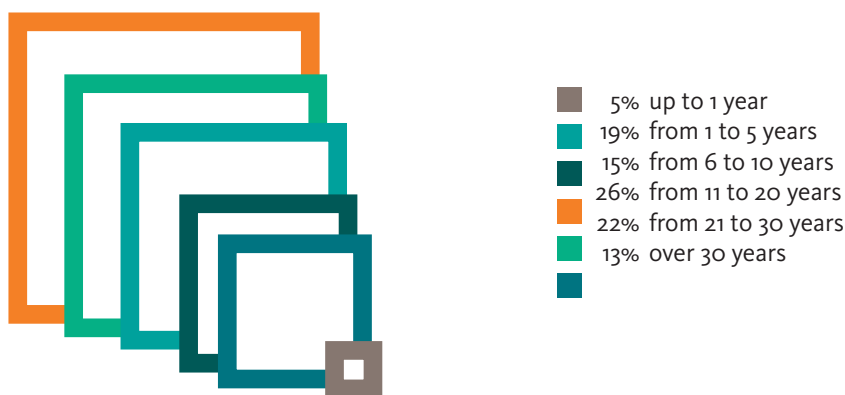
| | 31.12.2017 | 31.12.2018 | 31.12.2019 |
|---------------------|------------|------------|------------|
| From 14 to 25 years | 135,369 | 148,641 | 168,421 |
| From 26 to 30 years | 95,418 | 98,769 | 112,833 |
| From 31 to 35 years | 108,556 | 110,051 | 130,309 |
| From 36 to 45 years | 308,752 | 301,713 | 354,220 |
| From 46 to 55 years | 398,695 | 399,845 | 480,807 |
| From 56 to 65 years | 347,638 | 357,475 | 437,148 |
| Over 65 years | 527,641 | 539,749 | 638,111 |



²⁰ The data regarding the chapter “Our customers” include the following banks for 2017: BPER Banca, Banco di Sardegna and Cassa di Risparmio di Bra. The data for 2018 and 2019 also include Cassa di Risparmio di Saluzzo.

Distribution of customers by seniority

| | 31.12.2017 | 31.12.2018 | 31.12.2019 |
|---------------------|------------|------------|------------|
| Up to 1 year | 116,397 | 125,676 | 133,343 |
| From 1 to 5 years | 381,746 | 393,853 | 521,238 |
| From 6 to 10 years | 341,595 | 331,765 | 416,696 |
| From 11 to 20 years | 577,805 | 570,001 | 697,278 |
| From 21 to 30 years | 606,637 | 557,345 | 591,025 |
| Over 30 years | 227,315 | 315,723 | 361,166 |



The process is based on a bond of trust that goes beyond the mere regulations governing the relationship between bank and customer.

The “Internal Governance Code of the BPER Group” defines the behavioural regulations for employees, external staff and financial advisors, but it mainly outlines the guidelines in relationships with customers and investors. The provisions contained in the Code are considered a reference for defining proper operating conduct in providing investment services, also in the absence of detailed internal guidelines, manuals and/or circulars. The Code establishes that in the performance of services and investment activities and, in general, during their work activities, all Relevant Parties²¹ must behave in a diligent, correct and transparent manner in order to best serve the interests of customers and the integrity of markets.

The BPER Group has resources and procedures, including internal control, suitable to ensure the efficient performance of services and activities. For example, in keeping with the obligations envisaged by the Supervisory Provisions, the Parent Company implemented its own Whistleblowing system, structured in such a way as to guarantee the transmission of reports of any illegitimate behaviours involving violation of the regulations governing financial activities.

Fairness and transparency with respect to customers also depend on clear, accurate and easily understandable information.

²¹ Parties belonging to the following categories: i) members of corporate bodies, shareholders who based on the amount of the stake held may be in a conflict of interest scenario, executives or financial advisors of the intermediary; ii) employees of the intermediary, as well as any other natural person whose services are at the disposal and under the control of the intermediary, and who participate in the provision of investment services and the exercising of investment activities by said intermediary; iii) natural persons who participate directly in provision of services to the intermediary, based on an outsourcing agreement involving the provision of investment services and the exercising of investment activities by said intermediary.

BPER Banca draws up the documents, following the main guidelines provided by the regulations, with attention to the criteria on layout, structure of the documents, syntactic simplicity and lexical clarity, adjusted to the level of financial expertise of the target customers and using the most appropriate communication channel, in order to provide the customer with an understanding of the characteristics and costs of the service, to easily compare products and adopt well-thought out and informed decisions.

The information provided is not based on the mere promotion of products and services, but focuses on the provision of clear information of significant use for customers. In this respect, even Branch personnel carry out an important role; in fact, they must:

- have in-depth knowledge of the characteristics and particular features of the products offered
- examine and comprehend the true financial requirements of customers, in order to direct them to the appropriate products and services suitable to satisfy their needs
- use the transparency documentation envisaged for the various types of transactions and services offered, in order to enable the customer to understand the characteristics, costs and risks of the products offered
- ascertain that the customer, prior to signing the contract, has had the opportunity to evaluate the documentation provided and is in a condition to make an informed decision consistent with their requirements.

By focusing on both people as well as companies, the BPER Group constantly strives towards expanding the offer of products, in order to satisfy the multiple requirements of the market. Some examples of this type of support are outlined below.

Global Advisory Corporate: The initiative that BPER Banca reserves for a group of companies selected based on equity-financial parameters. The offer envisages global consulting to support growth of companies, through the proposal of a range of products and value added services in the areas of internationalisation, wealth advisory, corporate finance and investment banking.

Global Advisory Private: The advanced advisory service reserved for Private customers which, based on an integrated vision, is able to define the best strategies to plan the future of customers and their families. Global Advisory uses a specifically created IT platform to offer specialised consulting on financial, real estate, inheritance, protection and pension issues.

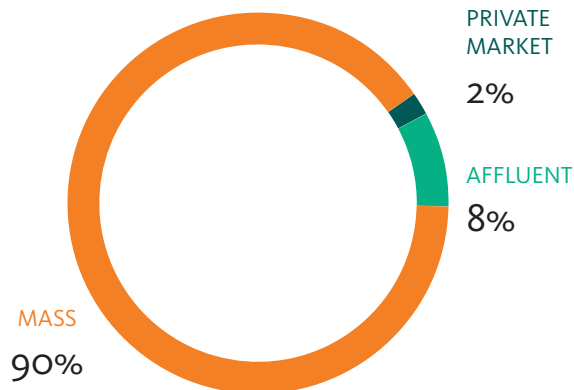
Customer portfolio Retail Banking (mln €)²²

| | 2017 | | 2018 | | 2019 | |
|--------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|
| | Retail Banking | % | Retail Banking | % | Retail Banking | % |
| Mass | 13,348.53 | 90% | 13,425.42 | 90% | 16,803.28 | 90% |
| Affluent | 1,191.27 | 8% | 1,242.18 | 8% | 1,584.86 | 8% |
| Private market | 293.11 | 2% | 350.119 | 2% | 301.57 | 2% |
| Total private customers | 14,832.91 | 100% | 15,017.72 | 100% | 18,689.71 | 100% |

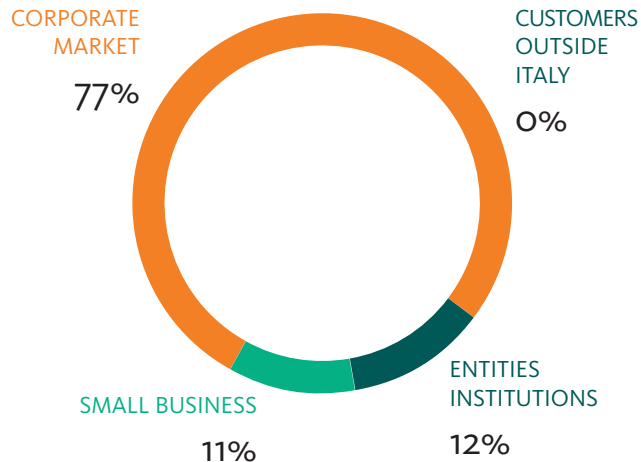
Customer portfolio Commercial and corporate banking area (mln €)²²

| | 2017 | | 2018 | | 2019 | |
|---------------------------|---------------------------------------|-------------|---------------------------------------|-------------|---------------------------------------|-------------|
| | Commercial and corporate banking area | % | Commercial and corporate banking area | % | Commercial and corporate banking area | % |
| Corporate market | 26,013.41 | 77% | 24,147.39 | 77% | 23,950.86 | 77% |
| Small business | 4,214.18 | 13% | 3,588.36 | 11% | 3,541.71 | 11% |
| Total corporate | 30,227.59 | 90% | 27,735.75 | 88% | 27,492.57 | 88% |
| Foreign customers | 84.37 | 0% | 64.91 | 0% | 51.25 | 0% |
| Entities and institutions | 3,464.76 | 10% | 3,747.44 | 12% | 3,763.11 | 12% |
| Total | 33,776.73 | 100% | 31,548.09 | 100% | 31,306.93 | 100% |

Customer portfolio Retail Banking (mln €)²²



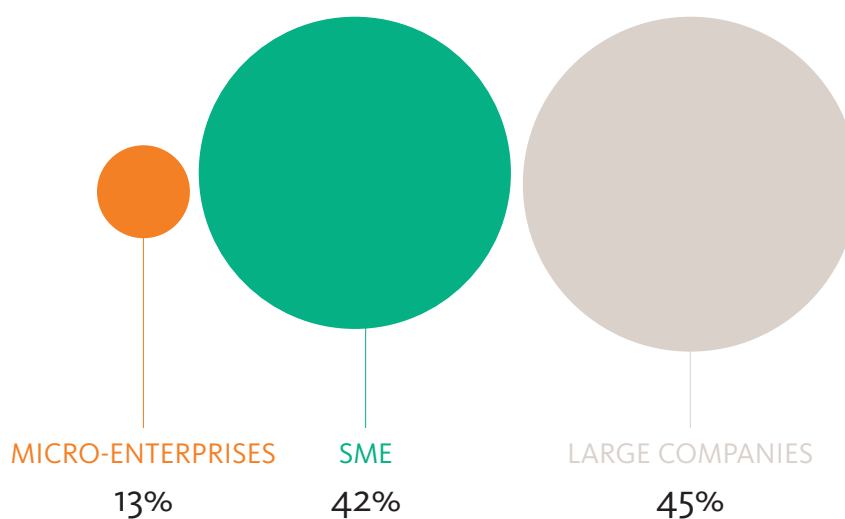
Customer portfolio by business line (mln €)



²² The values reported correspond to gross loans to customers net of intra-group items and debt instruments.

Corporate customer portfolio by size (mln €)²²

| | 2017 | | 2018 | | 2019 | |
|------------------------|---------------------------------------|-------------|---------------------------------------|-------------|---------------------------------------|-------------|
| | Commercial and corporate banking area | % | Commercial and corporate banking area | % | Commercial and corporate banking area | % |
| Micro-enterprises | 4,214.18 | 14% | 3,588.36 | 13% | 3,541.71 | 13% |
| SME | 12,840.30 | 42% | 11,018.26 | 40% | 11,571.67 | 42% |
| Large companies | 13,173.11 | 44% | 13,129.13 | 47% | 12,379.19 | 45% |
| Total corporate | 30,227.60 | 100% | 27,735.75 | 100% | 27,492.57 | 100% |

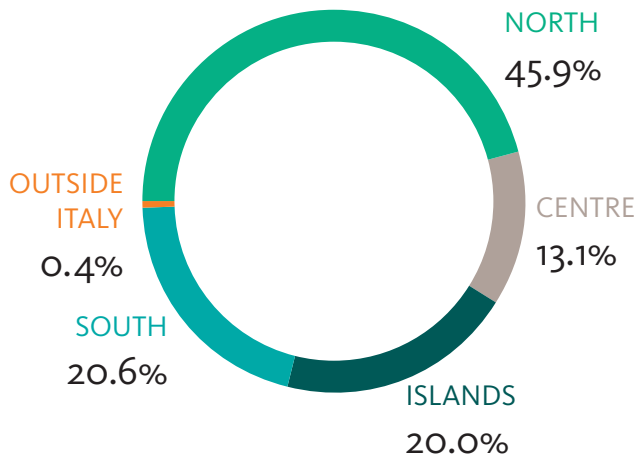


Customer portfolio by business line: geographical distribution (mln €)²²

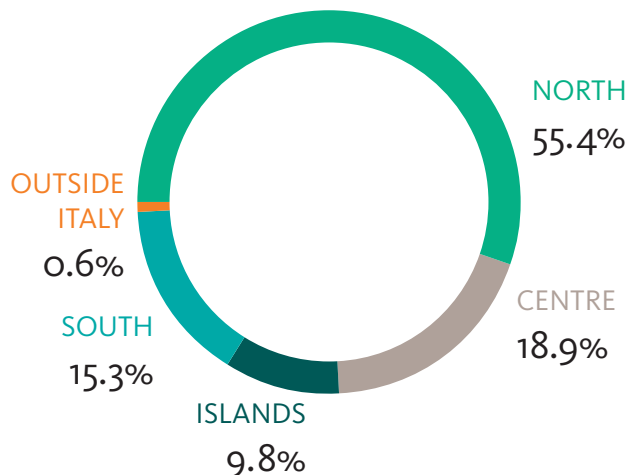
| | 31.12.2017 | | | | 31.12.2018 | | | | 31.12.2019 | | | |
|---------------|------------------|-------------|---------------------------------------|-------------|------------------|-------------|---------------------------------------|-------------|------------------|-------------|---------------------------------------|-------------|
| | Retail Banking | % | Commercial and corporate banking area | % | Retail Banking | % | Commercial and corporate banking area | % | Retail Banking | % | Commercial and corporate banking area | % |
| North | 7,149.41 | 48.2% | 18,353.64 | 54.3% | 7,098.94 | 47.3% | 17,784.71 | 56.4% | 8,573.69 | 45.9% | 17,342.64 | 55.4% |
| Centre | 1,431.80 | 9.7% | 5,525.90 | 16.4% | 1,483.93 | 9.9% | 5,360.10 | 17.0% | 2,449.60 | 13.1% | 5,913.68 | 18.9% |
| Islands | 2,923.12 | 19.7% | 3,917.99 | 11.6% | 2,995.39 | 19.9% | 3,138.58 | 9.9% | 3,740.32 | 20.0% | 3,065.58 | 9.8% |
| South | 3,276.16 | 22.1% | 5,815.38 | 17.2% | 3,388.04 | 22.6% | 5,132.18 | 16.3% | 3,849.16 | 20.6% | 4,784.00 | 15.3% |
| Outside Italy | 52.42 | 0.3% | 163.82 | 0.5% | 51.42 | 0.3% | 132.52 | 0.4% | 76.94 | 0.4% | 201.03 | 0.6% |
| Total | 14,832.91 | 100% | 33,776.73 | 100% | 15,017.72 | 100% | 31,548.09 | 100% | 18,689.71 | 100% | 31,306.93 | 100% |

²² The values reported correspond to gross loans to customers net of intra-group items and debt instruments.

Number of customers by territorial distribution
(Retail banking)



Number of customers by territorial distribution
(Commercial and corporate banking area)



Listening to customers

Customer satisfaction is one of the main levers of the system for planning and monitoring the quality of services, as well as a strategic competitive factor on the market. This principle gives rise to the need to build a system to monitor the quality perceived, covering all customer segments and all of the various phases of the bank-customer relationship.

Since 2018, the BPER Group has launched a structured process of listening to its customers, aiming to monitor the level of satisfaction with the service offered and to foster a process of ongoing improvement of the relationship. The service quality monitoring system at the branch level, known as IESS (Indice di experience e soddisfazione di servizio - Service satisfaction and experience index), active since 2016 with approximately 50,000 telephone interviews a year, has been replaced by a new system, which from 2019 envisages continuous monitoring of the entire customer base, through the Net Promoter Score ("NPS"), an indicator that measures the proportion of "promoters" (customers who would recommend the bank) compared to "detractors" (customer who would not). The main contact channel is e-mail, in order to collect feedback from the greatest number of customers possible with the least effort in terms of costs and time, supported by the use of SMS for customers without e-mail addresses. The scope of the survey comprises customers of BPER Banca and Banco di Sardegna. The findings that emerged in the 2018 pilot project were confirmed in 2019: the level of customer satisfaction is in line within the Family and Personal segments, while it is lower, although still positive, for Small Economic Operators. The Net Promoter Score will be included among the reference metrics for definition of the strategic objectives of the upcoming years (MBO 2020 and 2021).

Customer Satisfaction Survey 2019

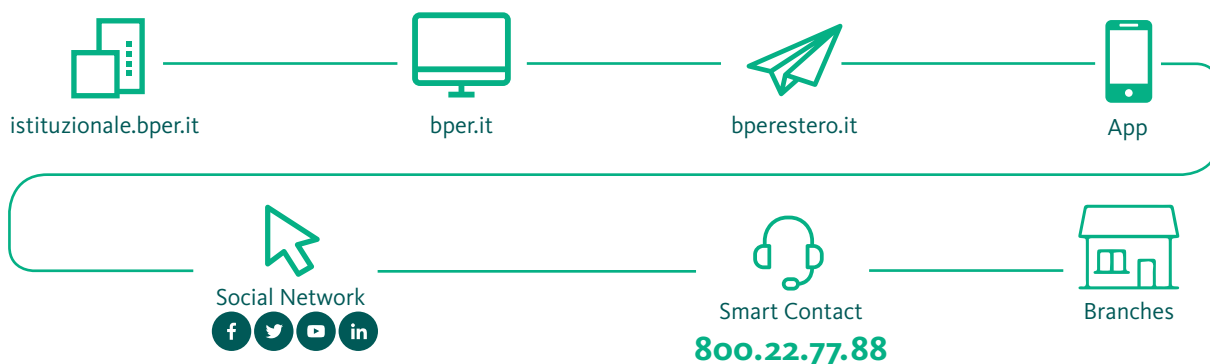
| | 2019 | |
|---------------------------------|--------------------------|------|
| | Segment | NPS |
| Private customers ²³ | Family | +29% |
| | Personal | +31% |
| | Small Economic Operators | +17% |

The NPS project also includes real-time surveys of the customer's experience, activated following specific episodes: to date, these have been conducted for consulting with regard to opening of a current account, subscription of insurance policies, mortgages and loans.

In 2019, no *customer satisfaction* surveys were conducted for Corporate and SME Business clientele or for Private customers, which will be carried out in 2020.

OUR CONTACT POINTS

All of the information on products, services and initiatives is also available on our online channels.



BPER Banca and Banco di Sardegna have a virtual assistant that answers and provides suggestions to all those who write on the digital channels. An artificial intelligence system at the service of customers. "Dotti" and "Pinti", currently present only on the bper.it and bancodisardegna.it sites, respectively, answer through guided navigation.

²³ In 2019, the NPS indicator was measured only for BPER Banca and Banco di Sardegna, excluding customers of the former Unipol Banca.

Contact Centre

The BPER Group's Contact Centre answers only from Italy, with a view to encouraging national employment and providing better customer service. However, in addition to Italian, customer support is available in 6 languages: English, French, Spanish, Romanian, Portuguese and Arabic.

BPER Banca's Contact Centre has obtained two important quality certifications: UNI EN ISO 9001:2015 and UNI EN ISO 18295:2017.

Development of the WhatsApp contact channel also permits, through integration with the Live Person platform (top Finance entity worldwide), an excellent customer relations service remotely, through a certified Business profile.

Processes aimed at improving the Customer Experience have been applied exclusively on this channel: through the messaging service, customers may independently request the duplicate of their credit card PIN; additional uses to encourage certain transactions in a simple and intuitive manner are under examination.

Management of Claims

The effective, active and timely handling of claims and complaints is a tool of fundamental importance to preserve customer relations.

Indeed, the careful analysis of complaints can highlight potential areas for improvement in the products and services offered, providing opportunities for recovering dissatisfied customers and regaining their loyalty.

The annual reports on the claims management activity are present on the web sites of each Group company²⁴ subject to the obligations of transparency as a result of being authorised to provide investment services.

Banco di Sardegna Spoke Light Project

The Spoke Light Project is dedicated to the smaller branches in areas with high penetration and low competition. A project has been launched to perfect the sale of complementary services or products through a better offer, simplified and focused on the territorial vocation (private individuals, food, tourism), and better communication, which consists of putting oneself in the customer's shoes and speaking a clear and simple language. Even the layout of the branches and communications to said branches have been redesigned bearing these criteria in mind.

The following were also defined:

- changes in opening hours to focus on the sale of top-seller products by cluster
- management of Small Economic Operators and/or Personal customers, thanks to the support of the consultant (also remote)
- extension of the products catalogue to the non-banking segment as well (e.g., books).

The project was launched on a trial basis with the first 20 pilot branches, and the results in terms of improvement in cross-selling (sale of complementary products) and growth in quality of relationship with the customer led to the extension of the project at the beginning of the year to another 39 branches, while in July 2019, the project was completed with the roll-out onto the remaining branches of the perimeter identified, for a total of 86 Spoke Light. Staff in the branches followed a personalised training phase, designed according to their relative training requirements.

Moreover, in order to improve the value proposition with regard to specific customer targets (such as teenagers) and strengthen the remote channels to facilitate access to banking services, the new commercial site and the mini-site for mortgages are active, generating many contacts and appointments with a public that is more evolved at the digital level.

²⁴ BPER Banca; Banco di Sardegna; Banca di Sassari; Cassa di Risparmio di Bra; Cassa di Risparmio di Saluzzo; Emilia Romagna Factor; Sardaleasing; Optima Sim.

4.1 Service innovation

Now more than ever, changes are the order of the day and customer requirements are no exception. To continue to offer its services with the same level of reliability and quality that have characterised it, the BPER Group is constantly committed to analysing the needs of customers in order to propose innovative solutions able to satisfy them. The key initiatives in the area of service innovation are listed below.

They are projects that contribute to reducing the direct environmental impacts of the Bank by reducing the use of paper/printing, encouraging processes to be carried out entirely online.

Instant bank transfer

The instant bank transfer allows money to be transferred in ten seconds, up to €15,000 and without the possibility of revocation, to beneficiaries that are clients of banks participating in the service, within the SEPA area. The new service, launched this year, radically changes the payment system: it eliminates the wait times for the beneficiary and speeds up availability of the goods and services for the customer. Instant bank transfers are available for customers on Smart Web, Smart Mobile, via Contact Centre and in the branch.

Strong authentication

Strong authentication complies with the European PSD2 directives and makes access and payments from the Smart digital channels faster and more secure: by associating one's smartphone to one's multi-channel user account through the creation of a 5-digit personal code, it will be possible to access and order payments using a biometric recognition factor from one's cell phone (face recognition or fingerprint).

Digital Loans

With the remote digital subscription process for loans, customer may take out a loan in two ways:

- Self - the customer may stipulate a personal loan independently, conducting a loan simulation via Smart Web or Smart Mobile app (choosing the most suitable type and signing the contract directly on Smart Web via Digital Signature)
- Through Contact Centre - the Family customer may stipulate a personal loan upon proposal by an operator of the Contact Centre (through dedicated sales campaigns or upon customer request) and complete the loan procedure by signing the proposal via Smart Web and the Digital Signature process.

Remote Offer of Funds

Thanks to the remote offer of funds, the Family customer may subscribe to Funds and SICAVs (Arca Sgr, BPER Sicav, Etica sgr) through remote consulting on investments by operators of the Contact Centre. The service permits investments to be made independently and remotely, with digital signature on Smart Web.

Digital Signature

Digital Signature is the service that allows customers to purchase available products and services through Smart Web and Contact Centre directly online.

In fact, it also enables the signing of contracts and product sales remotely. The documents are signed digitally, ensuring authenticity of the subscription by the customer and non-modification of the document.

It enables the sending of remote notifications during the subscription process, ensures high levels of security for both the Bank and Customer and permits the paperless management of documents (printing is no longer necessary).

Amazon Locker

Thanks to the partnership with Amazon.it, Amazon Lockers were installed in several branches. These are self-service points to pick up packages delivered by Amazon.it and are situated in areas accessible to everyone. Installation of the Lockers in the BPER areas is an innovative way to create loyalty, increase brand awareness and attract new customers to the Group.

THE BPER INNOVATION PROCESS

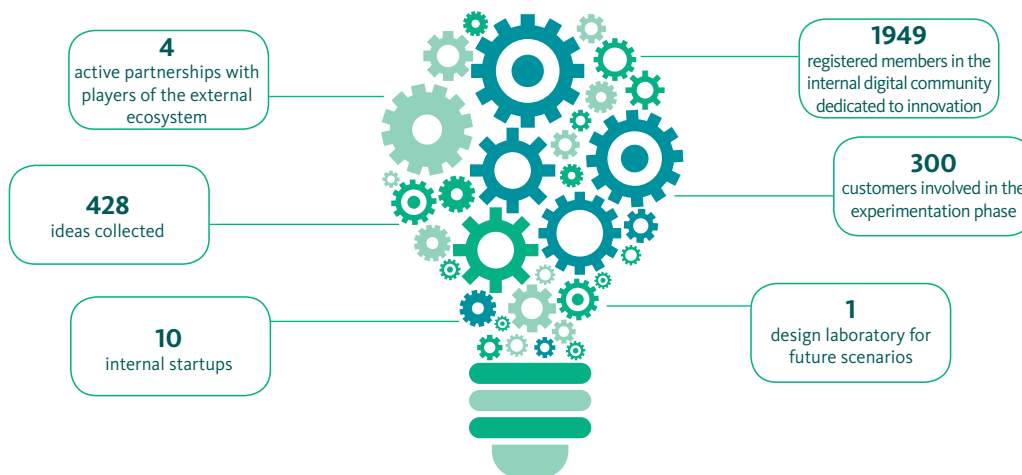
To grow in a quickly transforming context, BPER has built a process of innovation that involves both traditional business as well as the development of new business models.

To render this approach more structured and pervasive, an ad hoc structure was established to support the entire organisation in preparing for development of the socioeconomic context, getting the company ready for change, acquiring new ideas and developing new business capacities.

The pillars of innovation at BPER are:

- design of future scenario; through the use of instruments to hypothesise and visualise the possible futures, comprehend the risks and opportunities and consequently orient the decisions of the present
- creation of an ecosystem outside of the company; through a network of relationships with other companies that deal with innovation, with observers, with research centres and universities with which to share experiences and expertise, which may lead to the formation of strategic agreements or partnerships, and through the search for innovative start-ups to partner with in specific projects or to be adopted as suppliers of new solutions
- enhancement of talent and ideas; through an inclusive approach that allows all personnel to contribute to innovation by proposing their own ideas and taking part in their experimentation
- dissemination of a culture of change; through activities of communication and training that aim to effectively convey the effects and advantages of change to the organisation
- rapid testing of solutions; through a process for development of prototypes that aims to optimise the criteria of cost-effectiveness, time-to-market and product quality. It is based on the creation of prototypes with minimum requirements to collect feedback quickly and to correct any errors identified by future users of the project.

BPER's innovation numbers in 2019



4.2 Management of customer relations

With regard to the bank-customer relationship (customer satisfaction, quality of service offered and transparency), in addition to initiatives that encourage proper behaviour and good rules, in accordance with sector regulations, the Group adopts and maintains an internal organisation and a control system adequate for the overall activities carried out, along with effective self-governance with regard to the following specific profiles:

- security, i.e. operational continuity, IT systems, physical security in the branches and areas dedicated to customer relations, protection of personal data
- products and services, i.e. correctness in the relationship with customers and in the information provided, transparency, development and management of the product catalogue, communication and marketing, management of inducements, as well as respect for the customer's interests in commercial and marketing practices
- compliance with laws and regulations, in addition to voluntary codes of conduct, with regard to the sale of products and use of services, including investment.

The system is based on three main pillars:

- organisational, which for management activities and first-level controls are carried out by the business functions (starting with the Chief Business Officer and Chief Lending Officer), while for second- and third-level controls they are carried out by the Chief Risk Officer, the Compliance Officer and the Chief Audit Executive
- regulations, such as policies, process regulations, organisational procedures and internal provisions relating to the aspects mentioned above, where the principles, responsibilities and activities of the various organisational units are identified
- technical, such as platforms dedicated to commercial activities and customer relations, security tools and protection of information and data, analysis of customer satisfaction and quality of the relationship.

The provisions of the Supervisory Authorities on the transparency of banking and financial transactions and services define, among other things, general standards for the preparation of information documents for customers (structure of documents, essential information, lexical choices, standardisation) and for the marketing of traditional banking services, also regulating obligations of an organisational nature and control for compliance with the rules of transparency and fairness in relations with customers.

These rules on transparency are in addition to those provided for the provision of investment services, governed by the Consolidated Law on Finance (TUF), or insurance products or the provisions contained in the Consumer Code.

With regard to the development of the commercial offer, since 2018 the Group has adopted a new and specific Product Governance Policy that defines the rules and responsibilities for the development and distribution of new products and for management of the product catalogue. The specific process of governing the commercial offer involves several organisational structures that ensure the correct and effective performance of the same, so as to pursue quality objectives and compliance with regulations in line with the Group's mission, strategies and business objectives, while respecting the needs of customers. Therefore, processes and procedures for definition of the following have been envisaged, in line with the principles and guidelines of this policy:

- the role held, as producer or distributor
- the methods for identification of the target market
- the adequate distribution channels
- significant information to be provided to consumers (product characteristics, risks, price)
- activities and controls to evaluate the impact of the new product on the target market, with a multitude of scenarios (product testing)
- the monitoring activities aimed at verifying ongoing consistency of the products with the target market
- corrective measures to remedy any critical aspects identified with respect to the products.

4.3 A promise to be kept: Nearby. Beyond expectations

Good relationships and good communication go hand in hand. Therefore, over the last year, BPER Banca has developed communication that meets the requirements of people: clarity, listening, direct dialogue.

BPER Banca strives to be a bank with a greater purpose than just generating profit. It wants to be a bank that improves people's lives and communities, using its activities not only to benefit shareholders, employees and customers, but to benefit society as a whole.

We believe that communicating and interacting well, with integrity and professionalism, is fundamental in order to build a solid relationship with the customer: remaining nearby, beyond expectations.

Transparency in communication

The bank's relationship with customers and non-customers is based on solidity, responsibility and loyalty. Therefore, transparency in the relationship is monitored by an internal process and is adapted to the reference regulations governing relations with stakeholders. The advertising material follows rigid approval standards based on the Group's organisational process.

We believe that an informed customer makes the best decisions; for this reason, the Group intends to guarantee the possibility to acquire information and understand the sales offers to the weaker segments as well.

"Dotti" (the virtual assistant), social media and financial education events are fundamental instruments to provide concrete answers to the information requirements of customers and prospects. Through these instruments, the bank uses a colloquial and simple language to explain the main characteristics of the products and their use.

The bper.it site adapts to user searches, proposing products and services most suitable to the various requirements. For the very purpose of being always ready to dialogue, the site contains all of the methods through which to contact the bank: for example, the chat, a form to request an appointment at the branch and WhatsApp.



BRAND AND MARKETING COMMUNICATION RULES

High transparency standards drive the communication activities across all channels, such as email marketing (DEM or DM), web sites, posts on social media, events in the branch and advertisements.

Indeed, product communication is functional to an informed decision by individuals and their understanding of the bank's role in the financial system.

Based on this logic, since 2017, the Group has adopted an Organisational Procedure on Advertisements that governs the scope and extent of responsibility of the offices involved in the processes and defines the requirements of advertising messages. The procedure is managed by the Parent Company, which oversees the activities of all Group companies and banks. Colleagues in the branches also play an important role, working daily with diligence and attention to pursue commercial objectives in accordance with the rights of consumers. Each month, these colleagues are guided by a book that describes how to set up the branch, focusing on the company's business objectives as well as on banking transparency.

An additional communication channel is Customer Service, which manages customer relations by providing support on the Internet Banking channels, in addition to the possibility to carry out transactions by telephone. In terms of privacy, the Group is adopting stringent criteria, proposing to customers only what they need according to their searches and their requests on various channels.

Financial Cocktails

In order to increase customers' awareness of the world of finance and investment, BPER Banca, in partnership with a number of product companies, has set up financial culture meetings called "Financial Cocktails". This format has combined moments dedicated to financial content (updates on the trends in financial markets and innovations in the sector) and moments dedicated to other topics, ranging from enhancement of the local culture, appreciation of the artistic beauties of the territory, and entertainment, to creating greater awareness of practical issues of common interest, such as the "generational changeover".

Key Points of the Customer Experience

Today more than ever, customers expect personalised experiences, transparent communication and a flow of efficient services, and they direct their choices towards companies that offer an excellent and memorable Customer Experience.

In order to strengthen the Customer Experience, it is essential to align the entire company organisation with consistent and shared principles of service design and experience. Following this vision, BPER Banca has adopted a 12-item list that places the Customer at the centre of its process of design and implementation of service elements, consistent with the promise of a brand and capable of generating distinctiveness.

The 12-item list defines the Key Points of the Customer Experience, twelve guiding principles for the design of the BPER Banca customer service experience collected in an Abacus: Consistency, Understanding, Customisation, Distinctiveness, Customer Value, Emotionality, 360° Experience, Clarity, User Experience, Measurability, Testing, Continuous Learning. Twelve operational references to follow in each of the four phases of the design of the elements of customer service - Knowing, Thinking, Planning, Learning - for a continuous virtuous cycle aimed at a Customer Experience of excellence.

The Branch - relationship and identity

As part of the plan underway for several years now of placing the customer at the centre and improving their experience through all points of contact and relationship with the Bank, BPER continues to develop the model of the branches.

Not only according to the New Concept model, but by introducing new technologies as well. New Concept is not just a simple restructuring of the branches, but an innovative path oriented towards the centrality of People, a radical reinterpretation of the spaces towards openness, growth and excellence.

The new branch offers visitors an engaging experience, with an identity sharply characterised by and consistent with the expectations of the customer. Based on this philosophy, the attention to renovation of the areas and simplification of transactions through the introduction of new technologies continues during this three-year period as well. The new branches have been redesigned to facilitate listening and encourage open and equal dialogue; barriers and counters have therefore been eliminated, to be close to people and establish a strong relationship with the branch visitors. The new model thus has a direct impact on a series of elements of the in-branch relationship: from the supervision of reception to organisation of the flows according to the need in question, to active management of the wait time. The relationship and service to the Customer have been completely redefined, communication has been revised in new interactive and customisable ways and cash operations have taken on new forms. The rethinking of spaces and technologies also has a considerable impact on certain social and environmental variables: a significant reduction in cash, the almost total elimination of paper and printer use (except for contractual and legal obligations), thanks to the use of new technology, and the significant reduction in energy use (per square metre), guaranteed by the elimination of internal and external barriers.

4.4 Privacy and data protection

In 2019, BPER Banca maintained its constant commitment to protecting privacy, namely the confidentiality and security of the personal data of its customers and employees, ensuring a high level of protection from theft and loss of data.

The Bank has implemented the company processes and its IT systems to ensure compliance with European Regulation 2016/679 - GDPR - applicable from 25 May 2018, and to this end established the Privacy and Data Protection Office and appointed a Data Protection Officer (DPO) for the BPER Group. The DPO has been systematically committed to activities and controls on data protection and IT, pursuant to Art. 39.1(a)(b)(c) of the Regulation, providing opinions and proposing the priority of measures.

Furthermore, the Data Governance regulations indicate the roles of Data Security applied at Group level.

The adaptation involved all Group companies and resulted in assessment of the risks of protecting data and the fundamental freedoms of interested parties, management of an electronic register of processing activities, strengthening of security measures, management of requests to exercise individual rights, training of personnel, and management of contracts for the processing of personal data for a proper description of the responsibilities. Furthermore, in general, with respect to the scope of dealings with third parties, in accordance with the principle of privacy by design, the office and the DPO were involved in the design application, outsourcing of functions and systems, approval of the new commercial offer and governance of the internet sites (disclosures and cookies).

Today, all business lines are governed by an internal security regulation that also oversees the relationships with the various companies of the banking group.

A specific Data Protection Policy is in place to satisfy the directives of the Privacy regulations, and audits are conducted each year by external companies to verify the general security status.

With regard to data management, the Identity and Access Management platforms govern the management of roles and privileges associated with users of the IT System, and data access by employees is governed by the Group's provisioning process; the de-provisioning process ensures the cancellation of privileges when the conditions no longer exist.

Training segments on IT security and privacy issues are periodically published on the company intranet in order to raise the level of awareness and knowledge of internal users on these topics. Specific training segments on IT security and privacy issues are also available on the internal training platform.

Simultaneously, during 2019, the Group held training courses on privacy for 8,089 attendees, for a total of 5,425 training hours, confirming the Group's high level of attention to these issues.

In 2019, the BPER Group received 6 complaints regarding violation of customer privacy.





**5. Development
of a green and
ethical portfolio**



5.1 Adequate and responsible offer

Integrity and sustainability are fundamental values for the BPER Group. They have always represented the principles on which all members of the organisation base their conduct, in the belief that we can only generate value for the Group, for its shareholders and, in general, for all stakeholders by pursuing excellence in Customer service and attention to the territory. In line with this vision, ethics and sustainability are true drivers of success and reliability over the short, medium and long term.

For development of our portfolio of ethical products, with social impacts or for reduction of environmental impacts, the Group uses the same procedures identified for the realisation of traditional products.

An important role in the definition and approval of a product in the portfolio is played by “Product Approval”, through which emerging risks and related control procedures can be identified, consistency with customer requirements can be assessed and transparency and fairness in product marketing can be ensured. Definition of the product portfolio must also take into consideration the guidelines and principles endorsed in the Code of Ethics.

The BPER Group’s commercial offering is regulated by the Group Regulations on the process for development and approval of the commercial offer which refer to external and internal regulatory sources.

The objectives of the process of development and approval of the commercial offer are:

- to ensure the improvement and timely development of the commercial offer in compliance with customer needs, consistently with the company’s strategy and objectives
- to ensure correct mapping, assessment and management of risks deriving from the new operations, in line with BPER Banca’s risk propensity
- to define the customer segments to which the new products and services are to be distributed, in relation to their complexity and any existing regulatory restrictions
- to assess the products structure, with regard to how customers understand their characteristics and the risks involved, especially for complex forms of remuneration and reimbursement
- to ensure transparency and fairness in the marketing phase
- to ensure full compliance of the commercial offer development and approval process, through respect of the various phases envisaged and involvement of the various corporate functions.

The process described is activated in cases of product introduction/modification, entry into new markets or business sectors, as well as in the case of agreements, agreement models, commercial partnerships or participation in self-regulation initiatives concerning the offering of products, services or other initiatives to develop or improve the commercial offer to customers. The activation of the

process always requires the analysis of customer needs as a systematic activity or in response to requests received through the branches.

In accordance with the regulations in effect and with the guidelines of the Supervisory Authorities, the governance system for the commercial offering of the BPER Group is based on the necessity to establish and maintain effective monitoring measures, in order to:

- ensure consistency among the interests, objectives and characteristics of customers
- direct the offer towards the customer target for which it was created and adjusted in terms of characteristics, costs, risks and financial capacity
- address the commercial offer to the appropriate distribution channels
- monitor and maintain consistency over time between the commercial offer and the customer target.

The quality of the commercial offer is also monitored post-sale, by listening to customers and analysing complaints and inefficiencies, to verify:

- consistency between customer target identified during the design of the product and the target actually achieved
- appreciation by customers or the presence of defects.

Lawfulness rating

Lawfulness is the starting point for any strategy of Social Responsibility.

The Group banks have adapted to Ministerial Decree no. 57/2014 (Lawfulness rating for companies), which indicates the obligations that credit institutes must respect and the special conditions that must be offered to companies possessing the Lawfulness Rating. Thanks to this regulatory provision, the law recognises and rewards responsible enterprises, which, by acting lawfully, demonstrate their long-term intention to operate in the market, rather than basing their operations on short-term speculation.

In 2019, the Group banks recorded 1,498 requests for financing by counterparties with lawfulness rating. The lawfulness rating did not provide benefits in eight cases only, where the creditworthiness assessment of the counterparty judged as inadequate prevailed. All of the approved requests benefited from improved economic conditions and, in 994 cases, of a reduction in decision times as well.

5.2 Ethical products and services²⁵

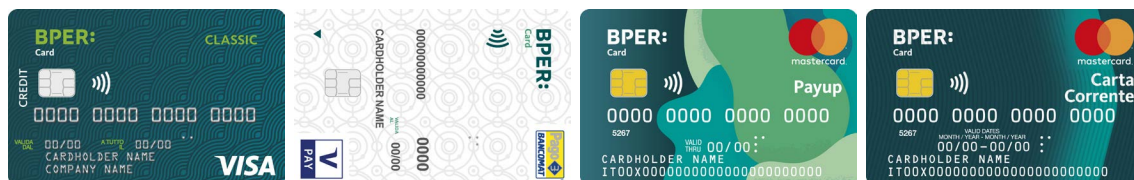
The Group's attention is focused on the development of products which, in addition to allowing true accessibility with a view to financial inclusion, also have a strongly innovative nature.

There are a number of products with significant social impacts. For the economically disadvantaged, 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.

Added to these products are initiatives to facilitate access to credit, particularly for the purchase of properties belonging to the non-luxury category, through fixed-rate mortgage loans and residential leases.

Moreover, thanks to the multi-channel orientation, the Group banks offer visually impaired customers specific tools to carry out financial transactions, bank transfers, mobile phone top-ups, etc. online. In fact, MSITE (the internet banking application for access by mobile devices) provides specific software (so-called screen readers) that "reads" what appears on the monitor or display and describes it through a vocal summary. To allow these customers to be as independent as possible, there is now also an option to see the web pages in a larger format, as well as new functions linked to password management.

Starting from June 2019, the BPER Group was the first banking group in Italy to issue payment cards that included braille characters. Specifically, it launched the gradual issue of the new cards, in the various forms of credit cards (marked by letter "C"), debit cards (marked by letter "D") and prepaid cards (marked by letter "P"). Moreover, to demonstrate BPER Banca's growing commitment towards financial inclusion, procedures were launched for participation in the Protocol signed by ABI, the National Council of Notaries (CNN - Consiglio Nazionale del Notariato) and the Italian Union of the Blind and Visually Impaired (UICI - Unione Italiana dei Ciechi e degli Ipvovedenti) on accessibility, with the objective of identifying solutions to simplify the methods to access and use documentation, particularly for the pre-contractual phase of the mortgage agreement. The initiative is in line with the provisions of the European Commission Directive proposal regarding the "European Accessibility Act" which defines - for certain fundamental products and services, including banking services, ATMs, web sites, applications for mobile devices used for the banking services - common accessibility requirements.



²⁵ Identification of the products and services with social and/or environmental purposes carried out by the BPER Group took into consideration the definition included within the guidelines of the GRI G4 Financial Services Sector Disclosures defined by the Global Reporting Initiative in 2013.

WELCOME TO THE BANK

BPER Banca has adopted the ABI project “Benvenuto in banca” (Welcome to the bank): an admirable initiative focused on social inclusion. In fact, ABI has drawn up a simplified guide, available in ten languages, on the main banking products and services aimed at the weaker segments and at immigrants. The Transparency section of the Group banks’ web sites contains the versions translated into the most widespread languages.

The significant increase in options available to customers, along with the growing complexity of financial instruments, have highlighted and underlined the importance of a financial expertise plan.

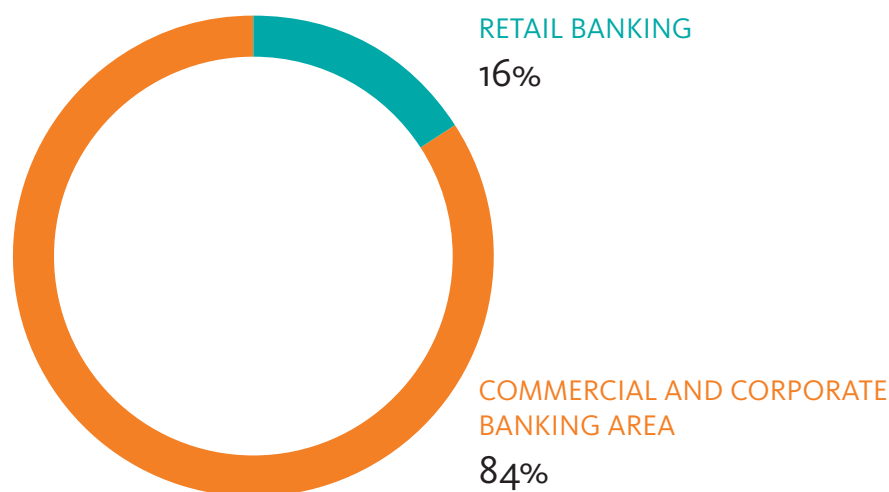
5.2.1 Products and services with social purposes

Products and services with social purposes²⁶

| | Unit of measure | 31.12.2019 | |
|---------------------------------------|----------------------------|--------------------|-----|
| | | Total | % |
| Retail banking | no. transactions | 828 | |
| | Disbursed value (€) | 49,549,800 | 16% |
| Commercial and corporate banking area | no. transactions | 1,642 | |
| | Disbursed value (€) | 268,128,000 | 84% |
| Total | Disbursed value (€) | 317,677,800 | |



²⁶ Note that in 2019, the BPER Group identified a single definition for all Group companies of “ethical product with social purposes”, which took into consideration the definition in the guidelines of the GRI G4 Financial Services Sector Disclosures, defined by the Global Reporting Initiative in 2013. In 2019, ethical products with social purposes for the Retail Banking area and Commercial and Corporate banking area respectively accounted for 0.3% and 0.9% of the Group’s total Retail Banking and Commercial and Corporate banking area products.



The bank's territorial vocation also means financial inclusion support and programmes aimed at parties not fully integrated into the economic and productive fabric, or those who, for various reasons, have been marginalised: mainly youth and the elderly. For these categories, financial, credit and savings services have been designed and implemented, aimed at economic strengthening.

Microcredit

Microcredit is the financial instrument that meets the requirements of financial inclusion for those with difficulty in accessing traditional credit. With a view to financial inclusion, the Group Banks have stipulated an important agreement with Ente Nazionale per il Microcredito to provide interested customers (guaranteed by the Central Guarantee Fund for SMEs) with the auxiliary services required by law. In this type of financing, credit institutions disbursing the Microcredit are required by the current legislation to provide, when analysing the application and during the repayment period, at least two auxiliary assistance and monitoring services to the borrower, which must be compulsorily selected by the applicant.

The agreement entered into with the National Agency for Microcredit (ENM) guarantees management and correct delivery of the following auxiliary services:

- support in defining the development strategy of the financed project and in analysing solutions to improve performance of the activity
- training in business administration techniques, in terms of accounting, financial and personnel management
- training on the use of the most advanced technologies to increase business productivity
- support in defining price and sales strategies, through market studies
- help to resolve legal, fiscal and administrative issues, and information on the relevant services available on the market
- support for the identification and diagnosis of any critical aspects of implementation of the financed project.

The BPER Group has provided a credit line of Euro 75 million to promote the activity.

A "Referral and collaboration agreement" was also signed with PerMicro S.p.A., the only professional operator in Italy dedicated to Microcredit: if a customer of the BPER Group requests access to Microcredit, the branch puts them in contact with the nearest PerMicro office, which assesses the applicant's creditworthiness.

There are several initiatives to support Microcredit activated in collaboration with associations and religious bodies.

The Microcredit target comprises micro-enterprises and freelancers with VAT number, and the purpose for the loan is the purchase of goods and services related to the business, training costs and remuneration of new employees or partners.

Microcredito Imprese loans disbursed by BPER Banca, Banco di Sardegna, Cassa di Risparmio di Bra, Cassa di Risparmio di Saluzzo - ENM²⁷

| | No. of transactions 2017 | Amounts disbursed 2017 | No. of transactions 2018 | Amounts disbursed 2018 | No. of transactions 2019 | Amounts disbursed 2019 |
|-------------------------------|--------------------------|------------------------|--------------------------|------------------------|--------------------------|------------------------|
| BPER Banca | 70 | € 1,078,830 | 329 | € 7,672,326 | 428 | € 9,866,000 |
| Banco di Sardegna | 17 | € 164,000 | 163 | € 3,881,103 | 291 | € 7,228,000 |
| Cassa di Risparmio di Bra | - | - | 2 | € 40,000 | 1 | € 25,000 |
| Cassa di Risparmio di Saluzzo | - | - | - | - | 9 | € 2,872,000 |
| Total overall | 87 | € 1,242,830 | 494 | € 11,593,429 | 729 | € 19,991,000 |

Loans to companies

To establish a local foothold, the bank also cooperates with local, national and EU institutions and bodies, including trade associations and their credit guarantee consortia (Confidi), the Guarantee Fund for SMEs and the European Bank for Investments. These partnerships permit the Group's banks to offer companies specific solutions to facilitate their financial inclusion and economic strengthening.

Fin PMI

Guaranteed by the Guarantee Fund for small and medium-sized enterprises, it is a loan that meets various business needs, such as the purchase of land and buildings and liquidity needs, but also and above all the purchase of licences and patents to facilitate the firm's development. The Fund envisages, among other things, priority intervention for:

- less-favoured areas or areas affected by earthquakes
- companies with predominantly female ownership
- innovative start-ups.

The use and dissemination of these forms of financing allow an efficient allocation of financial resources throughout the territory, promoting economic development and business initiatives, thanks to modularity of the guarantee percentages, which are higher in disadvantaged and underdeveloped areas and in areas affected by earthquakes, improving and promoting access to credit for SMEs and, at the same time, promoting innovation and employment.

Innovfin

It is a loan 50% guaranteed by the European Investment Fund and it is addressed to small and medium enterprises, characterised by a high level of innovation or significant investment in research and development; the loan covers 100% of the project cost.

Mortgage with EIB funds

This is a medium and long-term loan in support of investment programmes of small and medium-sized enterprises and Midcaps engaged in industrial and service sectors and in agro-industry. The loan can cover 100% of the project cost.

Fin Sabatini

Defined by the agreement between ABI-Ministry of Economic Development and Cassa Depositi e Prestiti S.p.A. for the implementation of the "Beni Strumentali Decree" (Decree Law 69/2013), it is a loan for small and medium-sized enterprises to support the purchase of new machinery, plants and equipment, hardware, software and digital technologies.

²⁷ The 2017 and 2018 figures include the following companies: BPER Banca, Banco di Sardegna and Cassa di Risparmio di Bra. Starting from 2019, the figures also include Cassa di Risparmio di Saluzzo.

Finprogex

This loan is intended as a stimulus for company growth in foreign markets. It is issued with the SACE guarantee, dedicated to the internationalisation and foreign investments of companies.

Fin Short Term

A short-term unsecured loan with the SACE guarantee, dedicated to companies that are seeking to internationalise and enter into new markets.

Corporate - professional loan - “Fin job”

Loan aimed at supporting and facilitating companies which, as part of their development plans and taking advantage of the regulatory changes of the “Poletti Decree”, have planned to hire new employees.

Special Credit

This is a 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%.

Fin PMI Female Entrepreneurship

It is an unsecured loan backed by direct Guarantee by the Guarantee Fund for small and medium-sized enterprises, to facilitate access to financial resources by SMEs with a predominantly female component.

WELFARE SOLUTION

The agreement signed between BPER Banca, Willis Towers Watson and SiSalute provides corporate customers with a platform of advanced welfare services for employees of small and medium-sized enterprises. The platform, customisable, easy to use and available from PCs, tablets and smartphones, offers employees a tool to independently convert company bonuses. A team of BPER Banca professionals, specialised in commercial and tax issues, supported by the experts of Willis Towers Watson and SiSalute for their respective competences, ensures comprehensive and valuable consultancy for companies interested in the platform. The project contributes to growth of the region’s social and economic fabric, leading to innovation, increased business productivity and a real financial advantage for its employees.

Current accounts

Basic Account

The characteristics of the account were defined by the Agreement between the Minister of the Economy and Finance, Bank of Italy, the Italian Banking Association (ABI), Poste Italiane and the Italian Association of Payment and Electronic Money Institutes.

It is reserved for new customers without bank accounts or with limited operational requirements. Specifically, it is intended for consumer customers residing in Italy or in the European Union, without discrimination and regardless of their place of residence (also including consumers without a fixed address and asylum seekers); it meets the purpose of financial inclusion with limited operation and has a simple, transparent and easily comparable cost structure.

The bank has the right to make the appropriate banking checks on the potential client in accordance with the regulatory provisions in effect.

The offer is broken down into the following solutions:

- Basic Account, designated for all consumers legally residing in the European Union
- Basic Account - ISEE < Euro 11,600, designated for consumers legally residing in the European Union and with a valid ISEE of less than Euro 11,600
- Seniors' Basic Account up to Euro 18,000 annual gross, designated for consumers legally residing in the European Union and receiving a pension equal to a gross annual amount equal to or less than Euro 18,000.

Third Sector Current Account "Non Onlus" (For profit)

Dedicated to non-consumer customers belonging to the third sector: volunteer associations, social cooperatives, volunteer civil protection associations, social promotion associations, amateur sports associations, consumer and user associations, mutual aid companies, non-governmental organisations and social enterprises.

In general, it is dedicated to third sector organisations or institutions that carry out activities of general interest that are not related to an economic value or for which the economic result is only a consequence of their activities, not an aim.

Third Sector Current Account "Onlus" (Non-profit)

It is solely dedicated to non-profit organisations. It has the same conditions as the Third Sector Account dedicated to for-profit organisations but is exempt from payment of the stamp duty.

Specific products have been created for minors and youth

Account for 13-17 year-olds

Account for teens accompanied by a prepaid card - BPER CARD PAY UP TEEN - that can be topped up and is nominal for customers under 18.

GRANDE! Savings account

For children under 12 years, a welcome kit with a card is envisaged, with special conditions for entry into theme parks.

GRANDE! Personal loan

It is a low-interest loan for requirements linked to minors, made out to one or both parents. It finances expenses related to the minor (education, medical costs, purchase of furniture or items linked to the care of the child/newborn).

GRANDE! Vita

Products of the GRANDE! Vita line were created with the objective of offering a concrete savings opportunity to those families who would like to set aside small-large amounts of money for their children.

The amounts invested are designated for the minor, who may use them upon reaching adult age, to finance their studies and passions.

The amount may be set aside in a lump sum or with regular deposits, thereby enabling everyone to stipulate investment policies.

Products of the GRANDE! line are consistent with the project of the same name. In fact, they were designed to develop and sustain a saving culture, a value that BPER Banca would like to pass on to small investors, promoting responsibility in the decisions of minors as well.

Auto insurance policy with black box

Arca Motor Box is the technological device that enriches the “Tutto Tondo” auto insurance policy by Arca Assicurazioni. With Arca Motor Box, based on the kit selected, the customer has many services at their disposal: they can count on 24-hour assistance, they can find their car more easily in case of theft, they can defend themselves from attempted fraud or sanction and they can take advantage of value added services (innovative online services supporting customers and providing savings on the cost of the service). The objective is to offer the customer more protection, safety and assistance at the wheel. Thanks to continuous transmission of data to an operations centre, the possibility of guaranteeing perfect geolocalisation, the detection of stresses on the vehicle and its internal memory for data processing, Arca Motor Box makes it possible to objectively reconstruct the dynamics of an accident.

Senza Barriere Loan

It is a low-interest loan dedicated to disabled customers in order to finance requirements linked to their disability. In accordance with said objectives, the loan may also be disbursed to family members of the individual in question. The loan is complementary to what is already covered free of charge by the National Health Service (wheelchairs, prostheses and anything else that may fall within the health area) or recognised by any Regional Laws.

For example, the loan finances technical aids for mobility (crutches, lifts, stabilisers, etc.), aids for everyday life (special tools for the home, specific equipment for hobbies and sports, etc.), personal care items, computer aids (voice recognition, ad hoc keyboards, educational software, etc.), aids for environmental accessibility (installation of a home automation system, sensors, automatic sliding doors, etc.) and communication devices (alphabetical, symbolic, etc.).

Salary-backed loans

The BPER Group has subscribed to the Memorandum of Understanding signed between Assofin and Consumer Associations, to promote good practices in granting salary-backed loans/assignment of pension and payment authorisations. The Memorandum was defined with the objective of encouraging greater transparency in customer relations to increase consumer protection and prevent over-indebtedness. The Protocol provides for certain activities to be carried out in the assessment of customer credit risk and reliability, aimed at preventing and avoiding over-indebtedness by guaranteeing the disbursement of loans only if the customer's financial sustainability conditions are met. To ensure that customers fully understand the terms of the loan, the Memorandum provides for setting out separately in the price 3 items at most: application processing costs, including tax costs, corresponding to the costs actually incurred in processing the application, network brokerage commissions, charged to the customer, and annual nominal rate.

Resto al Sud

It is a government project that envisages incentives to support the creation of new businesses by young people in the Southern regions.

The special conditions are aimed at young people of between 18 and 35 years of age who:

- are residents within the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia or Sicily at the time of submission of the loan application
- transfer their residency into the above regions after notification of positive outcome
- do not have permanent employment for the entire duration of the loan
- do not already operate a business.

In the case of freelancers, they must not have held a VAT number in the 12 months prior to submission of the application, for an activity analogous to the one for which they are requesting special conditions.

Applications may be submitted by companies, including cooperatives, sole proprietorships established subsequently to 21 June 2017, or teams of individuals established within 60 days (or 120 days if resident abroad) after the notification of positive outcome.

The objective of Resto al Sud is to launch entrepreneurial initiatives for:

- production of goods in the industrial, artisanal, agricultural, fishing and aquaculture sectors
- provision of services to companies and people
- tourism.

The investment will be covered by a capital contribution of 35% and a subsidised loan for the remaining 65%, with repayment at a fixed rate over eight years, of which two years of pre-amortisation.

The loan, granted by the affiliated banks, has an eligible Mediocredito Centrale guarantee of 80%, free of charge and automatic. Given the substantial amount in question (Euro 1.25 billion), the tender is expected to remain open for at least four years.

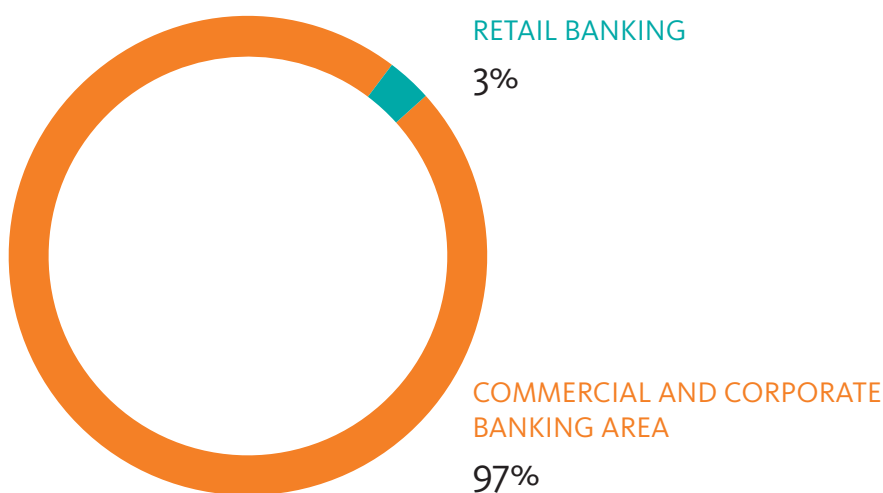
5.2.2 Products and services for environmental purposes

As part of their efforts towards the reduction of the environmental footprint, the Group banks offer a series of specific financing products for investments by households and companies in the use of renewable energy and energy savings.



Products and services for environmental purposes²⁸

| | Unit of measure | 31.12.2019 | |
|---------------------------------------|----------------------------|-------------------|-----|
| | | Total | % |
| Retail banking | no. transactions | 61 | |
| | Disbursed value (€) | 1,508,000 | 3% |
| Commercial and corporate banking area | no. transactions | 114 | |
| | Disbursed value (€) | 52,966,000 | 97% |
| Total | Disbursed value (€) | 54,474,000 | |



Project Finance

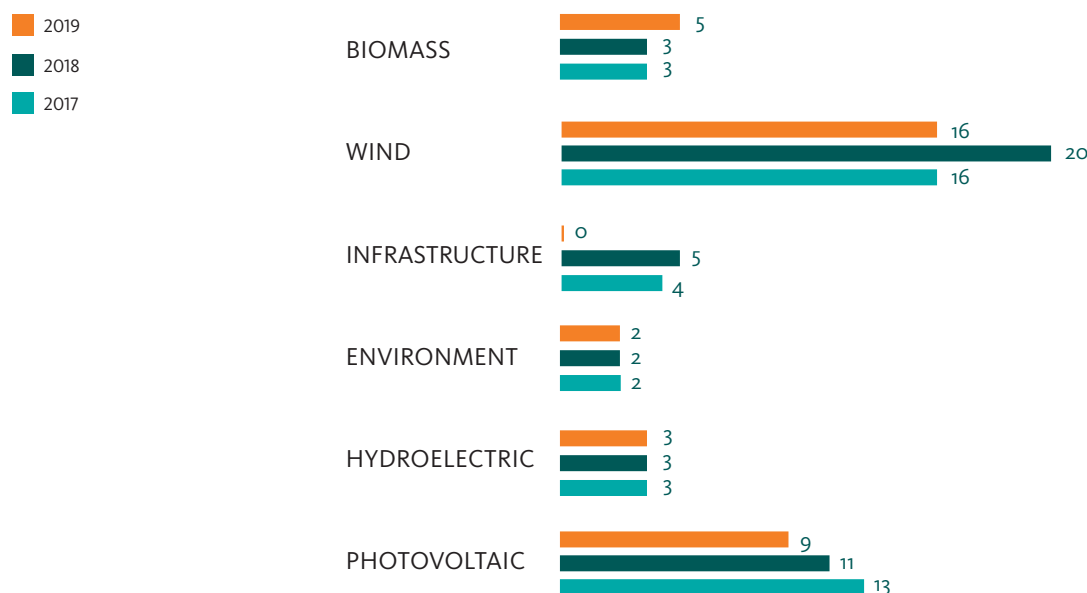
Project finance is part of the ethical products with environmental purposes and refers to the financing of projects aimed at the realisation of systems for the production of energy from renewable sources (wind, photovoltaic, hydroelectric, biomass, etc.) or for infrastructural initiatives under concession (ports, hospitals, parking lots, various infrastructures, gas distribution systems, etc.).

The distinctive element of project finance is the valuation of the project, with its contractual structure, and not the economic-financial reliability and package of guarantees backing the loan.

As at 31/12/2019, the BPER Group had a project finance portfolio with a residual debt of approximately Euro 278 million, including 35 transactions in the renewable energy sector as well as in the infrastructure and networks sector. The so-called project finance Security Package includes all the guarantees specifically linked to the project and including: pledge on shares/units of the project company, mortgage/special lien on the company's real estate and movable assets, pledge/assignment as collateral on loans deriving from commercial contracts and insurance (i.e. energy sales; receivables from the Grantor), pledge/assignment as security for the company's bank accounts, contribution agreement with the Shareholder, direct agreements.

²⁸ Note that in 2019, the BPER Group identified a single definition for all Group companies of "ethical product with environmental purposes", which took into consideration the definition in the guidelines of the GRI G4 Financial Services Sector Disclosures, defined by the Global Reporting Initiative in 2013. In 2019, ethical products with environmental purposes for the Retail Banking area and Commercial and Corporate banking area respectively accounted for 0.01% and 0.2% of the Group's total Retail Banking and Commercial and Corporate banking area products.

Number of existing project financing contracts



| | |
|---------------------------------------|-----------|
| NUMBER OF TRANSACTIONS AS AT 31/12/19 | 35 |
| RESIDUAL DEBT AS AT 31/12/19 | 278 MLN € |
| AMOUNT DISBURSED IN 2019 | 28 MLN € |

BPER LIFE4ENERGY

On 22 December 2016, BPER Banca was selected as pilot bank for a project finance instrument - Private Finance For Energy Efficiency (PF4EE), supported by the European Union as part of the LIFE Programme - defined as part of a common agreement between the European Investment Bank and the European Commission and which BPER was able to use for the subsequent 24 months on an exclusive basis. The agreement was signed at the end of a long due diligence with BPER Banca, Banco di Sardegna and Cassa di Risparmio di Bra, and envisages the establishment of a portfolio of loans up to Euro 50 million, dedicated to small, medium and large-sized companies.

The PF4EE instrument comprises:

- a mechanism to share the risk with the EIB, characterised by hedging of the initial losses of the portfolio
- a long-term loan at competitive conditions
- technical support by a specialised company, selected directly by the EIB to inform and direct companies on said investment opportunity, from the selection of projects to promotion for local entities, training of personnel, development of ad hoc products, etc.

Through the PF4EE instrument, the European Commission intends to provide incentives for investment in energy efficiency projects, facilitating access to sources of dedicated financing, thanks to information initiatives aimed at European financial institutions and to the increase in resources at the disposal of the system, in order to encourage investment.

Within said project, BPER Banca envisages, for the companies involved, the disbursement of specialised consulting services on the main public facilities available within the region and support in conducting energy diagnoses and in the identification of possible solutions, thanks to the involvement of selected partners.

There are several areas eligible for funding:

- works on buildings (insulation, windows, heating/cooling, lighting, etc.)
- initiatives related to production facilities
- district heating/cooling systems
- public lighting infrastructure
- high efficiency heat and electricity cogeneration plants.

For commercial purposes the project has been renamed BPER LIFE4ENERGY. Thanks to this initiative, BPER Banca earned the ABI 2018 Innovation Award for Green Finance. The Award is intended for banks active in the introduction of environmental variables into credit policies and investment strategies and is a recognition to the BPER Group for its growing focus on innovation and on the development of business solutions that combine economic growth with environmental sustainability. These are financing operations, also in pools with other banks, aimed at providing beneficiary companies with the necessary resources to cover the project costs and VAT requirements generated during the construction period of plants for the production of electricity from renewable sources (wind, photovoltaic, hydroelectric, biomass, etc.). In order to benefit from the credit, companies must hold all the authorisations and permits necessary for construction and management of the plant, as well as benefit from an incentive rate provided by the GSE (National Energy Services Manager), which differs in terms of type of renewable source and size of the plant, and whose duration is longer than that of the loan. As far as the "infrastructure" is concerned, however, it is a question of financing the construction costs of public works, including hospitals and car parks. The structure of these activities envisages a public grantor who provides a public contribution for realisation of the work, to which the private contribution financed by the banks is added.

Fin Helios Corporate banking

Financing dedicated to the installation of photovoltaic 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

Unsecured low-interest loan designated for companies of the Emilia-Romagna Region, with mixed funding, 70% from public resources (Por Fesr 2014-2020) and the remaining 30% from funds provided by the banks that have agreements in place with UNIFIDI. The investments must be aimed at promoting energy efficiency and developing the use of renewable energy in companies within the Emilia Romagna region.

Title VI Loan - Aid for the protection of the environment, POR Puglia 2020

BPER Banca has an agreement in place with the Puglia Region to operate as Lending Party under Title VI. These are loans aimed at financing investment projects to achieve primary energy savings of at least 10% of the energy used by company headquarters, which is where the investments must be made. The projects must regard: energy efficiency, high-yield cogeneration, production of energy from renewable sources.

Fin Energy

The BPER Banca loan dedicated to companies that want to invest in the installation of systems for the production of electricity from alternative sources, in particular Biogas, Biomass, Wind, Hydroelectric and Co-Trigeneration, with the exception of photovoltaic systems.

Fin Energy provides a loan that varies from Euro 500,000 to 5 million, with the possibility to finance up to 80% of the cost sustained (excluding VAT).

The term of the loan goes from a minimum of 36 months to a maximum of 144 months for the unsecured mortgage and 180 for the secured mortgage.

Fin Energy may be requested by companies of any legal form in the following sectors: agriculture, industry, services, trade and tourism.

Green Loans and loans for environmental purposes

Green Loans are aimed at accelerating the transition of financed companies towards greater environmental sustainability of their business model, linking it to predefined objectives (e.g. reduction of CO₂ emissions, etc.).

In 2019, the Group participated in the pool financing with other Italian and international banks of the largest "green" loan ever granted in Italy and for the transport sector worldwide, aimed at the construction of trains that allow significant CO₂ reduction and whose production materials are 98% recyclable.

In addition, in 2019, the Group made an initial disbursement of Euro 5.2 million out of a total amount of Euro 17 million, for an environmental loan for the construction of a tugboat to transport and distribute Liquefied Natural Gas (LNG) to be used as fuel for ships in the Northern Adriatic area.

The project, co-financed by the EU, promotes the use of LNG as a clean fuel for ships, reducing sulphur oxide emissions to zero (in line with the new regulations issued by the International Maritime Organization in effect since 2020) and strongly reducing the impact of other pollutants.

Prestito Valore Casa

The loan designed to make your home ecological and sustainable. It supports interventions regarding:

- refurbishment and energy redevelopment
- installation of photovoltaic systems for electricity designated for self-consumption or sale
- design, purchase and operation of plants for the production of energy from alternative sources and/or for energy savings
- anti-seismic adaptation and safety measures on buildings situated in high-risk areas.

It is ideal for those who wish to install solar panels or carry out refurbishment works to improve energy savings. Its objective is to improve the energy efficiency of one's home, making it both ecological and sustainable. It is reserved for natural persons who want to make their home more sustainable, carrying out refurbishments for energy efficiency.

Home insurance policy with earthquake guarantee

The bank offers, within the residential insurance product referred to as "RiparaCasa New", the Earthquake guarantee, which may be applied to the entire building and its contents.

GREEN MORTGAGES AND PERSONAL LOANS, LAUNCH OF THE EUROPEAN PROJECT TO FINANCE ENERGY SAVINGS

The project, financed with the European Funds of Horizon 2020, is promoted by an international consortium consisting of the European Mortgage Federation - Covered Bond Council (EMF-ECBC), the Royal Institute of Chartered Surveyors (RICS), E.ON, Ca' Foscari University of Venice and Goethe University of Frankfurt. A programme involving dozens of stakeholders and banks, including Italy entities or entities operating in Italy (ABI, Enea, Crif, Green building council, Rics, Mps, Bpm, BPER Banca, Crédit Agricole, Société Générale, Volksbank, Friulovest Banca, Unicredit), in addition to numerous public institutions and companies specialised in the energy sector and Real Estate. The objective is to create a standardised “green mortgage” that encourages private individuals to carry out energy efficiency works on owned properties or to purchase properties with already high efficiency performance. The incentive must be linked to preferential economic conditions. The initiative is based on the assumption that energy efficiency may have a risk-mitigating effect for the bank, linked to the increase in value of the property. BPER Banca was selected to participate in the initiative promoted by ABI, EIB and Unicredit due to its specific sector expertise, its collaboration in technical panels of ABI on renewable energy and real estate and, above all, as pilot bank for Italy, selected by the European Commission and by the EIB (European Investment Bank) for the LIFE4ENERGY loan product.

Farm loans

Confirming its vocation as bank with strong ties to the territory and its strong sensibility to the issues of respect for the environment, low-interest short/medium/long-term farm loans were proposed again in 2019. The primary sector has demanded a considerable commitment from banks, due to the emergence of natural disasters and phytopathologies that have severely compromised profits. In close cooperation with the local authorities and the European community, we have therefore arranged for the activation of credit lines to meet the chronic need for working capital, in addition to campaigns aimed at organic farming. The beneficiaries remain the same: individual or associated farmers and agri-food companies.

5.3 ESG investments

What does investing responsibly mean? It means respecting the environment and human rights, investing in the real economy and rewarding companies and countries that adopt virtuous practices (without renouncing opportunities for returns, in the medium to long term).

Companies that have excellent forms of governance and are sensitive to environmental and social issues have a long-term vision and minimise risks, factors that directly affect performance of the business and, therefore, the relative securities issued. The Group holds a proprietary ethical portfolio as at 31/12/2019 of € 278,894,397, equal to 1.47% (+45% against 2018) of the total portfolio invested (considering Green Bonds, equity investments weighted for the ESG rating assigned to them by Bloomberg, Equity funds of Etica Sgr and the investments in Etica Sgr and Banca Etica).

As evidence of its commitment to ethical investments, the Group's objective is to increase SRI by an additional 20% within 2021. In 2019, the Financial Advisory Desk of the Wealth & Investment Management Department began an education process for the sales networks on sustainable finance issues: in particular, three “Advisory Tips” were drafted, in order to provide suggestions and “consulting analysis” aimed at increasing the quality of service provided to customers.

The editorials were created to provide ongoing education on issues of sustainability in investments, starting from their introduction, definition and history (Advisory Tip no. 1 of 13/11/2019), then addressing specific issues linked to the UN's Sustainable Development Goals (17 Goals - SDGs) (Advisory Tip no. 2 of 27/11/2019).

In the editorial of 18 November 2019, surveys of interest to investors were presented on the topic, with discussions on the false beliefs in this area. The process of “product due diligence” drawn up by the Financial Advisory Desk was also described, which aims to define an expansion of the lists of available products within early 2020.

FONDO SÌ

BPER Banca has joined Fondo SÌ Social Impact promoted and managed by Sefea Impact S.p.A., asset management company based in Padua.

The fund invests in SMEs which, as part of their business activities, are able to generate social, environmental and cultural impacts.

The Bank participated in the initiative by subscribing a total of Euro 2 million (of which Euro 1 million subject to achievement of a defined volume target by the fund).

The offer of ESG investments

In December 2019, the Group had approximately 40 funds and SICAVs under placement which were identified as having ESG characteristics, through a process of internal qualitative-quantitative selection.

In particular, in designing the characteristics of said products, the attention focused on respect of four key criteria adopted by operators:

- exclusion: approach used to avoid securities/sectors deemed not appropriate for ESG principles (arms, tobacco, etc.)
- integration of ESG factors: approach aimed at improving the risk/return ratio of the portfolio through the integration of ESG considerations and indicators alongside traditional financial analyses
- “BEST IN CLASS” investments: approach aimed at selecting the best securities of the sector/category based on their attention to environmental, social and governance issues (and relative performance on the topic)
- thematic investments-impact themes: approach aimed at selecting companies with attention to specific productions or technologies focused on reducing impact (e.g. CO₂ emissions, use of land, impacts on biodiversity, chemical pollution, acidification of the oceans, etc.).

For a final selection of the investments, the Group integrates said quali/quantitative method (ESG approach) with a qualitative method that takes into account minimal risk/return indicators (financial quality).

Net collections for ESG products in 2019 amounted to Euro 365 million, while the stock of management in ESG segments as at 31/12/2019 was Euro 1,602 million.

ARCA SGR

During 2019, ARCA Fondi SGR adhered to the Principles for Responsible Investment of the United Nations (UN PRI), which aim to integrate environmental, social and governance (ESG) factors in investment decisions.

Established in 2006, the initiative is based on principles with which investors throughout the world may adhere on a voluntary basis. The commitment by ARCA Fondi SGR in the ESG world is not only aimed at satisfying the growing demands of investors who increasingly seek social responsible investments, but also focuses on gradually embracing all areas of the company's activities with regard to sustainability and improvement of social factors.

During 2020, Arca will launch investment solutions that favour issuers compatible with the sustainability criteria referred to by the Principles for Responsible Investment of the United Nations. In particular, solutions that facilitate gradual introduction in a balanced portfolio that pays special attention to ESG criteria and flexible solutions focused on environmental issues will be launched.

BANCA ETICA AND ETICA SGR

BPER Banca is a shareholder of Banca Etica and Etica Sgr (stake of 10.00%) and is the top placement agent of funds in the country. Banca Etica is currently the only Italian group entirely dedicated to ethical finance.

Banca Etica

Organisations in the Third Sector represent the main market for Banca Etica. Moreover, in the last few years, the Bank has strengthened its attention with regard to responsible profit, from the Benefit and B-CORP companies to innovative start-ups and to those organisations currently defined as “hybrid”.

In 2019, Banca Etica continued its commitment on crowdfunding.

Through its activities, Banca Etica confirms its focus on steering finance towards helping to tackle the most socially relevant issues today: employment, environment, legality and integration of migrants.

In 2019, Banca Etica reached the ceiling of Euro 50 million in loans covered by the EaSI guarantee (EIF) to support social economy initiatives, financing some 300 social enterprises active in social welfare, labour inclusion, culture and integration of migrants.

Etica SGR

Etica Sgr was founded in 2000 from an idea of Banca Etica, in the belief that by analysing issuers (companies and countries) from an environmental, social and governance (ESG) standpoint as well offers potential added value in terms of returns.

Etica Sgr establishes a constructive, patient and long-term dialogue with the companies in which the funds invest. It is an engagement activity of which Etica Sgr is pioneer in Italy, one of the most evolved sustainable and responsible investment strategies. Since 2018, attention has been focused on issues linked to Sustainable Development Goals (SDGs), such as climate change, fiscal transparency, remuneration policies, price of pharmaceuticals, food waste and IT security. Lastly, the ethical funds of Etica Sgr set the objective of creating medium/long-term return opportunities for investors, aimed at the real economy and rewarding companies and countries that adopt virtuous practices.

In 2019, Etica Sgr published the new edition of the Impact Report “Results of the environmental, social and governance impact of equity investments of the funds of Etica Sgr and dialogue with the subject companies of the investment”.

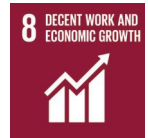




A man with a beard, wearing a dark blue sweater over a light blue collared shirt, is looking down at a folder he is holding. He is in an office environment with a printer, a telephone, and a computer monitor visible. The background is a dark blue wall. The text "6. Our employees" is overlaid in white, bold font, with a horizontal line underlining the word "employees".

6. Our employees

6.



The BPER Group puts people at the heart of its business project. Despite the changes that have affected the Group's organisation in recent years, constant attention has continued to be paid to human resources, especially with projects that enhance and develop professional and personal skills.

The Group promotes the continuous search for the best trade-off between contractual, technical, professional and personal aspects that are inherent in the relationship between the company and its employees. The Group's management style is deeply inspired by the wish to preserve the dignity and the psychological and physical safety of individuals, and to promote their fulfilment within the company (Group Guidelines for the Management of Human Resources).

Over the past years, stronger attention has been placed on the adequacy of staff, with a view to controlling management costs also by setting up contracts that allow for more flexible and timely responses.

Employees by contract type

| | 31.12.2017 | | 31.12.2018 | | 31.12.2019 | |
|------------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|
| | M | F | M | F | M | F |
| On temporary contract | 8 | 9 | 3 | 1 | 12 | 10 |
| On permanent contract | 6,552 | 5,070 | 6,517 | 5,084 | 7,683 | 6,084 |
| Apprenticeship | 19 | 28 | 17 | 26 | 26 | 23 |
| Total internal employees by gender | 6,579 | 5,107 | 6,537 | 5,111 | 7,721 | 6,117 |
| Part-time employees | 1% | 19% | 1% | 19% | 1% | 19% |
| Total internal employees | 11,686 | | 11,648 | | 13,838 | |
| Temporary workers | 97 | 156 | 128 | 185 | 72 | 128 |
| Self-employed workers | - | - | 2 | 1 | 4 | 1 |
| Internships | - | - | 3 | 5 | 11 | 4 |
| Total workforce by gender | 6,676 | 5,263 | 6,670 | 5,302 | 7,808 | 6,250 |
| Total workforce | 11,939 | | 11,972 | | 14,058 | |

In 2019, the BPER Group counted on a workforce of over 14 thousand people, 99.5% of which employed under permanent contracts and 9% under part-time contracts.

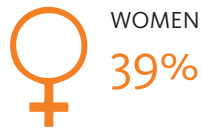
The Group is constantly evolving and this dynamic, apart from being organisational, is managerial as well: the attention to the adequacy of staff, necessary for proper management of the costs they generate, is also reflected in the use of contractual forms that ensure agile and flexible responses.

The recruitment of external resources was strongly focused on the need for specialised skills, while staff substitutions were limited.

According to the nature of the position to be covered and the related type of hiring, the following contractual options offered by current legislation were used:

- permanent contracts for the recruitment of candidates with specialist skills (with individual negotiation of the economic and entry conditions, with a view to safeguarding, as far as possible, the internal balance, including remunerative balance)
- professional apprenticeship contracts for junior type requirements
- in the remaining cases (temporary substitutions), temporary contracts were used, mainly temporary staff and, marginally, fixed-term contracts.

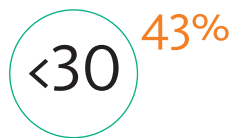
New hires by gender



| | 2017 | | 2018 | | 2019 | |
|---------------------------|------|-----|------|----|------|----|
| | M | F | M | F | M | F |
| New hires by age range | | | | | | |
| <30 | 43 | 49 | 32 | 30 | 47 | 34 |
| 30-50 | 39 | 44 | 44 | 35 | 59 | 39 |
| >50 | 3 | 1 | 2 | - | 8 | 1 |
| Terminations by age range | | | | | | |
| <30 | 6 | 6 | 7 | 2 | 6 | 5 |
| 30-50 | 38 | 18 | 49 | 30 | 51 | 35 |
| >50 | 421 | 180 | 66 | 27 | 179 | 70 |

In 2019, 188 new employees joined the BPER Group, rising by 31% compared to the previous year, 39% of which female and 61% male. A high percentage, approximately 43% of newly hired staff, belonged to the younger age groups (<30 years). The incoming turnover rate was 1.4%, while the outgoing turnover rate was 2.5%.

New hires by age



6.1 Mobility and change management

The growth of the BPER Group is strictly related to the professional development of individuals. Given the strong sector developments and the generational turnover that is underway, it is essential for the paths that are undertaken to take account of mobility, which is above all professional, but also geographical when necessary.

The key to the professional development of employees is 'employability'; for this reason, the Bank continues to invest heavily in training courses designed to develop this aspect.

Succession plans and "ordinary" business needs are the main drivers that guide Human Resource management when choosing the development paths of each single employee, naturally always inspired by compliance with the law.

In 2012, BPER set up a "Mobility Center" within the "human resources management and development" function to facilitate staff mobility. However, its focus for some time now has shifted from moving individuals, which is at times necessary, to moving activities. Proof of this is the testing of hub working (250 colleagues, soon to be extended to 1,000) and possible further development towards smart working.

The notice period to trade unions for organisational changes is 50 days for group reorganisations and 45 days for company reorganisations, pursuant to articles 21 and 17 of the National Collective Labour Agreement of 31/3/2015.

2019-2021 BUSINESS PLAN

The projects under the 2019-2021 Business Plan regard the following three main initiatives:

1. Strong involvement of personnel

- launch of initiatives for recognition and enhancement of diversity and inclusion of all personnel (i.e., gender, age, nationality)
- ongoing dialogue with personnel and maintenance of strong industrial relations
- evolution of company welfare
- introduction of an incentive system (LTI) linked to achievement of the objectives of the Plan.

2. Training and growth of staff

- ad hoc design of training and coaching initiatives
- particular attention to the development of digital and leadership skills
- definition of specific training programmes for development of key figures (e.g., Private and Corporate managers)
- enhancement of the skills of employees from Unipol Banca.

3. Flexibility programmes

- activation of flexible work models:
 - decentralisation of certain activities in territorial hubs (hub working)
 - development of smart working.

6.2 Enhancing the value of employees

6.2.1 Training and growth of employees

The BPER Group continues to pay great attention to training and continuing professional development. The training provided in 2019, designed in accordance with the strategic guidelines of the Business Plan, was intended to update the technical knowledge and develop the managerial skills of company employees involved in various professional roles, as well as to support the change projects that are transforming the Group. The over 100 training proposals available to each employee, which are integrated and consistent with the other human capital development tools, are periodically reviewed in accordance with developments in the jobs and roles held by people, as well as with changes in the external scenario.

The provision of the many training initiatives planned annually is guaranteed by qualified external trainers and by over two hundred internal teachers; these are experienced employees in specific areas who have been trained on classroom management techniques and who dedicate part of their time to teaching activities. In addition, for a number of years the Group has been using an e-Learning platform accessible by all employees, mainly to deliver specialised training and regulatory content.

The Training Office annually identifies staff education and training requirements, both in terms of technical knowledge and of behavioural and managerial skills. This analysis of training needs determines the structure and type of training courses, which are then published in the annual Course Catalogue and made available to all colleagues to choose and set their annual training programme, shared with the Head of the Organisational Unit to which they belong.

The Parent Company's Course Catalogue, upon publication on the intranet, is made available to the personnel departments of the other Group companies.

In addition, in the case of requests for specific training at external companies or entities, the Training Office assesses the request and issues the authorisation (or rejection) to participate.

The training of personnel and consequent management plays a decisive role in the prevention and adequate control of the risks of non-compliance, implemented through the dissemination of a corporate culture based on the principles of honesty, fairness and respect for the spirit and content of national and EU legislation. For these reasons, the Group has adopted the Group Regulation on training management, which governs the roles, responsibilities, duties and coordination mechanisms of the Parent Company and Group companies in the training area.

Total hours of training provided

| Category | 2017 | | | 2018 | | | 2019 | | |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | M | F | Total | M | F | Total | M | F | Total |
| Executives | 7,909 | 940 | 8,849 | 8,443 | 882 | 9,324 | 13,230 | 1,407 | 14,637 |
| Managers | 134,212 | 61,189 | 195,401 | 152,899 | 72,952 | 225,851 | 205,908 | 93,239 | 299,147 |
| Professional staff | 174,849 | 181,068 | 355,917 | 191,571 | 206,357 | 397,928 | 251,956 | 279,479 | 531,435 |
| Total | 316,971 | 243,197 | 560,168 | 352,913 | 280,190 | 633,103 | 471,094 | 374,125 | 845,219 |

In 2019, over 845 thousand hours of staff training were provided, an increase of 34% compared to 2018. The number of average hours per employee is 61.



TOTAL TRAINING HOURS

845,219

AVERAGE TRAINING HOURS PER EMPLOYEE

61

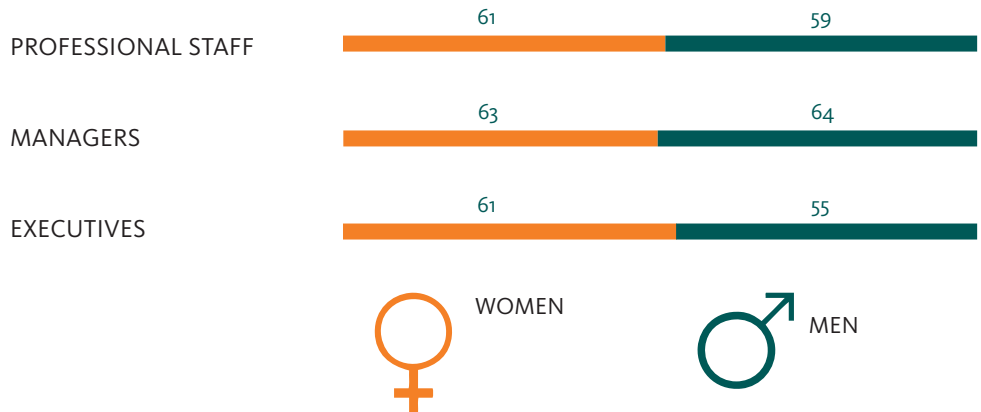
Average training hours provided

| Category | 2017 | 2018 | 2019 |
|--------------------|-----------|-----------|-----------|
| Executives | 39 | 42 | 55 |
| Managers | 53 | 60 | 64 |
| Professional staff | 46 | 52 | 60 |
| Total | 48 | 54 | 61 |

Training hours on OMM 231/01 and anti-corruption by professional category and gender

| Category | 2019 | | |
|--------------------|------------|------------|--------------|
| | M | F | Total |
| Executives | 45 | 2 | 47 |
| Managers | 375 | 254 | 629 |
| Professional staff | 461 | 562 | 1,023 |
| Total | 881 | 818 | 1,699 |

Average training hours provided by gender and category in 2019



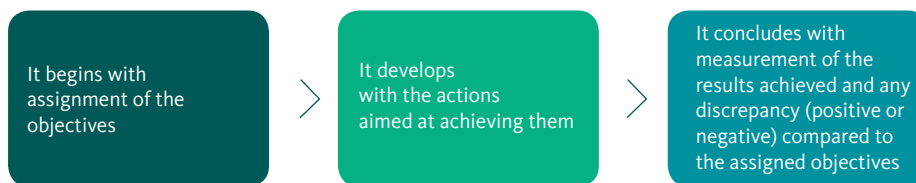
Training activities related to the merger of Unipol Banca's branches was an opportunity to bring processes, skills and behaviour into line with the Group's standards.

The distribution network was involved in continuous training initiatives designed to strengthen the skills necessary to adequately cover its role. Significant attention in 2019 was also paid to legislative and regulatory issues, such as privacy, market abuse, cyber security, anti-money laundering, the MiFID regulations, consumer equipment loans, transparency, Italian Legislative Decree no. 231/01 and the State-Regions Agreement regarding Law no. 81/06.

Moreover, to carry out the numerous training projects shared with the trade unions, the various Group companies, supported by the investee company CONFORM Consulenza Formazione e Management s.c.a.r.l., requested and obtained the loans provided by the sectoral interprofessional funds, Fondo Banche e Assicurazioni and FONDIR.

6.2.2 Assessment and development of skills

The performance management process takes place annually and consists of various phases:



The process involves an evaluator (generally the head of the department), an evaluated party (employee working in that department) and a supervisor (normally hierarchically superior to the evaluator). A number of meetings between the evaluator and the evaluated party are scheduled during the year: an initial one, to assign the objectives, an interim one, to verify performance, and a final one to measure the results. The meeting at the beginning of the year (year x+1) often coincides with the year-end interview (year x). Evaluation is a right recognised by contract to the worker: the pay in addition to the “contractual minimum” associated with the simple evaluation practice enables the Parent Company to turn the “evaluation moment” into a “valuation process”.

Performance management is accompanied by the evaluation of potential aimed at:

- coping with sudden vacant positions or organisational changes
- managing and retaining talent
- developing managerial effectiveness today
- developing the managerial skills that will be needed tomorrow
- planning career paths.

In the performance of management activities, constant attention is paid to the development of employee skills. The proper and balanced assignment of roles alone already gives people the opportunity to make the most of their background, but also to strengthen their skills in areas in which they are lacking. This experience is often combined with the provision of training (technical, regulatory and behavioural) along with diagnostic tools that measure the level of skills (actual) and potential (to be developed). Diagnosis is followed by an interview to discuss the results achieved and draw up a self-development plan whereby the employee embarks on a shared path of growth with their manager.

Although physiologically more intensive for the younger and more promising segments of the company, the aforementioned attention is not interrupted upon achievement of specific goals in terms of age or seniority. Initiatives aimed at those over 55 are also frequent, as this segment's contribution to the bank is considered fundamental in terms of experience and role interpretation.

The BPER Group therefore deems it of primary importance that career assessment and development processes be developed in such a manner as to be applicable to all employees.

Percentage of employees receiving regular performance assessments²⁹

| Category | 2017 | | 2018 | | 2019 ³⁰ | |
|--------------------|------------|------------|------------|------------|--------------------|------------|
| | M | F | M | F | M | F |
| Executives | 99% | 95% | 100% | 95% | 96% | 100% |
| Managers | 99% | 99% | 93% | 91% | 98% | 98% |
| Professional staff | 96% | 93% | 93% | 88% | 96% | 94% |
| Total | 97% | 95% | 94% | 89% | 97% | 95% |

Promotions

| Category | 2017 | | 2018 | | 2019 ³⁰ | |
|-------------------------------------|------|-----|------|-----|--------------------|-----|
| | M | F | M | F | M | F |
| From managers to executives | 10 | 2 | 2 | - | 10 | 1 |
| From professional staff to managers | 80 | 38 | 71 | 22 | 88 | 59 |
| Within professional staff | 242 | 158 | 503 | 550 | 424 | 405 |
| Within managers | 97 | 45 | 140 | 68 | 120 | 47 |
| Within executives | 10 | 1 | 1 | - | 7 | - |

With reference to career advancements in 2019, a total of 1,161 promotions were recorded, falling compared to the previous year. Some 71% of career advancements took place between various levels within the professional staff categories.

In 2019, the Group was engaged in the continuation of an important managerial development project called Exempla. All Group Executives underwent capacity and potential diagnosis through assessment sessions, in the “executive” form for executives who hold positions of high responsibility and complexity. A feedback interview was held for each employee in which feedback on the results was given and awareness was raised: this helped the subsequent development activities to be successfully completed.

This experience led to launching a similar managerial development project for middle managers holding key positions within the Group, which will be fully implemented in 2020 (exemplaz). The project was designed to provide managers participating in the project with tools for mapping their efficacy and to offer them highly useful enhancement activities for addressing increasingly dynamic and evolving professional scenarios. Specific attention was paid to female staff: the Group was indeed strongly determined to involve at least 45% of female colleagues within the scope of the project.

²⁹ The percentage of employees who receive an evaluation is calculated based on the total no. of employees present at the time the performance evaluation process is closed; the closing period varies according to companies.

³⁰ The figure does not include the employees of former Unipol Banca, a company that entered the BPER Group's scope of consolidation on 1 July 2019. Former Unipol Banca employees will join the BPER Group's performance assessment process as from FY 2020.

6.2.3 Remuneration policies

The BPER Group's 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. In this scenario, the remuneration policy is designed with the objective of ensuring an aligned balance between the total remuneration paid and the creation of value for shareholders, with a view to long-term sustainability.

The objectives of the Group's remuneration policy are summarised as follows:

- directing behaviour towards the Group's and company's priorities
- attracting and supporting highly qualified personnel and supporting people's motivation; recognising merit and enhancing professional development
- developing and improving the quality of services for customers
- supporting healthy and prudent risk management
- safeguarding internal and external pay fairness by confirming the careful monitoring of personnel costs
- supporting behaviours consistent with the Code of Ethics and with the regulations and provisions in force.

The 2019 Remuneration Report again confirmed the constant attention paid to communication, information and transparency, in order to increase awareness among our shareholders on remuneration and incentive schemes. In continuity with the virtuous approach adopted in recent years, the Group has been constantly committed to structuring remuneration policies that are effective, transparent, sustainability-oriented, aligned with market best practices and compliant with the constantly evolving regulatory framework.

In light of the high level of consensus reached during the most recent Shareholders' Meeting, the decision was made to confirm the remuneration structure adopted last year, whilst introducing some refinements aimed at ensuring a gradual improvement, including more precise planning and increasing simplification, also drawing on ex post verifications of the results of previous years.

Specifically, the main changes introduced and contained in the 2019 Remuneration Report regard:

- the introduction of the 2019-2021 Long Term Incentive Plan for a select group of managers belonging to BPER Group's top management, identified on the basis of their role and potential contribution to achieving the Business Plan objectives. The targets of the Incentive Plan were closely linked to those of the concurrently approved Business Plan. The aim is to align the Group's Remuneration Policy with best market practices and Institutional Investors' requests. This Plan introduced within the Group the use of real financial instruments for Personnel remuneration.
- exceeding of the 1:1 limit of the ratio between the variable and fixed component of remuneration up to a 2:1 limit for the most important personnel at Group level (with the exception of control functions). Also in this case, the aim was to align with best market practices in order to invest in the competitiveness of remuneration packages of the professional skills considered strategic, especially when they needed to be attracted from outside, also in relation to the innovative and strategic perspectives defined in the Business Plan. The 2019 policies, on the other hand, did not envisage significant increases in short-term systems for top management.

Strict control, monitoring and the introduction of small corrective measures in relation to the application of MBO systems continued, improving their structure and scope, and addressing key figures or areas of the Bank with high added value, in line with the Business Plan.

Social and environmental sustainability objectives were included in the qualitative assessment of the Chief Executive Officer³¹ and top management involved in CSR (Corporate Social Responsibility) projects. The adoption of performance parameters of a qualitative nature ensured that the remuneration system was aligned with the Group's mission and values, supporting the orientation towards building value in the long term. The use of virtual shares (Phantom Stock) for payment of part of the bonus resulting from the short-term incentive scheme was confirmed for 2019, while the use of BPER shares was introduced for the payment of bonuses in relation to the 2019-2021 Long Term Incentive Plan.

All of the above measures were carried out with a view to continuously improving the remuneration policy and incentive systems, in order to ensure constant alignment with best market practices and to strengthen the link between the creation of value for the Group and the recognition of personnel.

³¹ For further details, please view the document "Remuneration Policies" published on the Group's website.

The commitment on the communication front, with the aim of offering increasingly complete, usable and transparent information, was confirmed for 2019, also through careful and timely listening to stakeholders and care of disclosure through:

- preparation of an executive summary that represents, in table form, the remuneration policy envisaged for the various categories of personnel
- greater disclosure of the policy on the identification of the most important personnel
- communication of the remuneration envisaged by the policy for the corporate bodies
- in relation to the Group MBO system, a representation in table form of the target and maximum bonuses broken down by category of personnel
- ex-ante communication of the entry gates identified and thresholds envisaged
- representation in table form of the correlation between the multiplier and the bonus pool created
- ex-post communication on the achievement of the thresholds for entry gates and multipliers
- ex-ante and ex-post communication on the target sheet assigned to the Chief Executive Officer.



6.3 Corporate identity and internal communication

Internal communications continued to play a key role in 2019, ensuring employee engagement, promoting corporate values and culture and disseminating the Group's objectives.

The Business Plan communication and engagement campaigns in the areas of sustainability, equal opportunities and professional development are worth mentioning. "A pari merito" is a project that aims to reach a 15% share of women executives by 2021 and is based on an action programme dealing with professional development, work-life balance and social commitment. "Piantiamola" is a campaign that promoted energy saving and environmental sustainability in BPER Banca, seeking to reduce energy consumption by 10% in a panel of branches throughout Italy. "Exempla", instead, aims at sharing the Group's leadership model by defining the behavioural skills that managers and future managers need to have in order to work to the best of their abilities today and in the near future.

During 2019, structured sessions were held for listening to employees with regard to welfare and innovation, and recruitment and communication activities were set up for employees from Unipol Banca. Regarding social initiatives, during the year, BPER Banca took part in the "Bimbi in ufficio" project: an afternoon of fun, experience and play for the children of Bank employees which this year focused on diversity and inclusion, values to which BPER Banca has always paid special attention.

6.4 Diversity and enhancement of female talent

Regarding the topic of equal opportunities, activities that promote the recognition and enhancement of diversity in the BPER Group have taken on a cyclical nature, such as the introduction of inclusion issues in training courses for managers and in management policies.

Also with regard to work-life balance, a portal has been available for some time that gathers the services provided by the company and dedicated to work-life balance, along with an exclusive area for maternity, where new mothers may:

- stay updated on the latest company news and read the Group's daily press review
- acquire all of the information needed to best prepare them for their return to work
- join the team coaching path which has been tailored for them.

The presence of women in top management positions continues to be an area for improvement, in line with the financial sector.

To tackle this specific issue, the BPER Group launched the "A pari merito" project, starting from a process of listening and in-depth analysis and directly involving the people who work for the company.

A PARI MERITO

"A pari merito" is a project aimed at defining a business strategy that is highly focused on enhancing and supporting women in their professional path and career growth. With the launch of the project, included in the 2019-21 Business Plan, the Group aims to increase the share of female managers to 15%, through specific programmes of management development and work-life balance.

The “A pari merito” project included an internal information campaign that was launched and made available on an ongoing basis, regarding the main cognitive biases that can lead to inefficient conduct and can raise, even unknowingly, a non-inclusive managerial culture.

Furthermore, since the end of 2019, the Group has been engaged in a managerial development project (the above-mentioned exemplaz) which addresses 600 employees holding key positions and involves at least 45% of female personnel. One of the project’s key goals is to support and accelerate the managerial development of women to allow them to hold more complex roles. Lastly, since 2014, BPER Banca has been an ordinary member of “Valore D”, the first Association of large corporations in Italy created to support the idea of female leadership in business.

The company population is balanced in terms of male and female presence, with 56% of men and 44% of women and, in line with this composition, the Group is committed and active on gender management issues.

Total workforce



Ratio of remuneration of men/women³²

| | 2017 | 2018 | 2019 |
|---------------------------|------|------|------|
| Executives | | | |
| Base salary | 0.66 | 0.71 | 0.69 |
| Total remuneration | 0.68 | 0.77 | 0.7 |
| Managers | | | |
| Base salary | 0.93 | 0.93 | 0.92 |
| Total remuneration | 0.90 | 0.91 | 0.96 |
| Professional staff | | | |
| Base salary | 0.99 | 0.99 | 0.99 |
| Total remuneration | 0.95 | 0.95 | 0.92 |

Within the BPER Group, there is substantial gender equality in the ratio between the average basic salaries and the total remuneration of female and male staff as regards the categories of managers and professional staff. The lower number of female executives in top management positions, instead, leads to a wider gap in the salary and remuneration ratio for the executives category.

³² The base salary corresponds to the Gross Annual Salary and total remuneration to the taxable income.

6.5 The Welfare Plan

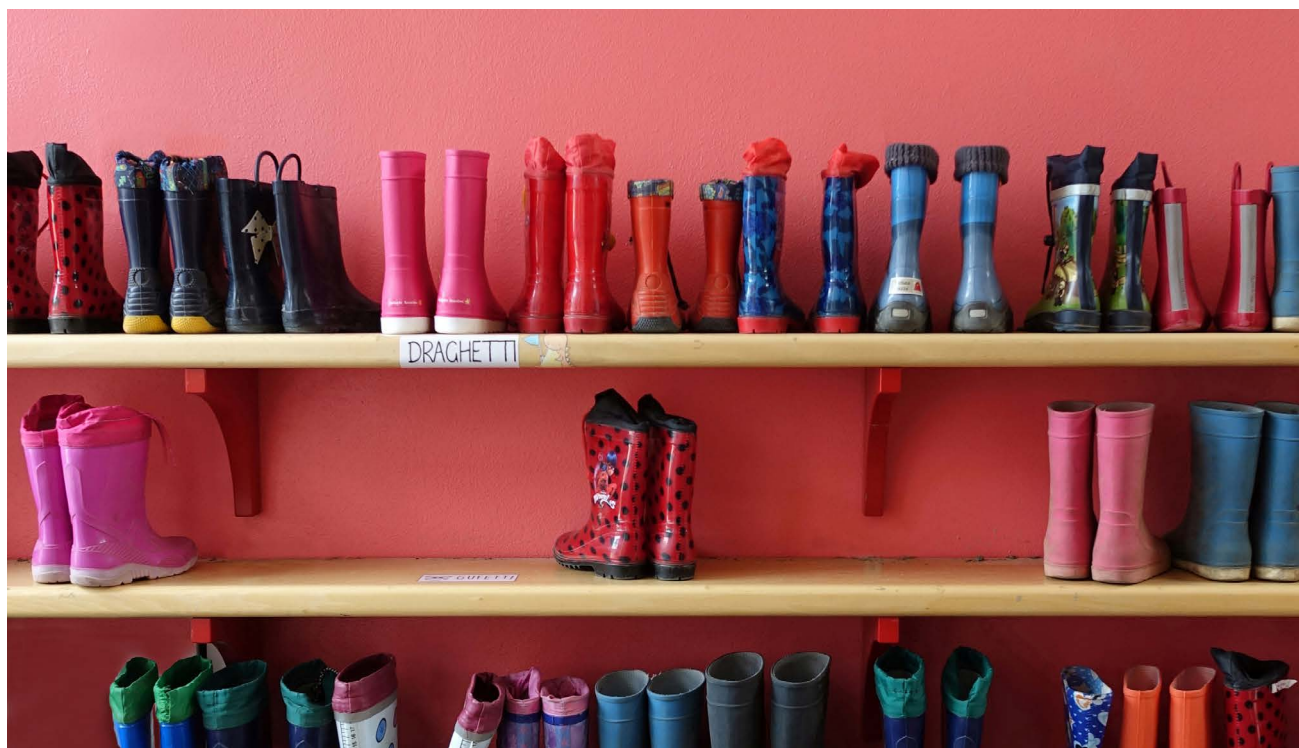
The BPER Group strongly believes in the wellbeing of its own resources and tangibly implements this belief, providing them with a series of welfare initiatives that constitute the **BPER Group's Welfare Plan**³³.

The Welfare Plan of the BPER Group includes:

- benefits offered by the company in which the company bears the cost: supplementary pension fund³⁴, complementary pension fund³⁵ set up according to the defined contribution scheme to which the employee contributes as well, health and dental policy, long-term care, accident insurance, meal and gift vouchers, special employee conditions, etc.;
- benefits provided by the employer, which employees can purchase for themselves or their family using the Welfare Credit (consisting of the company bonus for the employee's welfare and other welfare benefits): reimbursement of education and healthcare costs for families, health backpacks, supplementary payments to the pension fund for themselves or their families, reimbursement of public transport passes, purchase of shopping vouchers and petrol, vouchers for recreational, sports, cultural and leisure-related activities, holidays, etc.

In addition, concessions and loans are envisaged for student employees and disabled employees, study grants for the children of employees, a company canteen, a library service, a Recreational and Welfare Centre for Workers, and lastly a nursery/kindergarten in Modena which celebrated 10 years in 2019.

All Group employees can access the Welfare Portal on the company intranet, a dedicated area that can also be accessed from home. The platform contains all the information on company benefits grouped by area of interest (health, social security, staff conditions and agreements, the stork lands at work). The "Use your welfare credit" area allows you to benefit from the various services provided by the Plan.



³³ The Welfare Plan is applied to BPER Group companies, with the exception of: Nadia, Tholos, BPER Lux, Arca, Modena Terminal and Finitalia.

³⁴ This is a pension plan activated according to the defined benefit system.

³⁵ The average percentage allocation to pension fund by employees is 2.20%. The average percentage of payments by the company is 3.6%. Participation is voluntary and 97% of employees are enrolled in the pension fund.

In particular, in 2018, intensive work was carried out on the development of the Welfare Plan, following precise guidelines:

- expansion of the benefits that can be purchased with the Welfare Credit: reimbursement of public transport passes, purchase of shopping vouchers and petrol, reimbursement of medical devices and many services in the travel and leisure sector;
- innovative communication campaign dedicated to the Welfare Plan;
- revision of the Welfare Portal in order to improve the web experience of the end user.

Data on participation of the Parent Company's employees in the Welfare Plan and use of the many services were comforting:

- 53% (+16% compared to 2018) allocated at least part of the Company Bonus to Welfare, for about 47% of the amount (+15%)

As regards the use of Welfare Credit, the most popular were the traditional areas: education and family, health backpacks and payments to complementary pensions. There was a sharp increase in the sector of vouchers linked to the world of travel, sport, culture and leisure.

Excellent results were also achieved for the two new services: reimbursement of public transport passes and purchase of shopping and petrol vouchers.

In 2019, Euro 11 million were directed in the Welfare Plan (Euro 4.8 million of which from the converted Company Bonus).

Sustainable Mobility Activities

Sustainable mobility issues are included in the Welfare Plan, to combine employee wellbeing with attention to the environment in the cities in which we live and work.

In line with the Home-Work Commuting Plan, presented to the Municipality of Modena, mobility projects were set up during the first phase, mainly involving employees who work in the Municipality of Modena.

- the new "Sustainable Mobility" area was created on the company welfare portal that collects complete information on projects that have been launched or have yet to be developed, such as the inter-company Car Pooling platform for sharing cars with colleagues when commuting to and from work.
- 250 "Hub working" stations were set up on an experimental basis, which allow work to be carried out in a company office other than the assigned one and closer to the employee's place of residence
- a daily corporate shuttle service from Ferrara to Modena and from Bologna to Modena was organised to help colleagues who had been transferred to Modena following mergers with other banks and to limit ingoing and outgoing city traffic
- electric vehicle charging stations were installed in the internal car park of the Services Centre as well as electric bicycle charging stations in the Via S. Carlo and Corso Vittorio offices and in the Services Centre.

In order to spread the culture of bicycles and to encourage their use for commuting to and from work, bicycle assistance and repair kits were distributed at the reception areas of the buildings with the highest number of employees, and a bicycle depot was opened in Via S. Carlo.

Once again this year, the bank joined "Tutti al lavoro in bicicletta – Bike to Work", the national initiative promoted by Federazione Italiana Amici della Bicicletta – FIAB Onlus and Rete Città Sane OMS to promote sustainable mobility and a healthy lifestyle. Many employees participated in the initiative by going to work on their bicycles.

“TOP EMPLOYERS ITALIA 2020”: BPER BANCA AWARDED AMONG THE BEST EMPLOYERS

BPER Banca is among the “Top Employers Italy 2020”, as certified by the Top Employers Institute which every year identifies companies that offer their employees excellent working conditions, identify and develop the best talents and constantly strive to optimise their organisational processes.

There are 114 certified companies in Italy and only 11 of them belong to the banking sector. This is proof of the high-quality and effective policies and initiatives adopted by BPER Banca for its employees.

The Top Employer certification is further confirmation of the Group’s commitment in the HR sector to enhance its workers. In recent years, the Group has invested in structured business processes and deliberately focused on various issues including social and environmental sustainability, work-life balance and diversity, welfare, training and professional development: areas that are fundamental values for the BPER Group.

6.6 Health and Safety

The health and safety policy adopted by the BPER Group to ensure adequate levels of health and safety to all workers (“Group Policy for governing the risk of non-compliance with occupational health and safety regulations”) has been defined taking into account the following principles:

- protection of workers’ health and psychophysical integrity (according to the definition of health provided by the World Health Organisation, which integrates this concept with the concept of wellbeing of the employee, through high-quality workspaces, equipment and processes)
- evaluation of “risk factors” and of “risk conditions” based on the provisions of Italian Legislative Decree no. 81/08
- pursuit of the “precaution principle” based on the provisions of Art. 15 of Italian Legislative Decree no. 81/08, and Art. 2087 of the Italian Civil Code, aiming at the definition of company measures to improve the wellbeing of employees beyond the regulatory provisions.

All company departments of the various companies, thanks to communication and training by the Group, are aware that the health and safety policy is a common guideline and that its sole decision-making power is ensured by the employer, responsible for defining and controlling the management system for prevention. The Group companies annually update the risk assessment on Occupational Health and Safety, which is then formalised in the Risk Assessment Document.

For each identified risk (for example the risk of robbery or the risk associated with work stress), a description is provided of the prevention and protection measures adopted and of the measures to maintain the level of risk and those for improving it (Cf. Chapter C2 of BPER Banca Risk Assessment Document [DVR]).

In particular, for the year 2019, inspections to assess safety and security risks in over 300 branches and buildings were carried out, and activities relating to the risk of exposure to video terminals and work-related stress were implemented. The System for the management of health and safety issues, described in the DVR (Risk Assessment Document), is governed by a level 2 company Policy, which was followed by a document containing Process Operating Instructions for the drafting and updating of Emergency Management Plans. Further and more detailed regulatory tools will follow. Furthermore, the system envisages the identification and implementation of a process based on the definition of risk assessment criteria and the consequent implementation of prevention and protection measures. The action plan on health and safety in the workplace consists of the objectives envisaged by the aforementioned principles, particularly:

Developing qualified risk analysis and assessment methods that enable identification of the appropriate prevention measures

Identifying all risks in the work environment, with particular regard to the possible impacts on the categories of most vulnerable employees

Participating in the creation of organisational procedures for the systematic planning of all measures aimed at ensuring improvement in the safety levels and in the codes of conduct over time

Building synergies with the personnel department, essential for successfully disseminating the health and safety policy

Improving the efficacy of intervention plans by identifying organisational procedures and responsibilities and assigning specific tasks to each department and employee, in the overall risk prevention organisation plan

According to these indications, the Prevention and Protection Service of BPER Banca has implemented a Health and Safety Management System within the company (not certified) which from this year is managed with specifically dedicated software, shared with the security and training functions. The Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01 refers to internal occupational health and safety regulations; personnel, therefore, are requested to comply with all listed provisions. To ensure the utmost respect of the principles and rules of behaviour by employees as prescribed in the "Model", in the company regulations and in the Code of Ethics, the company evaluates transgressions under the disciplinary realm and adopts the sanctions set out in the Disciplinary System, if necessary.

The Head of the Prevention and Protection Service (RSPP) plays a crucial role in Health and Safety management; he/she annually verifies the achievement of expected results, as formalised in the DVR, by preparing specific reports and defining periodic work plans. On the basis of the results arising from specific assessments (for example inspections at the branches, environmental monitoring, assessment of robbery risk), the Group updates the plan of activities to be carried out.

Workers can also report hazards through the intranet and by e-mail to the Safety Office and use (for hazard reporting) the figure of the Workers' Safety Representative (trade union figure of guarantee provided by law) while maintaining anonymity and also fulfilling the reporting obligation under Articles 19 and 20 of Italian Legislative Decree no. 81/08.

Employees are involved in the development, implementation and assessment of the occupational safety and health management system through training, information and specific questionnaires relating to specific risk categories, as well as through the Safety Office (which collects reports and/or contributions from workers on issues concerning occupational safety), the periodic meeting pursuant to Art. 35 of Italian Legislative Decree 81/08 and the other meetings held periodically with the Worker Safety Representatives. Access to information is managed through the company intranet.

In addition, powers and responsibilities are delegated to involve and ensure the accountability of management bodies based on the effectiveness principle: each delegated person is responsible for the adoption of preventive measures and specific improvements in the areas for which they are responsible. The mentioned delegated persons are the Heads of: Group Human Resources Department, Real Estate Department, Group Organisation Department, Group Procurement Function and Architecture and Security Office (regarding the security field). All 13,838 Group employees (100%) are covered by the Occupational Health and Safety System, as well as the 200 external staff³⁶.

The Group also calculates and assesses the frequency and severity indices relating to accidents suffered by personnel, in accordance with the principles established by law. In 2019, 59 accidents were recorded. The total accident rate was therefore 3.



RECORDABLE WORK-RELATED INJURY RATE OF BPER GROUP

3

Health and Safety indicators of the BPER Group³⁷

Employees

| Injuries | 2018 | 2019 |
|---|------------|------------|
| Total number of fatalities as a result of work-related injuries | - | - |
| Total number of high-consequence work-related injuries (excluding fatalities) | - | - |
| Total number of recordable work-related injuries | 82 | 59 |
| Hours worked | 17,055,024 | 19,154,425 |

Employees

| Rates | 2018 | 2019 |
|---|------|------|
| Fatality rate as a result of work-related injury | - | - |
| Rate of high consequence work-related injuries (excluding fatalities) | - | - |
| Rate of recordable work-related injuries ³⁸ | 4.81 | 3.08 |

³⁶ Only temporary workers are included among external staff; self-employed workers and trainees are excluded.

³⁷ The 2018 figures have been restated following the exclusion of injuries during home-work commuting not organised by the BPER Group. For the previously published data, refer to the 2018 Sustainability Report, in the Sustainability section of the web site <https://istituzionale.bper.it/>

³⁸ Rate of recordable work-related injuries = (no. of recordable work-related injuries/total no. hours worked) * 1,000,000.

Of the total number of injuries recorded in 2019, around 44% were due to falls and slips, while 56% to collisions and similar cases.

In 2019, with regard to temporary workers totalling 498,561 hours worked, no deaths due to workplace injuries or serious and recorded workplace injuries were reported.

In addition, in 2019 there was one case of occupational disease related to an employee and no cases related to temporary workers.

Workplace accidents are assessed individually by the Safety Office (by the person in charge of the Prevention and Protection Service) to assess the presence of any "near misses" and take appropriate preventive measures through the prevention managers and their structures. The trend in accidents is assessed annually by the relative physician and discussed at the annual meeting required under Art. 35, Italian Legislative Decree 81/08 with the Employer and the Worker Safety Representatives.

The courses held in 2019 are those required by the 2016 State-Regions agreement and those specific to the risks managed in the emergency management plans. Specifically, they regarded: General training of Officers, Special training of Officers, Fire Officers for sites with low fire risk, Fire Officers for sites with medium fire risk, First Aid Officers, First Aid Update, Exposure to Robbery Risk, Update of Worker Safety Representatives, Update on Workers, Officers and Managers.

2019 saw the further implementation of anti-theft procedures and technologies, thanks to a specific risk assessment. In 2020, exposure to physical and verbal violence in business relationships will be monitored and addressed. The cashless and cashlight model, which reduces the negative impact of commercial activities, is also being continued.

“SPORTELLO DI ASCOLTO”

Activities of the “Sportello di Ascolto” (counselling service) continued in 2019, to help deal with malaise at work, managed by specialists outside the Group, as part of the prevention measures related to the risk of stress at work.

The branch, active since 2016, is designed to offer BPER Banca employees:

- an opportunity for being listened: the worker is not left alone in search for solutions
- acquisition of awareness of one's sources of stress
- tools to increase one's ability to face and overcome a difficult situation.

6.7 Human rights and protection of workers' rights

In 2019, the company based its personnel management procedures on full respect for the rights of workers as provided for by law, by the National Collective Labour Agreement and by company regulations. Appropriate corrective actions were also taken to ensure equal opportunities to all workers without distinction of age, gender, religious or political beliefs, as well as to ensure compliance with the BPER Group's Code of Ethics. Also in 2019, the BPER Group's industrial relations developed in accordance with the principles of fairness and loyalty towards trade unions, in respect of the different roles that the parties hold within the Group.

The company's approach is therefore aimed at full respect for human rights. Attention to dignity and equal opportunity is observed in all career phases, from recruitment to the end of employment. Equality is guaranteed by the company's values, as well as by the growing level of attention that the regulations in effect and the trade unions dedicate to diversity management.

The set of values corresponds with the "operational rule". The dialogue between company and employee allows the latter to report to the relevant management structures on the existence of conditions of difficulty or unease and, if they occur, abuse or harassment. The Human Resources Departments, while respecting the confidentiality of the information acquired, intervene with the most appropriate methods to protect employees. Just as significant are the projects regarding unease in the workplace and work-related stress, sharply focused on the conditions in which work is conducted and the reflection on the state of psychophysical health of employees. Particular attention is obviously paid to management of the disciplinary proceedings in accordance with the regulations in effect and, specifically, the *statuto dei lavoratori* (workers' statute of rights) (Law 300/70).

6.8 Labour relations

The Group's negotiations with trade unions are inspired by the objective of maintaining strong Industrial Relations based on respect and loyalty.

Relations with the trade unions seek to promote fair negotiations, without any discriminatory or disparate treatment, to encourage a climate of mutual trust and constructive dialogue with a view to instilling a fair system of Trade Union Relations with as much consultation as possible. Also in this regard, to improve relations between the company and worker representatives, a Trade Union Relations Protocol for the BPER Banca Group was signed on 29 October 2019.

Employees and directors are free to participate in political organisations out of working hours, and the same shall bear no relation to the position they hold.

The Group refrains from any direct or indirect pressure as regards political representatives and does not permit the disbursement of direct or indirect contributions, in cash or in kind, or in any other form, to political parties, movements, committees and political and trade union organisations, or to their representatives.

There were no hours of strike related to labour disputes during 2019.

Approximately 80% of BPER Banca Group employees are members of an Italian trade union organisation.

On the subject of Trade and Labour Organisation Policies, the activities of the Group's Joint Commission for Sustainable Trade Policies are now being developed. Seeking to gradually improve the corporate climate, they promote a cooperative and constructive approach in the workplace, encourage the respect for the key role played by customers and ensure that information is handled confidentially.

6.9 Performance indicators

Distribution of employees by professional category and gender

| Category | 31.12.2017 | | 31.12.2018 | | 31.12.2019 | |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | M | F | M | F | M | F |
| Executives | 206 | 20 | 203 | 20 | 241 | 23 |
| Managers | 2,519 | 1,179 | 2,564 | 1,194 | 3,226 | 1,480 |
| Professional staff | 3,854 | 3,908 | 3,770 | 3,897 | 4,254 | 4,614 |
| Total | 6,579 | 5,107 | 6,537 | 5,111 | 7,721 | 6,117 |

Distribution of employees by gender

| Geographical area | 31.12.2017 | | 31.12.2018 | | 31.12.2019 | |
|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | M | F | M | F | M | F |
| North | 3,262 | 2,595 | 3,238 | 2,615 | 3,956 | 3,248 |
| Centre | 315 | 268 | 318 | 262 | 599 | 486 |
| Islands | 1,277 | 1,355 | 1,274 | 1,345 | 1,392 | 1,429 |
| South | 1,714 | 882 | 1,694 | 882 | 1,761 | 945 |
| Outside Italy | 11 | 7 | 13 | 7 | 13 | 9 |
| Total | 6,579 | 5,107 | 6,537 | 5,111 | 7,721 | 6,117 |

Distribution of employees by company function and gender

| Company Function | 31.12.2017 | | 31.12.2018 | | 31.12.2019 | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | M | F | M | F | M | F |
| Distribution ³⁹ | 3,791 | 3,428 | 3,681 | 3,358 | 4,355 | 3,953 |
| Business unit ⁴⁰ | 1,148 | 657 | 1,264 | 711 | 1,571 | 887 |
| Staff ⁴¹ | 531 | 381 | 530 | 407 | 600 | 501 |
| Operational services ⁴² | 955 | 477 | 1,035 | 603 | 1,176 | 731 |
| Other | 154 | 164 | 27 | 32 | 19 | 45 |
| Total | 6,579 | 5,107 | 6,537 | 5,111 | 7,721 | 6,117 |

³⁹ Distribution: branches and other distribution channels.

⁴⁰ Business Unit: finance, credit, commercial and market governance.

⁴¹ Staff: human resources, organisation, strategic planning, legal and general affairs, internal audit, risk management, compliance, communication, marketing.

⁴² Operational services: administration and control, information systems, logistics.

Diversity of the workforce

| | 31.12.2017 | 31.12.2018 | 31.12.2019 |
|-----------------------------------|------------|------------|------------|
| Executives | | | |
| Non-Italian citizenship | - | - | - |
| Belonging to protected categories | 4 | 4 | 5 |
| Managers | | | |
| Non-Italian citizenship | 5 | - | 14 |
| Belonging to protected categories | 182 | 192 | 219 |
| Professional staff | | | |
| Non-Italian citizenship | 22 | - | 32 |
| Belonging to protected categories | 665 | 663 | 774 |

Number and rate of new hires and turnover of personnel by age, gender and region⁴³

| | 2017 ⁴⁴ | | | | 2018 | | | | 2019 | | | |
|----------------------|--------------------|-----------|--------------|-----------|------------|------------|--------------|-----------|------------|------------|--------------|-----------|
| | New hires | | Terminations | | New hires | | Terminations | | New hires | | Terminations | |
| | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % |
| North | 140 | 2% | 309 | 5% | 105 | 2% | 102 | 2% | 142 | 2% | 193 | 3% |
| Men | 70 | 2% | 235 | 7% | 55 | 2% | 71 | 2% | 92 | 2% | 128 | 3% |
| Women | 70 | 3% | 74 | 3% | 50 | 2% | 31 | 1% | 50 | 2% | 65 | 2% |
| Centre | 4 | 1% | 18 | 3% | 5 | 1% | 6 | 1% | 4 | 0% | 23 | 2% |
| Men | 1 | 0% | 11 | 3% | 5 | 2% | 5 | 2% | 2 | 0% | 15 | 3% |
| Women | 3 | 1% | 7 | 3% | - | 0% | 1 | 0% | 2 | 0% | 8 | 2% |
| South | 2 | 0% | 92 | 4% | 8 | 0% | 37 | 1% | 6 | 0% | 57 | 2% |
| Men | - | 0% | 79 | 5% | 4 | 0% | 30 | 2% | 4 | 0% | 46 | 3% |
| Women | 2 | 0% | 13 | 1% | 4 | 0% | 7 | 1% | 2 | 0% | 11 | 1% |
| Islands | 32 | 1% | 249 | 9% | 22 | 1% | 35 | 1% | 33 | 1% | 72 | 3% |
| Men | 13 | 1% | 139 | 11% | 12 | 1% | 16 | 1% | 15 | 1% | 46 | 3% |
| Women | 19 | 1% | 110 | 8% | 10 | 1% | 19 | 1% | 18 | 1% | 26 | 2% |
| Outside Italy | 1 | 6% | 1 | 6% | 3 | 15% | 1 | 5% | 3 | 14% | 1 | 5% |
| Men | 1 | 9% | 1 | 9% | 2 | 15% | - | 0% | 1 | 8% | 1 | 8% |
| Women | - | 0% | - | 0% | 1 | 14% | 1 | 14% | 2 | 22% | - | 0% |
| Total | 179 | 2% | 669 | 6% | 143 | 1% | 181 | 2% | 188 | 1% | 346 | 3% |
| Men | 85 | 1% | 465 | 7% | 78 | 1% | 122 | 2% | 114 | 1% | 236 | 3% |
| Women | 94 | 2% | 204 | 4% | 65 | 1% | 59 | 1% | 74 | 1% | 110 | 2% |

⁴³ The percentages reported in the table are the result of the ratio with total number of employees divided by gender and region.

⁴⁴ The data do not include Nuova Carife for the months between July and November 2017.

Total number and rates of new employee hires and employee turnover by age group ⁴⁵

| | 2017 | | | | 2018 | | | | 2019 | | | |
|---------------|------------|-----------|--------------|-----------|------------|-----------|--------------|-----------|------------|-----------|--------------|-----------|
| | New hires | | Terminations | | New hires | | Terminations | | New hires | | Terminations | |
| | No. | % | No. | % | No. | % | No. | % | No. | % | No. | % |
| Total | 179 | 2% | 669 | 6% | 143 | 1% | 181 | 2% | 188 | 1% | 346 | 3% |
| < 30 years | 92 | 32% | 12 | 4% | 62 | 26% | 9 | 4% | 81 | 28% | 11 | 4% |
| 30 - 50 years | 84 | 1% | 55 | 1% | 79 | 1% | 79 | 1% | 98 | 1% | 86 | 1% |
| > 50 years | 3 | 0% | 602 | 12% | 2 | 0% | 93 | 2% | 9 | 0% | 249 | 4% |

Distribution of employees by professional category and age

| | 31.12.2017 | | | 31.12.2018 | | | 31.12.2019 | | |
|--------------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|
| | <30 | 30-50 | >50 | <30 | 30-50 | >50 | <30 | 30-50 | >50 |
| Executives | - | 43 | 183 | - | 45 | 178 | - | 52 | 212 |
| Managers | - | 1,492 | 2,206 | - | 1,578 | 2,180 | 4 | 2,162 | 2,597 |
| Professional staff | 287 | 4,906 | 2,569 | 239 | 4,934 | 2,494 | 284 | 5,736 | 2,791 |
| Total | 287 | 6,441 | 4,958 | 239 | 6,557 | 4,852 | 288 | 7,950 | 5,600 |

Number of terminations by reason

| | 2017 | | 2018 | | 2019 | |
|-----------------------------------|------------|------------|------------|-----------|------------|------------|
| | M | F | M | F | M | F |
| Reductions from Business Plan | 379 | 158 | 8 | 6 | 67 | 39 |
| -of which solidarity fund | 250 | 113 | 1 | 4 | 32 | 21 |
| -of which leaving with incentives | 129 | 45 | 7 | 2 | 35 | 18 |
| Voluntary resignations | 50 | 24 | 65 | 32 | 54 | 40 |
| End of contract | - | 1 | 3 | 2 | 7 | 3 |
| Retirement | 16 | 12 | 23 | 8 | 93 | 22 |
| Other | 20 | 9 | 22 | 12 | 13 | 8 |
| Total | 465 | 204 | 121 | 60 | 234 | 112 |

The data do not include Nuova Carife for the months between July and November 2017.

⁴⁵ The percentages reported in the table are the result of the ratio with total number of employees divided by age group.

Return to work and retention rates after parental leave, by gender⁴⁶

| Number of employees and rate | Men | Women | Total |
|--|------|-------|-------|
| Employees who took parental leave in 2019 | 1 | 229 | 230 |
| Of which returned and still employed in 2019 | 1 | 113 | 114 |
| Return to work rate as at 31/12/2019 | 100% | 100% | 100% |
| Employees who took parental leave in 2018 | 4 | 225 | 229 |
| Of which returned and still employed in 2018 | 4 | 105 | 109 |
| Return to work rate as at 31/12/2018 | 100% | 100% | 100% |
| Of which returned and still employed in 2019 | 4 | 41 | 45 |
| Work retention rate as at 31/12/2019 | 100% | 87% | 88% |

Number of employees who received leaves⁴⁶

| | 2017 ⁴⁷ | 2018 | 2019 |
|--|--------------------|---------------|---------------|
| Compulsory and optional parental leave (including breast-feeding) and child care | 781 | 872 | 889 |
| Study | 45 | 50 | 68 |
| Other | 9,071 | 9,587 | 10,393 |
| Total | 9,897 | 10,509 | 11,350 |

⁴⁶ The figure does not include the employees of former Unipol Banca, a company that entered the BPER Group's scope of consolidation on 1 July 2019.

⁴⁷ The figure does not include Nuova Carife for the months between July and November 2017.



A vibrant forest scene with a carpet of bluebells and lush green grass under a canopy of tall trees. Sunlight filters through the leaves, creating a bright and airy atmosphere. The text '7. Environmental impacts' is overlaid in white, bold font, with a thin white horizontal line underneath it.

7. Environmental impacts

7.



The election of Ursula von der Leyen as European Commission President has further strengthened the commitment to build a green, fair, social and climate-neutral Europe. Europe intends to step up its action to manage climate change, which is by now seen as an imminent threat. The operational instrument announced by the Commission will be “The European **Green Deal**“. The Green Deal sets out a number of objectives to:

- become the first climate-neutral continent
- protect human lives, animals and plants by reducing pollution
- help companies become world leaders in clean technologies and products
- ensure a just and inclusive transition.

The Green Deal roadmap is very ambitious and envisages the launch of several legislative actions between 2020 and 2021. The first step is to introduce a climate-neutrality law by 2050. This will be achieved by submitting a legislative proposal by March 2020, capable of turning political commitment into a legal obligation and of stimulating investment. Achieving the climate neutrality objective will require action by all EU economic sectors and a number of mixed actions.

This changing scenario will give a new impetus to the Action Plan and finance responsible growth, which is a key tool for implementing a financial system capable of supporting the EU's activities and commitments towards climate and sustainable development. The Italian National Energy Strategy and its implementation strategy, the Integrated National Plan for Energy and the Climate 2030, are also part of this European framework and set challenging objectives for increasing the country's competitiveness, through the progressive decarbonisation of the energy system. Banks are key players in this transition path either directly, through the implementation of greater efficiency in their real estate assets, or indirectly, through the financing of projects/economic activities with positive environmental impacts.

Indeed, in order to meet the objectives set by the European Commission, substantial additional investment is needed which can only be made with the help of the financial sector. The reorientation of private capital towards more sustainable investments therefore requires a broad change in the way the financial system operates.

Above all, it is important to point out that pursuing longer-term sustainability interests is reasonable also and especially from an economic viewpoint, and does not necessarily lead to a lower return for investors.

The Action Plan is already being implemented.

Initiatives have already been taken in the form of legislative proposals, second-level measures and non-legislative measures that regard:

- drafting of a "taxonomy" at the European level to define what is sustainable and identify areas where sustainable investment can have the greatest impact
- the creation of standards and labels for sustainable financial products (green bonds)

- the adoption of measures to improve the effectiveness and impact of sustainable investment support instruments in the EU and partner countries
- integration of sustainability in providing investment consulting
- preparation of sustainability indices
- better integration of sustainability in ratings and research
- clarification of the obligations of institutional investors and asset managers
- integration of sustainability in the prudential requirements
- strengthening of communication on sustainability and preparation of the accounting regulations
- promotion of sustainable corporate governance and mitigation of the short-term vision in capital markets.

This approach is encouraging Europe to take a leading role in the fight against climate change. This will allow it also to become an attractive opportunity for sustainable investment. The European Banking Federation is another active player on these issues, creating an ad hoc working group: the Task Force on Green Finance. The task force's approach is very clear: paying attention to environmental risk and climate change in the banking sector is not a compliance exercise or a reputational issue. It means considering a risk that has an impact on banks' profitability.

To make up for the lack of information on the banking risks caused by climate change, BPER Banca has worked on a Scenario Analysis that has allowed it to effectively assess the environmental risks in its corporate portfolio (see chapter 1, paragraph 1.5.2).

Alongside risk assessment, it is essential to identify opportunities to build shared value in the local areas in which it operates. BPER has the increasing wish to be a partner for its customers by providing solutions and expertise that are able to support families and businesses in the design and implementation of growth and improvement projects with a view to environmental sustainability.

Indeed, as underlined above, the role of the financial industry is crucial, according to two different viewpoints:

- reduction of the direct impact of companies through energy saving measures
- reduction of the indirect impact of companies through different allocation of capital.

The Group's commitment, already expressed in general terms in the Code of Ethics, is formalised in the document "BPER Group commitments towards the environment".

In 2019, as per 2018 and 2017, no sanctions were incurred for non-respect of the regulations and laws on environmental issues, nor did we receive any complaints.

7.1 Management of direct environmental impacts

To ensure sustainable management of the environmental resources used in its activities, the BPER Group has implemented a monitoring process aimed at reducing consumption in terms of both management of raw materials as well as energy, thanks to the efficient use of resources and correct management of waste. This system enables constant measurement of internal performance, evaluation of variations and identification of the critical aspects.

The most significant activities with regard to reduction of environmental impact are:

- efficiency of paper utilisation processes to reduce consumption
- purchase of products with environmental quality mark
- energy saving measures
- production of renewable energy
- reduction in the impact from the corporate fleet.

Specifically, to reduce its direct impact on the environment and simultaneously implement cost-saving measures, BPER Banca has added the "Riduzione spesa no core banking" project to its 2019-2021 Business Plan, with a site dedicated to energy efficiency (objective of 10% efficiency compared to the 2016 consumption baseline), in line with the objectives of the National Energy Strategy, in conjunction with a site on dematerialisation of services. As early as in 2014, Banco di Sardegna launched a similar energy efficiency project ("Switch Off" project) to monitor energy consumption and achieve greater energy efficiency.

BPER Banca also included among the Business Plan projects, the "BPER Banca for the environment" project, which consists of two different sub-projects:

1) Implementation of an **Environmental Management System (EMS)** by the Parent Company aimed at:

- analysis of context and current situation
- definition of roles, responsibilities and internal operating procedures
- drafting, preparation and processing of procedures
- training of staff involved.

In planning its environmental management system, BPER took into consideration its operating context and stakeholders' expectations, seeking to define the risks and opportunities, prevent and reduce undesirable effects, and achieve ongoing improvement.

2) Sustainable mobility: implementation of activities to help employees reduce the impact of both internal and home-work commuting.

7.1.1 Acquisition and responsible use of resources

Given the nature of its products and services, the raw materials mainly used by the Group are paper and toner. A number of initiatives have been launched over the years to use resources as effectively and efficiently as possible. The use of recycled paper in the offices and branches of the Group's banks continued during 2019, amounting to 93%. Of the remaining 7% of office paper and advertising material, approximately 70% is internationally certified, which ensures that the wood and/or paper materials used to produce the products come from responsibly managed forests. A policy of dematerialisation has also been pursued both to save raw materials and to increase "resilience in terms of business continuity" (upon dematerialisation of a document, we attempt to ensure its replicability at any time, saving it on digital media).

The projects for the reduction of paper consumption are listed below⁴⁸:

- “Edicola Digitale”: envisages the dissemination of certain newspapers in digital format
- replacement of printers with night-time printing block and elimination of faxes in all branches
- F24 dematerialisation with reinternalisation of processing in the branch; the updating of the F24 digitisation procedure made it possible to avoid processing by the external service with consequent savings in paper which is not sent. In 2019, all F24 tax forms were dematerialised (a total of 1,159,408 forms) equal to 3,478,224 sheets of paper saved⁴⁹ (17.4 t)
- BPER CARD account statement online
- replacement of ordinary mail communications with electronic certified mail (PEC), saving 68,943 letters and an estimated 0.34 tonnes of paper saved
- promotion of the use of FEA (Advanced Electronic Signature): this method allows bank documents to be signed without printing them on paper and was able to reduce paper consumption by 90.8 tonnes in 2019. Use of the FEA also reduces toner consumption
- rationalisation of postal charges⁵⁰.

The commitment to dematerialisation involves all Group companies. A very tangible example is the Emilia Romagna Factor’s WIP (Webfactor Interactive Platform). This tool improves the interaction between customers and the Company, so much so that over 70% of customers benefit from it. Through WIP, client companies can manage all operations online.

With regard to the management of toners, it is important to note that a process for streamlining the stock of printers has been completed.

To date, the number of purchased toners has dropped considerably thanks to the “cost-per-copy” purchase policy applied to all the major companies of the Group.

To monitor the overall use of toner, the data on disposed toner is currently considered.

In 2019, the relationship with a supplier of printers certified according to the ENERGY STAR standard was consolidated, guaranteeing lower use of electricity compared to current printers.

To date, these printers have been installed in all central offices and Regional Divisions of the Parent Company.

⁴⁸ A4 size sheets weighing 4.99 g were considered for estimating the paper saved.

⁴⁹ An average of 3 sheets per form was considered for calculating the sheets of paper.

⁵⁰ Through the request to adopt Posta On-Line on Smartweb, the introduction of new registered mail management processes, and through more efficient grouping of postal communications sent and management of so-called “returns”.

Raw materials purchased⁵¹

| | 2017 | 2018 | 2019 |
|---|------------------|------------------|------------------|
| Total amount of office paper used (Kg) | 1,187,127 | 1,141,049 | 1,122,307 |
| of which solely FSC certified paper (Kg) | 68,771 | 39,825 | 56,204 |
| of which solely FSC certified paper (%) | 6% | 4% | 5% |
| of which recycled paper (Kg) | 1,084,967 | 1,061,554 | 1,044,460 |
| of which recycled paper (%) | 91% | 93% | 93% |
| of which paper with other certifications excluding FSC (Kg) | 33,389 | 39,670 | 21,219 |
| of which paper with other certifications excluding FSC (%) | 3% | 4% | 2% |



RECYCLED PAPER

93%

CERTIFIED PAPER

7%

REDUCED PAPER CONSUMPTION

108 t

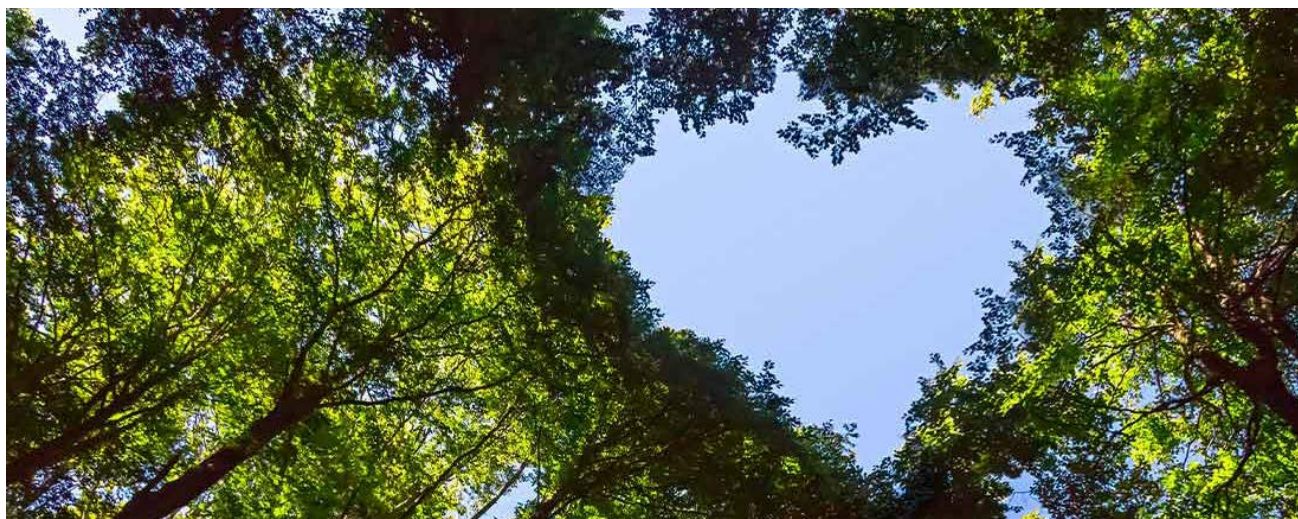
thanks to the advanced electronic signature and F24 dematerialisation

7.1.2 Waste management

BPER Banca minimises waste management impact through prudent management of waste and by giving priority to recycling, where possible.

Separate waste collection for the various categories of waste is carried out at all Group's locations. Given the large quantities of paper used, the BPER Group has decided to assign its disposal to specialised companies that immediately return it to the production chain. Therefore, the entire amount of paper waste is sent out for recovery. In order to improve separate waste collection in the offices of the Parent Company, a project is underway to provide paper, plastic and organic bins and to eliminate wastebaskets under the desks. Often in fact, for pure convenience, the wastebasket is used inappropriately to dispose of any type of waste, although appropriate containers for paper and plastic are available nearby.

The project has currently involved the majority of Management Centres.



⁵¹ 0.1% of the paper used is virgin paper.

Waste by disposal method - 2018

| Disposal method | Unit of measure | Hazardous | Non-hazardous | Total |
|-----------------|-----------------|------------|----------------|----------------|
| Recycle | t | 4.3 | 2,082.5 | 2,086.7 |
| Composting | t | - | - | - |
| Energy recovery | t | - | 3.4 | 3.4 |
| Incineration | t | - | - | - |
| Landfill | t | - | 10.2 | 10.2 |
| Deposit on site | t | 0.6 | 8.4 | 9.0 |
| Other | t | 0.2 | 4.7 | 4.9 |
| Total | t | 5.1 | 2,109.2 | 2,114.2 |

Waste by disposal method - 2019

| Disposal method | Unit of measure | Hazardous | Non-hazardous | Total |
|-----------------|-----------------|------------|----------------|----------------|
| Recycle | t | 0.1 | 4,379.2 | 4,379.3 |
| Composting | t | - | - | - |
| Energy recovery | t | - | 2.6 | 2.6 |
| Incineration | t | - | - | - |
| Landfill | t | - | 11.5 | 11.5 |
| Deposit on site | t | 0.1 | 4.7 | 4.7 |
| Other | t | 0.6 | - | 0.6 |
| Total | t | 0.8 | 4,397.9 | 4,398.7 |

Paper waste
sent for recovery



→ 100%

7.1.3 Energy consumption

Group's vehicle fleet

The rationalisation and modernisation of the Group's fleet, based on green criteria, has continued for a number of years, especially with regard to the Parent Company: whenever a vehicle comes to the end of its lifecycle, it is replaced by a new bi-fuel (petrol - LPG), hybrid or electric vehicle or with less polluting diesel-powered vehicles. To reduce travel, all Group companies have undertaken to increase the use of video conferencing. In 2019, the vehicle fleet of the BPER Group consisted of 207 cars for shared business use and 339 cars for mixed personal-business use.

In the Regulation for management of the allocation of cars for mixed personal-business use, a constraint linked to the CO₂ emissions of the vehicles has been included. In fact, the assignment of so-called "spider", "cabriolet" or "super-sporty" cars or cars with power and CO₂ emission higher than the following limits is not envisaged: power under 190 kw and CO₂ under 180 g/km for cars in category C or higher and 135 kw - 140 g/km for cars in categories A and B.

Furthermore, additional benefits have been identified for whoever chooses plug-in electric or hybrid cars.

Consumption of company vehicle fleet (GJ)⁵²

| | | 2017 | 2018 | 2019 |
|---|------------|--------|--------|--------|
| Business use | Diesel oil | 6,420 | 7,046 | 6,493 |
| | Gasoline | 1,398 | 1,251 | 893 |
| | LPG | 145 | 127 | 59 |
| | Methane | 413 | 434 | 279 |
| Mixed business-personal use ⁵³ | Diesel oil | 24,565 | 10,360 | 12,541 |
| | Gasoline | 203 | 154 | 361 |
| | LPG | - | - | 5 |
| | Methane | - | - | - |

Sustainable mobility

The main activities in 2019 are detailed in section 6.5 - "Sustainable Mobility Activities". In addition, the car pooling project was strengthened, involving 6.51% of employees (figure decreased by the merger with Unipol Banca). Car pooling made it possible to avoid the emission of approximately 10 t of CO₂ into the atmosphere. In 2018, the BPER Group launched a pilot project in collaboration with DKV Euro Service for the use of DKV CARD CLIMATE fuel paper, an eco-sustainable paper that certifies that the vehicle fleet travels completely at zero impact: in fact, for every litre purchased, BPER makes an additional contribution to environmental protection projects certified by *myclimate*.

DKV Euro Service and *myclimate* provide certification that states the total offsetting of CO₂ emissions. The non-profit organisation *myclimate* is one of the main providers of offsetting measures and satisfies the most stringent standards (CDM, Gold Standard, Plan Vivo).

The project enabled the offsetting of 43.49 t of CO₂ in 2018. In 2019, all fuel consumption was managed through the supplier DKV and emissions totalling 1,339 t of CO₂ were offset.

 → 1,339 t of CO₂ deriving from the use of fuels offset with *myclimate*

Electricity and thermal energy consumption

Total energy consumption (electricity and heat) of the BPER Group for 2019 increased by 4% compared to 2018 and was 361,201 GJ, 62% of which relating to renewable energy sources. In addition, 89% of the electricity purchased by the Group came from renewable sources.

In 2019, Banco di Sardegna launched the "TERMO" project. Its aim is to measure and monitor the temperature of the fluids in the main air conditioning plants.

⁵² Sources of the conversion factors: "Guidelines on the application in banks of the Global Reporting Initiative (GRI) environmental standards" published by ABI Lab in January 2020 and December 2018, for 2019 and 2018 data respectively, and "UK Government GHG conversion factors for company reporting" for 2017 data.

⁵³ Note that for mixed personal-business use cars, 70% of total consumption was considered, as specified by the ABI Lab guidelines published in January 2020.

Energy consumption⁵⁴

| GJ | 2017 | 2018 | 2019 |
|---|----------------|----------------|----------------|
| Heating | 109,651 | 81,298 | 84,903 |
| of which natural gas | 106,932 | 78,332 | 81,798 |
| of which diesel oil | 2,137 | 2,123 | 2,283 |
| of which propane air | 582 | 843 | 822 |
| Electricity purchased | 256,145 | 238,427 | 247,135 |
| of which from renewable sources | 212,950 | 210,945 | 219,597 |
| Electricity self-produced | 1,866 | 1,864 | 1,952 |
| of which from renewable sources | 1,866 | 1,864 | 1,952 |
| Renewable electricity produced and sold/fed into the grid | 363 | 280 | 268 |
| District heating | 5,605 | 7,290 | 6,848 |
| of which non-renewable | 5,605 | 3,374 | 2,874 |
| Non-renewable fuel consumption by car fleet | 33,144 | 19,373 | 20,631 |
| Total energy consumption | 406,048 | 347,972 | 361,201 |
| % renewable over total | 53% | 62% | 62% |

Energy intensity

To provide an overview of its use of energy, the energy intensity index was calculated with respect to the gross square metres of the Group's properties and the number of employees.

| | Unit of measure | 2017 | 2018 | 2019 |
|---|-----------------|---------|---------|---------|
| Total energy consumption | GJ | 406,048 | 347,972 | 361,201 |
| Total sqm ⁵⁵ | sqm | 712,082 | 717,478 | 745,598 |
| Energy intensity per employee ⁵⁶ | GJ/man | 34.7 | 29.9 | 26.1 |
| Energy intensity per sqm | GJ/sqm | 0.57 | 0.48 | 0.48 |

Production of renewable energy

9 photovoltaic systems have been installed in the Group companies in recent years.

In 2020, the amount of photovoltaic kWp installed by Group companies is expected to increase considerably.

⁵⁴ Sources of the conversion factors: "Guidelines on the application in banks of the Global Reporting Initiative (GRI) environmental standards" published by ABI Lab in January 2020 and December 2018, for 2019 and 2018 data respectively, and "UK Government GHG conversion factors for company reporting" for 2017 data.

⁵⁵ total gross sqm of BPER Group's properties.

⁵⁶ Calculated on the number of employees as at 31 December 2019.

Renewable energy systems in 2019⁵⁷

| Type | Company | Installed power (kWp) | kWh produced |
|----------------------------|---------------------------|-----------------------|----------------|
| FTV System – Modena | BPER Banca | 110 | 111,080 |
| FTV System - Carpi | BPER Banca | 10 | 10,050 |
| FTV System – Modena | BPER Banca | 5 | 5,450 |
| FTV System – Modena | BPER Banca | 5 | 5,450 |
| FTV System - Pianoro | BPER Banca | 19 | 19,026 |
| FTV System - Vignola | BPER Banca | 10 | 10,010 |
| FTV System - Bra | Cassa di Risparmio di Bra | 20 | 15,880 |
| FTV System - Bra | Cassa di Risparmio di Bra | 20 | 21,857 |
| FTV System - Campogalliano | Modena Terminal | 338 | 343,374 |
| Total | | 537 | 542,177 |

In 2019, the BPER Group produced 542,177 kWh of renewable energy through its systems, rising by 5% compared with the previous year. In 2018 and 2017, production had amounted to 517,691 kWh and 518,253 kWh, respectively.

Renewable energy systems as at 31/12/2019

| | | Unit of measure | 31.12.2017 | 31.12.2018 | 31.12.2019 |
|------------|-------------------|-----------------|------------|------------|------------|
| BPER Group | Number of systems | no. | 9 | 9 | 9 |
| | Installed power | kWp | 541 | 538 | 537 |
| | Production | kWh | 518,253 | 517,691 | 542,177 |

Photovoltaic systems



7.1.4 Energy saving measures

As indicated above, the Parent Company's Energy Plan aims to reduce BPER Banca's energy expenditure by 10% by 2021.

Although the plan is included within the pipeline of the Business Plan (2019-2021), the efficiency projects were launched in 2018.

In prior years, a gas and electricity consumption monitoring system for all BPER Banca sites was implemented, based on supply invoices, with the goal of monitoring trends and defining the database on which to conduct benchmarking, from which to then extrapolate, and possibly generalise, the best practices applied.

⁵⁷ The kWh produced by BPER Banca's systems are based on an estimate, with the exception of the "Asilo" system at Via Aristotele 205.

Following this monitoring activity, the following activities were identified in 2018 and various sites were launched, the progress of which is reported below:

- implementation of the control and monitoring system (BEMS) on 115 branches: completed, the reduction in consumption will be assessed starting in 2020
- implementation or integration of a control and monitoring system (BEMS) in the 13 Management Centres: start-up phase
- conditioning and modification of the layout of the data centre room of the Modena Service Centre: started
- implementation of a dedicated application that allows the shutdown of personal computers, printers, etc. during non-use: not implemented due to lower consumption reduction capacity
- implementation of a project to raise awareness by Group employees in order to disseminate good energy-saving behaviour practices, with a contest for the 200 most energy-intensive branches excluded from the BEMS: completed
- technological energy efficiency: implementation of the best available technologies (BAT) giving priority to those that benefit from economic incentives: started.

Banco di Sardegna, on the other hand, launched the “Switch Off” project in mid-2014, involving some 150 buildings and branches, starting with the most energy-consuming ones. The branches involved are remotely controlled and monitored through a system that manages electrical loads and constantly measures consumption of the individual sites.

The “Switch Off” project involved all branches with annual consumption $\geq 25,000$ kWh; in 2019, Banco di Sardegna implemented the fourth project phase (which ended in October) expanding it to another 25 branches. The results will be reported in 2020.

These larger projects combined with the initiatives undertaken by other Group companies on lighting, efficiency and waste reduction. Overall, in 2017, the BPER Group reduced its consumption by 2,641.6 MWh, in 2018 by 4,384.2 MWh and in 2019 by 3,156.6 MWh.



Personnel awareness

In 2019, BPER Banca participated in various events to increase awareness, such as “M’illumino di meno” and “Bike to work”. Furthermore, a personnel awareness initiative, lasting the entire year, entitled “Piantiamola” was implemented, involving all employees with news, videos and contests.

Among the several activities developed:

- sharing of a guide on responsible behaviour relating to the use of computers, monitors and printers, energy management (lighting, heating, air conditioning), use of lifts, rational use of stationary, computer assets etc.
- organisation of an energy-saving competition between branches
- launching of the “Detective dello spreco” (Waste detective) project in which colleagues were asked to “keep their eyes open” and report whatever they regarded as a waste.

Piantiamola generated an energy saving of 851,710 kWh.

7.1.5 Emissions generated

To objectively identify and monitor emission performance, Scope 1, Scope 2 and Scope 3 emissions were calculated. In particular, Scope 1 indicates the CO₂e emissions generated directly by the Group, deriving from the consumption of fuel used for heating, from car fleet fuel and from refrigerant gas losses. Scope 2, on the other hand, indicates indirect CO₂ emissions from the consumption of purchased electricity and heat.

Lastly, for the calculation of Scope 3, i.e. the other types of indirect emissions, the emissions deriving from business travel by train and plane as well as from the production of paper purchased were taken into account.

Scope 1

| | 2017 | 2018 | 2019 |
|--|---------------|--------------|--------------|
| Total Scope 1 (t CO₂e) | 11,105 | 7,589 | 8,387 |

Source of emission factors: ISPRA, with transformation into CO₂ equivalent according to the procedure set out in the “Guidelines on the application in banks of GRI (Global Reporting Initiative) Environmental Standards” published by ABI Lab in January 2020 and December 2018, for 2019 and 2018 data respectively, “Guidelines on the application in banks of GRI (Global Reporting Initiative) Environmental Indicators G4 version” published by ABI Lab in December 2017 for 2017 data.

Scope 2

| | 2017 | 2018 | 2019 |
|---|---------------|---------------|---------------|
| Total Scope 2 (t CO ₂ e) electricity purchased - Location Based | 22,947 | 21,364 | 21,794 |
| Total Scope 2 (t CO ₂ e) thermal energy purchased - Location Based | 341 | 206 | 140 |
| Total Scope 2 (t CO₂e) - Location Based | 23,288 | 21,570 | 21,934 |
| Total Scope 2 (t CO ₂ e) electricity purchased - Market Based | 5,760 | 3,664 | 3,725 |
| Total Scope 2 (t CO ₂ e) thermal energy purchased - Market Based | 341 | 206 | 140 |
| Total Scope 2 (t CO₂e) - Market Based | 6,101 | 3,870 | 3,865 |

The reporting standard used (GRI Sustainability Reporting Standards 2016) envisages two different Scope 2 emissions calculation approaches: “Location-based” and “Market-based”.

The “Location-based” approach envisages the use of average emission factors relative to the specific national energy mixes for the generation of electricity (emission coefficient used for Italy equal to 316 gCO₂/kWh for 2019, 321 gCO₂/kWh for 2018 and 2017. Source of emission factors for the three years: ISPRA 2019, with transformation into CO₂ equivalent according to the procedure set out in the “Guidelines on the application in banks of GRI (Global Reporting Initiative) Environmental Standards” published by ABI Lab in January 2020 and December 2018, for 2019 and 2017-2018 data, respectively.

The “Market-based” approach envisages the use of emissions factors defined on a contractual basis with the provider of electricity. In the absence of specific contractual agreements between Group companies and the electricity provider (e.g., purchase of Guarantees of Origin), the emission factor relative to the national “residual mix”, equal to 487 gCO₂e/kWh was used for this approach for 2019 (Source: European Residual Mixes 2018, AIB) and 480 gCO₂e/kWh for 2018 and 2017 (Source: European Residual Mixes 2017, AIB).

Scope 3⁵⁸

| | 2018 | 2019 |
|--|--------------|--------------|
| Airplanes (t CO ₂ e) | 354 | 610 |
| Trains (t CO ₂ e) | 103 | 181 |
| Purchased paper (t CO ₂ e) | 920 | 904 |
| Total Scope 3 (t CO₂e) | 1,377 | 1,695 |

⁵⁸ Source of emission factors: “UK Government GHG conversion factors for company reporting, 2019” for 2019 data, “UK Government GHG conversion factors for company reporting, 2018” for 2018 data.

Climate-altering gases

In calculating total climate-altering emissions, we must necessarily take into account the use of refrigerant gases for the conditioning of Group offices and, especially, for the Modena Terminal cold rooms. In fact, Modena Terminal manages warehouses and cold rooms that in 2019 had a 45% impact on the Group's emissions related to refrigerant gases (380 kg out of total 852 kg).

Emissions from climate-altering gases⁵⁹

| Type of Gas | 2017 | | 2018 | | 2019 | |
|--------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|
| | t | tCO ₂ e | t | tCO ₂ e | t | tCO ₂ e |
| R-22 | 0.02 | 40 | 0 | | - | |
| R-407C | 0.21 | 323 | 0.19 | 337 | 0.18 | 316 |
| R-404A | 0 | | 0 | | - | |
| R-410-A | 0.36 | 618 | 0.17 | 347 | 0.28 | 593 |
| R-422D | 0 | | 0.03 | 93 | - | |
| R-427A | 0.72 | 1,539 | 0.16 | 342 | 0.32 | 684 |
| R-507A | 0.18 | 594 | 0.06 | 239 | 0.06 | 239 |
| Ammonia | 0 | | 0.05 | 0 | - | |
| R-417A | | | | | 0.01 | 19 |
| R32 | | | | | 0.001 | 1 |
| Total | 1.49 | 3,114 | 0.66 | 1,358 | 0.85 | 1,853 |

Emission intensity

| | 2017 | 2018 | 2019 |
|---|--------------------|------|------|
| | tCO ₂ e | | |
| Scope 1 + Scope 2 Location Based | | | |
| Emission intensity per sqm | 0.05 | 0.04 | 0.04 |
| Emission intensity per employee | 2.94 | 2.50 | 2.19 |
| Scope 1 + Scope 2 Market Based | | | |
| Emission intensity per sqm | 0.02 | 0.02 | 0.02 |
| Emission intensity per employee | 1.47 | 0.98 | 0.89 |

Emissions saved

Emissions saved 2017

| Method | Quantity | tCO ₂ e saved |
|-----------------------|----------------|--------------------------|
| Renewable energy used | 59,571,700 kWh | 32,407 |
| Energy saved | 2,641,600 kWh | 832 |
| Paper saved | 883 t | 603 |
| Total | | 33,842 |

⁵⁹ Source of emission factors: "IPCC 4th Assessment Report, 2007" Refrigerants Environmental Data (Linde) for 2019 and 2018 data "ASHRAE Standard 34, UK Government GHG Conversion Factors for Company Reporting, Greenhouse Gas Inventory Guidance (EPA), Refrigerants Environmental Data (Linde)" for 2017 data.

Emissions saved 2018

| Method | Quantity | tCO ₂ e saved |
|---|----------------|--------------------------|
| Energy saving (in kWh) | 4,152,260 kWh | 1,993 |
| Reduction in paper consumption (in t) | 1206.5 t | 973 |
| Electricity purchased from renewable sources (in kWh) | 58,595,906 kWh | 28,126 |
| Electricity self-produced from renewable sources (in kWh) | 517,691 kWh | 249 |
| Total | | 31,341 |

Emissions saved 2019⁶⁰

| Method | Quantity | tCO ₂ e saved |
|---|----------------|--------------------------|
| Energy saving (in kWh) | 3,156,560 kWh | 1,537 |
| Reduction in paper consumption (in t) ⁶¹ | 108.2 t | 86 |
| Electricity purchased from renewable sources (in kWh) | 60,999,150 kWh | 29,707 |
| Electricity self-produced from renewable sources (in kWh) | 542,177 kWh | 264 |
| Total | | 31,594 |

In 2019, thanks to energy efficiency measures, the use of renewable energy and the reduction of paper consumption, the BPER Group avoided the emission into the atmosphere of 31,594 t of CO₂e.

If we also add the emissions offset by DKV Climate and the emissions offset through the planting of a BPER forest with Treedom.com, the total emissions not introduced or offset were 32,985.5 t of CO₂ which is equivalent to planting around 47,136 trees⁶². This year too, therefore, BPER Banca avoided the emission of CO₂ into the atmosphere corresponding to an amount that would be absorbed by a forest of more than 47 hectares (approximately 67 football pitches).



→ 32,985 t CO₂e saved = CO₂ absorbed by 47,136 trees

7.2 Reduction of indirect environmental impacts

The financial world, and companies and institutions in particular, are required to take more challenging measures to reduce their direct impact: allocating capital to activities and technologies with low CO₂ emission. Therefore, the Group must promote the measurement and reduction of environmental impacts generated by investments and grasp the opportunities connected to climate change, namely those linked to financing mitigation and adaptation solutions. The active commitment of the Group Banks and of the other companies providing financial services is evident in the marketing of low-carbon products, products aimed at energy efficiency and in the financing of renewable energy production plants. Calculating total indirect impact is a highly complex process that is currently being analysed and studied across the entire financial sector. Nonetheless, it is possible to provide data on the emissions avoided through the financing of energy efficiency projects (LIFE4ENERGY) and renewable energy system projects, which amounted to 1,124,113 t of CO₂.

Greater information about placed products leading to a positive environmental impact may be found in chapter 5.

⁶⁰ Emissions saved in relation to energy efficiency, purchase of electricity from renewable sources and self-produced electricity from renewable sources have been calculated with the Market Based methodology using the "European Residual Mixed 2020, AIB" emission factors. The emissions saved with regard to the reduction of paper consumption were calculated using the emission factors "UK Government GHG conversion factors for company reporting, 2019" (794,235 kg CO₂e).

⁶¹ The reduction in paper following F24 dematerialisation and the reduction in paper due to the use of Advanced Electronic Signature were taken into account for the calculation.

⁶² An average of 700 kg of CO₂ absorbed by a tree in 10 years was used for the calculation.



A photograph of a woman with long brown hair, wearing a light pink top, smiling warmly while holding the hand of a man. The man is wearing a light blue shirt and is partially visible in the foreground. The background is a softly blurred indoor setting, possibly a living room, with a blue cushion and a teddy bear visible on a sofa.

8. Relations with the community

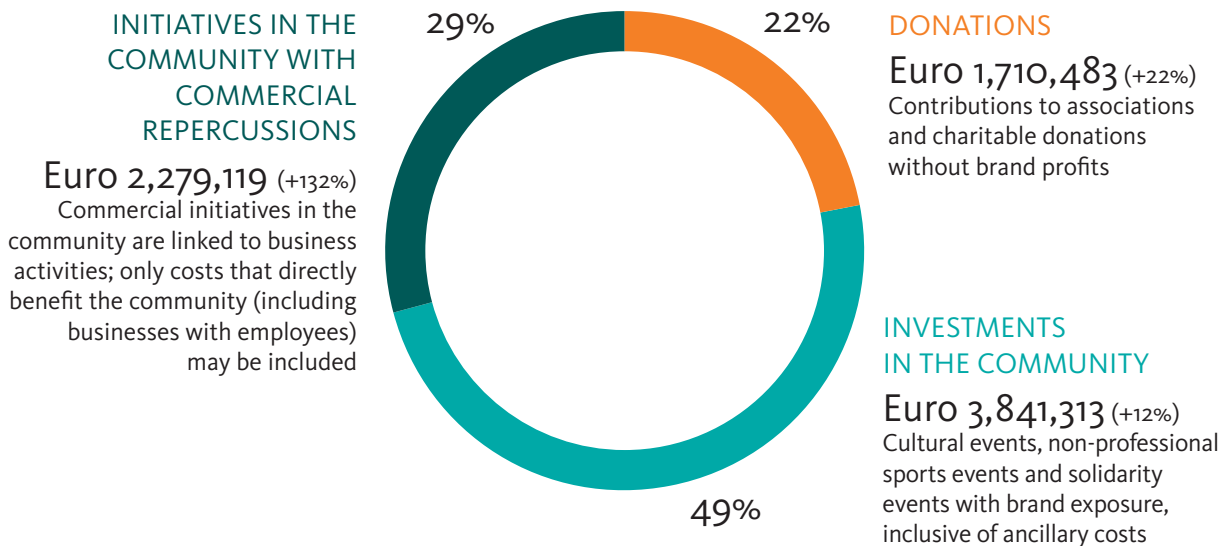
8.



The BPER Group firmly believes that investments in sponsorships, partnerships and donations significantly contribute to enhancing the areas in which it operates; the activities it supports are focused on areas that are more closely linked to the Group's system of values such as welfare, the development of culture and support for the younger generations.

The attention paid to the social and environmental context of the local areas has promoted its significant participation in organisations and associations⁶³ among which: Global Compact Network Italia, Impronta Etica, Fondazione Sodalitas, Foundation for Financial Education and Savings (FEduF), CSR Manager Network, Association of Modena Businesses for Social Responsibility, Valore D, and ABI working groups on sustainability, inclusion and climate change.

Often, when speaking of social initiatives and donations, we tend to simply consider the donations of banks to local organisations engaged in different social areas; however, this does not adequately explain what is actually being done by the Group. For this reason, in 2019 also, the Group decided to describe and catalogue the several projects implemented by using the London Benchmarking Group⁶⁴ framework, which extensively describes the commitment to social and environmental projects through three macro categories: donations, investments in the community, and commercial initiatives in the community.



⁶³ The Group Banks are associated with the Italian Banking Association and the Parent Company is registered with Confindustria, in the sections of the main provinces/regions where the Group banks are based.

⁶⁴ Reference is made to the updated version of the 2018 LBG Framework

Relations with the community (Euro)⁶⁵

| | 2017 ⁶⁶ | 2018 | 2019 |
|---|--------------------|------------------|------------------|
| Donations | 1,116,756 | 1,401,474 | 1,710,483 |
| Investments in the community | 5,509,016 | 3,440,878 | 3,841,313 |
| Commercial initiatives in the community | 873,703 | 982,282 | 2,279,119 |
| Total | 7,499,475 | 5,824,634 | 7,830,915 |

Each company can have positive or negative impacts on the community in which it operates. In fact, in certain cases unfavourable conditions are generated by the Group's strategic decisions. The BPER Group did not receive any complaints regarding negative impacts on the community for 2019.

8.1 Commitment to the community

8.1.1 Donations

The Code of Ethics of the Parent Company indicates that:



“BPER Banca intends to be a Bank that creates value for the community it operates in, by seeking to achieve objectives that are not only profitable”



This statement, which applies for all Group companies, is embodied in the activities implemented to support the local community.

Donations of charitable amounts during the last three years were in favour of a number of initiatives in the scientific, welfare and solidarity sectors. The high number of beneficiaries makes it difficult to list all the activities supported.

The Group companies identify the activities to be supported, in compliance with the “Group guidelines on the process of institutional promotion and donations” on the basis of the various requirements that arise in the territories in which they operate, with regard to schools, universities, hospitals and health associations, cultural, arts, tourism and sports associations, religious entities and churches, municipalities and local entities, and others. With regard to the most significant donations, the Parent Company requires an assessment/approval by the Executive Committee. Contributions are allocated based on percentages defined by the Executive Committee for the different areas (social, cultural, health, etc.).

Donations for the promotion of culture and of social projects, for the purchase of diagnostic tools and for allocations to scholarships were of particular relevance.

⁶⁵ 2017 data were restated following an update of the London Benchmarking Group framework, which no longer includes the “innovative products and services” category. For the previously published data, refer to the 2018 Sustainability Report, in the Sustainability section of the web site <https://istituzionale.bper.it>

⁶⁶ The 2017 figure also contains the funds allocated for the celebratory events for the 150-year anniversary of the Parent Company

SUPPORT FOR “EMPORI SOLIDALI” (CHARITY SUPERMARKETS)

In 2019, BPER Banca supported the activities of ten Empori Solidali (charity supermarkets) in Italy, selected with the help of the Territorial Divisions. The Empori Solidali are a network distributed throughout Italy. Although their appearance and operation is similar to a traditional shop, they have a key social purpose: they provide tangible support to families who are in a fragile economic situation by distributing basic necessities free of charge. In addition to material support, they also offer services and orientation, training and inclusion activities.

The employees of the Parent Bank also contributed to supporting the Empori by taking part in “**RACCOGLIAMO**”: a company volunteer project for donating foodstuffs with long expiry dates and personal care and childcare products. The products collected were then redistributed free of charge by the Empori to the people assisted. This initiative is carried out twice a year.

The Empori supported by the Group were the following:

- Idea Solidale Piccola Bottega della Solidarietà (Milan)
- Emporio Solidale Dora (Reggio Emilia)
- Emporio Portobello (Modena)
- Emporio Solidale Beverara 129 (Bologna)
- Emporio solidale Il Mantello (Ferrara)
- Emporio Solidale Rimini
- Stazione Alimentare Emporio (Lanciano)
- Emporio Marconi (Rome)
- Cooperativa sociale Il Sentiero (Teggiano di Salerno)
- Emporio Solidale i 5 pani (Crotone)



For years, the Group has made important contributions to deserving secondary school students in unfavourable economic situations, allocating scholarships in their favour. In addition, in order to promote research in the field of sustainability, BPER Banca has set up a scholarship in favour of graduates from the Emilia-Romagna Region who have completed theses on Corporate Social Responsibility issues. The Parent Company also adopted a new model of support for associations committed in particular to involving young people in education, culture and the environment, through promotion of the second crowdfunding call on the “Produzioni dal Basso” platform.

Two associations among the five selected succeeded in achieving their objectives. Consequently, BPER Banca donated 50% of the amount indicated as target by the designers, allowing them to achieve their projects.

“LINFA - Paint your future” was presented by the “Scioglilingua” Association of Modena. Its aim was to raise awareness on respecting the environment and achieving

greater ‘green’ awareness in first-level secondary school students throughout the province. “Realizziamo insieme una ciclofficina a Forlì” (Let’s build together a bicycle workshop in Forlì) had the twofold aim of offering five young people (former guests of residential youth care institutions) an opportunity to grow through qualified jobs and of encouraging the use of bicycles and rail transport in a particularly environmentally sensitive and eco-friendly area.

The projects selected during the first call and launched in 2019, made it possible to develop activities to help the specially skilled children of the Manos Blancas Choir of the SONG Non-Profit Association, and to organise environmental education activities with 200 secondary school students in the province of Modena and Bologna. The project regarding the recipe book of the Helpcode Association involving young people from Scampia is still in progress.

In compliance with the provisions of the Code of Ethics, no donations were made to political parties or representatives.

8.1.2 Investments in the community

The Group's wide-ranging engagement in the community focuses on different areas of intervention. The main activities are reported below:

#LaBancaCheSaLeggere

The BPER Group has always worked with the firm belief that inclusion and the reduction of social inequalities also require the widespread organisation of cultural events open to citizens and accessible to all. Consequently, #LaBancaCheSaLeggere is more than just a slogan; it represents the ability to not only promote the dissemination of culture but to comprehend and interpret the economic and social environments in which it operates.

The policy of support for various national theatres is accompanied by an important activity for the organisation of cultural, artistic and musical events in all the regions where the Group is present.

We should mention the Group's participation in events promoted by ABI, such as "Invito a Palazzo", through which the most beautiful buildings of Italian banks are opened to the public, and the "Festival della Cultura Creativa" (Festival of Creative Culture) dedicated to children and young people.

In the literary field it is worth mentioning the important activity of the Parent Company in support of national awards such as, to name a few, the Premio Strega in its various categories (Premio Strega Ragazze e Ragazzi, Premio Strega Giovani and Premio Strega Europeo), the Premio Estense, the Laudomia Bonanni Poetry Award, the Premio Flaiano, the Premio Nazionale and the Junior Video Contest di Divulgazione Scientifica Giancarlo Dosi.

These activities have been for many years now accompanied by the "Events Forum - Meetings with the author", an event where contemporary authors present interesting new publications at the BPER Forum Monzani of Modena. This initiative, which has seen an increasing appreciation by the public (more than 150,000 annual visitors in 10 years of activity), seeks to offer a loyal and attentive audience the opportunity to get to know and meet writers, actors, performers, musicians, scientists, athletes, prominent figures of civil society, nationally and internationally renowned. This year, a book celebrating the event's 10 years of activity was published entitled "Dieci anni di Passioni 2009-2019" (Ten years of Passion 2009-2019), and was offered free of charge to the public. There is also a library in the BPER Forum Monzani in Modena which is open to the public and belongs to the network of municipal libraries.

The development and dissemination of culture are also achieved through participation in local and national events, for example:

- Ravenna Festival
- Matera 2019
- Philosophy Festival of Modena, with master classes, exhibitions and shows
- IMAGinACTION, international festival of music video clips
- Giffoni Film Festival, for children and youth, and Ischia Film Festival
- Time in Jazz, travelling music festival organised in Sardinia, with a preview in Modena once again in 2019
- Mantua Literature Festival, with meetings and presentations by national and international authors.

Of significant note is the contribution to art through support to the Padua Exhibition "Van Gogh, Monet, Degas". Moreover, in order to create value for the areas in which it operates, the Parent Company has for years promoted a number of round tables on mainly economic issues, in collaboration with QN - il Resto del Carlino and with Affari e Finanza - La Repubblica.

As part of this collaboration, two awards were dedicated to young people, with secondary school youth engaging in the publication of articles ("Cronisti in classe" - Class reporters) and young people aged between 14 and 29 years participating in a national photo contest in cooperation with Huffpost Italia, Fondazione Nino Migliori and FIAF. With regard to the promotion of journalism skills, the BFREE project was developed for youth enrolled in a Master's in Media Relations, who were involved in drafting an issue of "Per Voi", the quarterly magazine of the BPER Group.

The Challenge4me 2019 project received considerable media coverage: carried out together with the Lions Clubs of the XII zone - District 108Tb, the project involved more than 500 secondary school students from the province of Modena who voluntarily took part in the challenge to turn off their mobile phones for three days. This challenging project stemmed from the educational, training and scientific sector's growing interest to actively interface with young people, make them aware of their growth and choices, and help them think about their relationship with technology and social networks. The initiative was also accompanied by a research project promoted and coordinated by CEIS Formazione. Its aim was to assess the impact on young people of being without their mobile phone from a psychological point of view, as well as the relationship and attitudes that students have towards their mobile phone in their daily lives.

Other local initiatives

There are numerous local initiatives for promotion of the local territories and typical products supported by banks of the Group, as well as the most famous trade fairs in the areas where the Group is present. In addition, the Group's banks, as part of the collaboration with local universities and other bodies, promote meetings and conferences on economic issues and on other topics, in which many citizens participate.

BPER BANCA FOR THE COMMUNITY

The Business Plan placed considerable focus on the commitment towards the community.

Nati per leggere (Born to read)

BPER has embraced the Nati per Leggere (Born to Read) project which for twenty years, thanks to the work of the Cultural Association of Paediatricians, the Italian Association of Libraries of CSB (Non-Profit Organisation for Children's Health), has been spreading good reading practices throughout the country. In three years, over 20,000 children, in six mainly southern Italian regions, will be able to receive a book from their paediatrician.

Forum4School

Forum4School is a project that was developed together with the Historical Institute of Modena. It allows schools to approach contemporary history through the testimonies of scholars and protagonists directly or indirectly involved in most recent historical events. In 2019, two events were organised for secondary schools in the province of Modena focusing on two important anniversaries in 2019: the 30th anniversary of the fall of the Berlin wall and the 50th anniversary of the start of the 'season of massacres'. Two powerful lessons were held at the BPER Forum Monzani by Filippo Focardi and Benedetta Tobagi with an average attendance of over 800 students.

Sognalib(e)ro

The Parent Company supported the second edition of the literary prize awarded to Italian prisoners, in collaboration with the Municipality of Modena, the Ministry of Justice, Giunti publishing company and Tuttolibri of La Stampa. The aim is to promote reading and writing in prisons and so tangibly implement article 27 of the Constitution on the re-education of convicts.

Alongside the prize-related activities, the bank promoted meetings in a number of correctional institutions with important authors such as Helena Janeczek, Antonio Manzini, Donatella Di Pietrantonio, Laura Morante and Marcello Simoni. The prisoners analysed the texts of previously donated books, together with their prison educators.

A drama training course for the prisoners of the correctional institutions of the Province of Modena was supported with the same goal.

The financial education projects "Tarabaralla" and "Un passo verso il futuro" (A step towards the future), described below, are also part of BPER Banca for the Community activities.

Other projects

- Promotion of amateur sports activities through support to sports associations and clubs, as well as national sports events mainly involving young audiences, such as BPER Banca Beach Volley Italia Tour or the initiatives with the Crotona Sailing Club.
- Publication of the "libro strenna": every year, BPER Banca produces a prestigious volume dedicated to the excellence of the territory. For several years now, the Motor Valley has been promoted with titles dedicated to the most famous car manufacturers. The 2019 volume is entitled "Dallara - dall'Emilia alla conquista del mondo" (Dallara - conquering the world from Emilia).

"La Galleria. Collezione e Archivio Storico"

In 2017, the Parent Company's headquarters launched "La Galleria. Collezione e Archivio Storico", a cultural project of the Bank aimed at the enhancement, protection, preservation and optimisation of the artistic portfolio and archives of the Institute.

In 2019, 2,000 visitors attended the Gallery, with 45 days open to the public, including special openings, and 25 group guided tours organised. The high number of visitors was a success for BPER Banca's artistic proposal offered to the community, which aims to highlight one of the biggest corporate collections in Italy. The programme of activities in 2019 was full of projects and events, including presentation to the public of works of art from the collections of the BPER Group, such as the work "La Terra dona a Nettuno i bulbi di tulipano" (Earth donates tulip bulbs to Neptune) by Giovanni Andrea Sirani or Jules Van Biesbroeck's important personal exhibition entitled "L'anima delle cose" (The soul of things). Another achievement was the second study conducted on the Historic Archives of the Bank, entitled "I primi Soci" (The first Shareholders), which tells the story of the Bank's first shareholders and offers an interesting portrait of society in Modena after the unity of Italy. The Historic Archives were transferred to a new location, with the aim of ensuring that scholars and researchers have the opportunity to consult documents relating not only to the history of the Bank, but also to the territory in which it was founded. Thanks to the various initiatives carried out by La Galleria, collaborations have been established and relations with associations, schools, private individuals and tourist organisations have been consolidated. La Galleria can be visited with free admission every first weekend of the month, including Friday, and the catalogue of works of art is now also available online at www.lagalleriabper.it. An Instagram account @lagalleriabper is also available for each update.

Commitment for the community resulting from the merger with Unipol Banca

In the cultural field, strong support was given to cinema in different ways, such as: financing of Italian films through tax credit, the sponsorship of documentary films, the partnership with the Cineteca di Bologna for the summer festival "Cinema sotto le stelle" (Cinema under the stars) in Piazza Maggiore and at Arena Puccini, the partnership with Pop Up Cinema (renovation of cinemas in historic city centres) and support for the restoration of the Modernissimo cinema. To emphasize the importance of being close to younger generations, significant support was offered to youth sports teams, especially minibasket and the Virtus basketball youth team.

Finally, a considerable contribution was offered to the Ant Italia Non-Profit Foundation, which for years has provided free home care for terminally ill cancer patients and organises fundraising events aimed at raising awareness in citizens on the importance of prevention.

Support to the community - Banco di Sardegna

During 2019, Banco di Sardegna renewed its commitment to reinvest part of its profits throughout the territory, with initiatives involving schools (workshops for children, financial education meetings and school-work alternation with older students), culture (extraordinary openings of historic buildings, contributions for the organisation of events, concessions for the use of meeting and conference rooms, enhancement of Banco's artistic and cultural heritage, and investment in works of art) and sport (support to organisations involving disabled children and athletes, and involvement of more than 4,000 students in the "Il Basket in Classe" (Basketball in the classroom) project). Banco di Sardegna was also involved in

the activities carried out by Sardinian universities designed to stimulate youth entrepreneurship and innovation (the Start Cup of the University of Sassari and CLAB of the University of Cagliari). It also involved public and private institutions in its activities, creating opportunities for meeting and for talking and sharing views on economic and social development in Sardinia (organisation of conferences, participation in the Job Day, etc.). The partnership with Autunno in Barbagia was particularly important, an event that for over 25 years has linked more than 35 municipalities in central Sardinia. Its aim is to promote an approach to tourism that is not connected to the summer season, but that enhances culture, traditions and the specific local aspects of the island.

Support to the community - Arca

In 2019, ARCA launched an internal working group (ESG Group) made up of colleagues from various Company Departments. With regard to the impact on the local community, activities were launched to support the VIDAS Association, which takes care of terminally ill people. In addition, ARCA carries out financial dissemination meetings for placement agents and its customers and also for secondary school students.

Financial Education

Over 64,000 girls and boys were involved in financial education in 2019.



“Tarabaralla. Il tesoro del bruco baronessa”

Among the initiatives for families, “Tarabaralla. Il tesoro del bruco baronessa” (Tarabaralla. The treasure of baroness caterpillar) was a rich and varied project focused on financial education and stemming from the collaboration with Carthusia Edizioni. The aim of the project is to make children aware of the value of things, of the importance of saving to be able to make their dreams come true and of the value of friendship and solidarity. “Tarabaralla. Il tesoro del bruco baronessa” is an illustrated audio book that talks to children about saving. It uses texts and music that have lived in the theatres, auditoriums and libraries of various Italian locations. The book turned some of the bank’s branches into places of culture and play for families, offering animated readings and interaction with children on the topics of money, material values and intangible values such as solidarity and friendship.

In addition to the financial education project for families, the bank’s commitment towards schools also continued.

The GRANDE! project

BPER Banca confirmed its commitment to disseminating financial education for the fourth consecutive year with an educational offer for primary school children.

1,500 Italian classes once again joined the GRANDE! project. Guided by their teachers, a total of around 45 thousand pupils became champions of economy by embarking on an interactive journey and discovering very important economic principles. This educational programme allowed pupils to easily learn the secrets behind leading economic theories.



Furthermore, in October 2019, the cartoons of the GRANDE! project, which explain economic topics to children, were included in the TV programming of the kids channel Boing, also available on the BOING app.

Alongside the initiatives for children, a section of bper.it focuses on the topic of financial education and provides content and useful advice to adults who wish to teach their children to be aware and economically successful.

In October - the month of financial education - an original exhibition of piggy banks made with recycled materials by primary school children participating in the Grande! project competition was set up.

Un passo verso il futuro (A step towards the future)

BPER has been offering first- and second-level secondary school teachers “Un passo verso il futuro” (A step towards the future) since September 2019. Created together with CivicaMente, a company specialising in the development of IT platforms, this web-based educational path helps promote a broader concept of finance among young people, which in addition to purely economic notions, includes topics such as ethics, sustainability and saving the planet’s resources. Structured according to the needs of the two different school levels, the project deals with topics such as the responsible use of money, saving regarded as a store of value, as well as highly topical and more complex issues that may be of interest to older students, such as cryptocurrency or the SDGs, i.e. the goals of the UN Agenda 2030.

Teen! Project

BPER Banca confirms its focus on teenagers with the Teen! project

The project’s aim is to help youth cultivate their talents and passions, with useful tips on how to enhance and share them through the knowledgeable use of social media.

The teenspace.it website and the Instagram @teenspaceofficial page are the virtual spaces hosting influencers’ testimonials, micropills, interviews and contests. Economy is discreetly introduced on teenspace.it with influencers explaining, for example, how to use payment cards. Instagram, in particular, allows the bank to talk to youth in their language and on their channels. Talents and passions can indeed turn into work if supported by appropriate economic knowledge.



FEduF - Fondazione per l’Educazione Finanziaria e per il Risparmio (Foundation for Financial Education and Saving)

Collaboration with the FEduF on the issues of financial education and behavioural economics continued. During the financial education month, BPER Banca and FEDUF organised an event in Avellino on behavioural economics, offering 450 youths the opportunity to participate in the talk proposed by Taxi 1729, a scientific information company that deals with these issues.

In addition, in school year 2018/2019, the project of alternating school and work was launched with FEduF (which continued during school year 2019/2020 with the name PCTO), which allowed secondary school classes to challenge each other in the creation of a business plan. The meetings were attended by employees of the Parent Company, specially trained to support school children. The winner of the National Award in 2019 was one of the classes supported by BPER. A fourth-year Class of Liceo Scientifico N. Copernico of Verona (secondary school for scientific studies), with its WOW LAB project, was awarded the best business idea during the twelfth edition of “Che Impresa ragazzi!”.

Also worth mentioning is the project of Cassa di Risparmio di Bra in collaboration with the Bra Foundation and FEduF. In 2019, the school project “Noi e il risparmio” (Savings and us) continued to involve preadolescents on the subject of saving (economic, energy and environmental) through the production of works. Now at its eighth edition, the project is aimed at the fourth grades of primary schools throughout the territory. In 2019, it involved 265 pupils from 7 schools, for a total of 13 classes.

Financial education on social media and in the branch

BPER Banca uses its proprietary channels to disseminate financial education topics. On its social networks, especially Facebook, sections approach the topics of economy. On Instagram, in the Teen! channel for teenagers, the topics dealt with encourage the spread of a culture of citizenship and awareness when making economic choices.

The bank's branches, especially those recently renewed, newly interpret space as areas for gathering and sharing in order to disseminate Financial Education and strengthen customer relationships.

In particular, in the series of events called "La cicala e la formica. La natura ha sempre un piano per gli imprevisti, e tu?" (The ant and the grasshopper. Nature always has a plan for unexpected events, what about you?), an entomologist uses the metaphor of the ant and the grasshopper to explain the need to protect nature and man, and the importance of proper risk assessment to plan the future of adults and children. To involve everyone, including families, educational workshops were carried out for children.



Projects for the environment

BPER Banca is committed to supporting various projects in favour of environmental protection, and to achieve this goal we once again focused on the new generations.

One example is the support to "La scuola per l'Appennino" (The school for the Apennines), a sustainability education programme of the National Park of the Tuscan-Emilian Apennines, a UNESCO Biosphere Reserve. A prepaid card "I care Appennino" was created as part of this project.

For some years now, BPER Banca has taken care of nature in one of the most stunning settings in Campania: the BPER Banca trail running through the Monte Lattari Park and overlooking the Positano sea. Included among the CAI (Italian Alpine Club) routes, the trail is very popular with hikers.

8.1.3 Commercial initiatives in the community

This category of the 2018 “London Benchmarking Group” Framework includes both expenses relating to projects/products with significant environmental and social impact and energy efficiency measures implemented by the Group during 2019.

It is important to note that only innovative products/services with direct social and environmental impact were taken into consideration in this report. Please see chapter 5 for further details on the products and services.

8.1.4 Monitoring of impact on the local areas

The Parent Company started a process of analysis in 2018 to monitor and optimise the impact throughout the local areas of the initiatives supported. A “Corporate philanthropy benchmark analysis” was carried out involving 8 banks, belonging to the 10 largest banking groups in Italy. The analysis was useful for studying giving and sponsorship practices and respective organisational methods. This work made it possible to identify improvement areas for effective giving and sponsorship management by BPER Banca. The areas were then included in the Group Regulations for institutional promotion and donation procedures.

At the same time, the beneficiaries of donations/sponsorships above a certain target were asked to provide a feedback (self-certification) in order to estimate the repercussions in terms of people involved and media impact of activities.

Some of the data collected by BPER Banca in 2019 on the forms received (over 50%) are reported below:

- people involved in initiatives with social repercussions: over 380,000
- people involved in initiatives with environmental repercussions: over 2,400
- people involved in cultural initiatives (music, theatre, cinema, publishing): over 1,900,000
- people involved in non-professional sports initiatives: over 43,000
- people involved in health support initiatives: more than 100.

Estimate of total people involved: over 2,300,000.

8.1.5 Assessment of synergy among projects: Youth target

78,807 total young people involved (+34%)



542,867 total young people involved in supported projects



617,674 total young people involved

8.2 Responsibility in controversial sectors

8.2.1 Guidelines on arms

The relationship between banks and operators in the military sector has been the subject of attention by Italian civil society for some time, particularly by associations that want to avoid Italy and its companies from becoming involved in the production and sale of so-called controversial arms, especially where the counterparties are located in countries subject to international sanctions. For this reason, and in line with the principles of the Code of Ethics, in 2012 the Group adopted the “Group Guidelines for regulation of the relationships with defence operators and weapons manufacturers”. Together with these guidelines, a self-regulation was adopted which establishes which transactions may be authorised. Therefore, Group banks may be included in the annual Reports drawn up by the Presidency of the Council of Ministers pursuant to Law 185/90 (which sets specific limits on the export, import and transit of specific types of weapons), in relation to transactions that, according to the Group, minimise the risk that the goods produced or services rendered be destined to parties other than those with democratic governments or that violate human rights. Moreover, the guidelines also govern other types of transactions, such as loans, for which the banks of the Group must report the relationship between the credit institute and defence operator. The Parent Company publishes an annual statement highlighting the activities that the BPER Group has carried out with companies that operate in the defence sector. This annual report is published, along with the guidelines, on the Group’s website (Sustainability Section/Our commitment/Guidelines on arms).

8.2.2 Fight against compulsive gambling

With regard to operations in the gambling and betting sector, starting from 2013, the BPER Group, with a view to Corporate Social Responsibility in regard to the communities served, has implemented initiatives to inform, prevent and implement measures against the practice of compulsive gambling.

The Group is actively attentive and vigilant to avoid gambling from becoming a tool for money laundering or recourse to extortion. Consequently, the Parent Company has instructed the Branches to carefully assess any anomalies identified in the transactions of individual customers, promptly reporting any suspicious ones.

Information campaigns for the Group’s employees and customers have been implemented, describing the reports on a number of banking transactions that could reveal an addiction to gambling, and useful instructions and tips on how branches can approach such a customer and intervene to protect both the customer and their family. BPER Banca has also published the Vademecum “Gambling addiction and banking services”, an information handbook that describes the possible measures implemented by the bank to combat and prevent the risks connected to compulsive gambling. The document was prepared in collaboration with the non-profit organisation “Papa Giovanni XXIII” of Reggio Emilia and distributed nationally with the support of various organisations, such as CONAGGA (National coordination of groups for gamblers), the inter-parliamentary group “Non è un gioco” (It’s not a game) and the “Metiamoci in gioco” (Let’s take a chance) campaign.

At the operational level, BPER Banca has decided to prevent its credit cards from being used for payment at facilities or on websites classified under the “gambling” category: in other words, you can’t gamble with BPER credit cards.

An exception to this are prepaid cards (useful in terms of “recovery tool” for compulsive gamblers) and Black Cards, accounting for about 0.1% of the total.

Special attention is paid to minors: the PAYUP TEEN prepaid cards have usage blocks for certain categories of expenditure that could be considered risky, such as games and betting, telephone and postal sales, door-to-door sales, alcohol and tobacco, drugs and political organisations.

Furthermore, if a minor has a prepaid card that is not PAYUP TEEN, they are subject to checks and, in the event of use in gambling, the payment card is blocked and notifications are sent to parents. Lastly, the BPER Group has decided to avoid the marketing and promotion to customers of Scratch & Win tickets.

Compulsive gambling may also affect minors and, therefore, the Bank has promoted an education and prevention campaign at a number of schools.

Specifically, in 2019, events dealing with gambling were created for schools in Abruzzo and held in partnership with local organisations.

The Bank has also signed an operating collaboration agreement with the ATS (Health Protection Agency) of Bergamo for an awareness campaign and active support to citizens, promoting the dissemination of the guidelines produced by BPER Banca.




















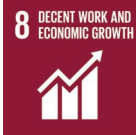



Objectives







Report on 2019 objectives and identification of 2020-2021 objectives

(B): BPER Banca objectives. The objectives were recalibrated on the three-year Business Plan (2019-2021).

Percent achieved:  100%  75%  50%  25%  0%

| Topic | 2019-2021 Objectives | % | SDGs |
|---|---|---|---|
| Governance | To define an operational control model to manage the anti-corruption issue |  |  |
| | To review the operational control model to manage the anti-trust and unfair competition issue |  | |
| | To monitor ESG issues and aspects directly related to the size of the RAF, also in line with regulatory sector developments |  | |
| Relations with the Community and Human Rights | To update the internal regulation on how to support the Community |  |  |
| | To review the Guidelines on Arms |  | |
| | To support the community with structured Financial Education projects for families and schools (B) |  |  |
| | To report on the “social impacts” of the projects supported by the bank (B) |  | |
| | To create new products and services for the blind and visually impaired |  |  |
| | To implement projects to raise awareness on Compulsive Gambling |  | |
| | To structure projects for the support and dissemination of reading by the young generations (B) |  | |
| To create events to promote reading (literary prizes, meetings with authors, school projects and meetings in prisons) (B) |  |  | |
| Suppliers | To complete a vendor rating model |  |  |
| | To launch a sustainability rating project for the 200 main suppliers |  | |
| | | |  |
| | | |  |

| | | | |
|-------------------------|--|---|--|
| <p>Personnel</p> | <p>To define an internal communication plan on Social Responsibility issues</p> <p>To implement the sustainable mobility activities identified by the Home-Work Commuting Plan (B)</p> <p>To expand the initiatives to raise personnel awareness with regard to sustainability issues</p> <p>To implement the “A pari merito” project with the objective of achieving 15% female executives</p> <p>To launch the “Exempla” management development/growth project, involving at least 45% of the female population</p> |     |    |
| <p>Customers</p> | <p>To strengthen the culture of Customer Centricity by strengthening customer listening and customer satisfaction management systems</p> <p>To strengthen the use of data and insight activities to support a more accurate identification of customer needs, more focused and relevant propositions and the development of new services and products</p> <p>To analyse and renew the proposition to the Small Economic Operators segment (B)</p> <p>To consolidate the building up of direct and remote banking services, towards a comprehensive multi-channel distribution and relational model</p> <p>To strengthen the advisory services (Global advisory) to support the complex needs of business and private customers</p> <p>To Introduce pre-acceptance credit systems for Private and Small Business customers</p> <p>Expand branded content with focus on financial and insurance education and on digital tools through proprietary digital and social channels and physical events across the territory (B)</p> <p>To develop the cash service model with the introduction of technological innovation in-branch, aimed at encouraging the dematerialisation of cash and improving the customer processes</p> <p>To develop the Welfare service for businesses in order to meet the needs of SMEs</p> <p>To create a “modular” current account for businesses that meets banking and non-banking needs and so improve access to financial services by small enterprises</p> <p>To launch a line of green financing products to encourage energy saving</p> <p>To strengthen the offer of ESG investment products, with a view to “eco-sustainable” savings</p> |          |      |

| | | | |
|--------------------------------|---|--|---|
| <p>Financial market</p> | <p>To obtain the Standard Ethics Rating (SER) for BPER Banca and achieve EE rating (B)</p> <p>To participate in the CDP (Carbon Disclosure Project) and achieve level C- (B)</p> <p>To increase the SRI portfolio of the Parent Company by 20% (B)</p> <p>To increase the SRI portfolio of the Parent Company by a further 20% (B)</p> |  |  |
| <p>Environment</p> | <p>To implement the control and monitoring system (BEMS) on the other 115 branches (B)</p> <p>To implement or integrate the control and monitoring system (BEMS) on the other 13 executive offices (B)</p> <p>To achieve greater efficiency in Data Centres (B)</p> <p>To implement energy savings measures in offices and branches (B)</p> <p>To launch activities for the reduction of paper consumption (B)</p> <p>To launch activities aimed at raising employee awareness with regard to energy saving</p> <p>To implement an Environmental Management System</p> <p>To expand the Group's photovoltaic park</p> <p>To implement real estate rationalisation</p> <p>To launch activities aimed at raising employee awareness with regard to paper saving</p> <p>To implement an application for administrative management of the provisions connected to the disposal of special waste</p> |  |  |

GRI Content Index

| GRI Standard | Indicator description | Pages/Notes | Omissions |
|--|--|---|-----------|
| GRI 102: GENERAL STANDARD DISCLOSURES | | | |
| ORGANIZATIONAL PROFILE | | | |
| GRI 102: General Disclosures (2016) | 102-1 Name of organisation | 10 | |
| | 102-2 Activities, brands, products and services | 10-13 | |
| | 102-3 Location of headquarters | 10 | |
| | 102-4 Location of operations | 10 | |
| | 102-5 Ownership and legal form | 10-14 | |
| | 102-6 Markets served | 10-13; 64-67 | |
| | 102-7 Scale of the organization | 10-13; 56-57 The market cap of BPER Banca S.p.A. as at 31/12/2019 was Euro 2,334 million. | |
| | 102-8 Information on employees and other workers | 96-97; 114-117 | |
| | 102-9 Supply chain | 44-45 | |
| | 102-10 Significant changes to the organization and its supply chain | 6 | |
| | 102-11 Precautionary principle or approach | 32-43 | |
| | 102-12 External initiatives | 21-22; 25; 38; 134 | |
| | 102-13 Membership of associations | 134-135 | |
| STRATEGY | | | |
| | 102-14 Statement from senior decision-maker | 3 | |
| | 102-15 Key impacts, risks and opportunities | 32-37; 120-121 | |
| ETHICS AND INTEGRITY | | | |
| | 102-16 Values, principles, standards, and norms of behavior | 25 | |
| | 102-17 Mechanisms for advice and concerns about ethics | 38-50; 63-64 | |
| GOVERNANCE | | | |
| | 102-18 Governance structure | 27-28 | |
| | 102-19 Delegating authority | 30-31 | |
| | 102-20 Executive-level responsibility for economic, environmental, and social topics | 30-31 | |
| | 102-21 Consulting stakeholders on economic, environmental, and social topics | 48-49 | |
| | 102-22 Composition of the highest governance body and its committees | 28-30 | |
| | 102-24 Nominating and selecting the highest governance body | 30-31 | |
| | 102-25 Conflicts of interest | 32 | |
| | 102-27 Collective knowledge of highest governance body | 28-29 | |
| | 102-28 Evaluating the highest governance body's performance | 67; 103-104 | |
| | 102-29 Identifying and managing economic, environmental, and social impacts | 32-34; 36-37 | |
| | 102-30 Effectiveness of risk management processes | 30-37 | |
| | 102-31 Review of economic, environmental, and social topics | 49-51-52 During 2019, the Board of Directors, including its board committees, dealt with sustainability topics at least every 2 months | |
| | 102-35 Remuneration policies | 103-104 | |

| STAKEHOLDER ENGAGEMENT | | | |
|---------------------------------------|--|--|--|
| | 102-40 List of stakeholder groups | 48 | |
| | 102-41 Collective bargaining agreements | 100% of employees are covered by collective bargaining agreements | |
| | 102-42 Identifying and selecting stakeholders | 48-49 | |
| | 102-43 Approach to stakeholder engagement | 49 | |
| | 102-44 Key topics and concerns raised | 48-49; 52-53 | |
| REPORTING PRACTICE | | | |
| | 102-45 Entities included in the consolidated financial statements | 5; 14 | |
| | 102-46 Defining report content and topic Boundaries | 5-6; 49-51 | |
| | 102-47 List of material topics | 50-52 | |
| | 102-48 Restatements of information | 6; 44; 57; 111; 135 | |
| | 102-49 Changes in reporting | 5-6; 53 | |
| | 102-50 Reporting period | 5 | |
| | 102-51 Date of most recent report | 5 | |
| | 102-52 Reporting cycle | The Non-Financial Statement is prepared annually. | |
| | 102-53 Contact point for questions regarding the report | 7 | |
| | 102-54 Claims of reporting in accordance with the GRI Standards | 5 | |
| | 102-55 GRI Content Index | 151-157 | |
| | 102-56 External assurance | 158-160 | |
| SPECIFIC STANDARD DISCLOSURES | | | |
| ECONOMIC SERIES | | | |
| ECONOMIC PERFORMANCE | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 57 | |
| | 103-3 Evaluation of the management approach | 52; 57 | |
| GRI 201: Economic performance (2016) | 201-1 Direct economic value generated and distributed | 57 | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 37 | |
| | 201-3 Defined benefit plan obligations and other retirement plans | 107-108 | |
| MARKET PRESENCE | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 52 | |
| | 103-3 Evaluation of the management approach | 52 | |
| GRI 202: Market presence (2016) | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | The standard remuneration for new employees is consistent with the national collective labour agreement and is the same regardless of gender | |
| PROCUREMENT PRACTICES | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 44-45 | |
| | 103-3 Evaluation of the management approach | 44-45; 52 | |
| GRI 204: Procurement practices (2016) | 204-1 Proportion of spending on local suppliers | 44 | |

| ANTI-CORRUPTION | | | |
|--|---|---|--|
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 38-41 | |
| | 103-3 Evaluation of the management approach | 38-41; 52 | |
| GRI 205: Anti-corruption (2016) | 205-1 Operations assessed for risks related to corruption | 40-41 | |
| | 205-3 Confirmed incidents of corruption and actions taken | 41 | |
| ANTI-COMPETITIVE BEHAVIOUR | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 41-42 | |
| | 103-3 Evaluation of the management approach | 41-42; 52 | |
| GRI 206: Anti-competitive behaviour (2016) | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 42 | |
| TAX | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 58-59 | |
| | 103-3 Evaluation of the management approach | 52; 58-59 | |
| GRI 207: Tax (2019) | 207-1 Approach to tax | 58-59 | |
| | 207-2 Tax governance, control and risk management | 58-59 | |
| | 207-3 Stakeholder engagement and management of concerns related to tax | 58-59 | |
| ENVIRONMENTAL SERIES | | | |
| MATERIALS | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 122-123 | |
| | 103-3 Evaluation of the management approach | 52; 122-123 | |
| GRI 301: Materials (2016) | 301-1 Materials used by weight or volume | 122-123 | |
| | 301-2 Recycled input materials used | 123 | |
| ENERGY | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 124-128 | |
| | 103-3 Evaluation of the management approach | 52; 124-128 | |
| GRI 302: Energy (2016) | 302-1 Energy consumption within the organisation | 124-127 | |
| | 302-3 Energy intensity | 126 | |
| | 302-4 Reduction of energy consumption | 127-128 | |
| EMISSIONS | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 129-131 | |
| | 103-3 Evaluation of the management approach | 52; 129-131 | |
| GRI 305: Emissions (2016) | 305-1 Direct (Scope 1) GHG emissions | 129-130 | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 129 | |
| | 305-3 Other indirect (Scope 3) GHG emissions | 129 Scope 3 emissions include emissions generated by work-related travel with other means (rail and air) and the emissions generated by paper consumption. | |
| | 305-4 GHG emissions intensity | 130 | |
| | 305-5 Reduction of GHG emissions | 130-131 | |

| WASTE | | | |
|--|---|----------------|--|
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 123-124 | |
| | 103-3 Evaluation of the management approach | 52; 123-124 | |
| GRI 306: Waste (2016) | 306-2 Waste by type and disposal method | 124 | |
| ENVIRONMENTAL COMPLIANCE | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 121 | |
| | 103-3 Evaluation of the management approach | 52; 121 | |
| GRI 307: Environmental compliance (2016) | 307-1 Non-compliance with environmental laws and regulations | 121 | |
| SOCIAL SERIES | | | |
| EMPLOYMENT | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 96-98; 105 | |
| | 103-3 Evaluation of the management approach | 52; 96-98; 105 | |
| GRI 401: Employment (2016) | 401-1 New employee hires and employee turnover | 97; 115-116 | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 107-108 | |
| | 401-3 Parental leave | 117 | |
| LABOR/MANAGEMENT RELATIONS | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 113 | |
| | 103-3 Evaluation of the management approach | 52; 113 | |
| GRI 402: Labor/Management Relations (2016) | 402-1 Minimum notice period regarding operational changes | 98 | |
| OCCUPATIONAL HEALTH AND SAFETY | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 109-113 | |
| | 103-3 Evaluation of the management approach | 52; 109-113 | |
| GRI 403: Occupational health and safety (2018) | 403-1 Occupational health and safety management system | 109-112 | |
| | 403-2 Hazard identification, risk assessment and incident investigation | 33; 109-112 | |
| | 403-3 Occupational health services | 109-112 | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 109-112 | |
| | 403-5 Worker training on occupational health and safety | 112 | |
| | 403-6 Promotion of worker health | 113 | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 109-112 | |
| | 403-8 Workers covered by an occupational health and safety management system | 111 | |
| | 403-9 Work-related injuries | 111-112 | |
| | 403-10 Work-related ill health | 111-112 | |

| TRAINING AND EDUCATION | | | |
|--|--|--|--|
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 99-102 | |
| | 103-3 Evaluation of the management approach | 52; 99-102 | |
| GRI 404: Training and education (2016) | 404-1 Average hours of training per year per employee | 99-100 | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 101 | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 102 | |
| DIVERSITY AND EQUAL OPPORTUNITY | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 105-106 | |
| | 103-3 Evaluation of the management approach | 52; 105-106 | |
| GRI 405: Diversity and equal opportunity (2016) | 405-1 Diversity of governance bodies and employees | 28-30; 114-116 | |
| | 405-2 Ratio of basic salary and remuneration of women to men | 106 | |
| FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 7 Low risk due to activities being circumscribed to Italy | |
| | 103-2 The management approach and its components | 26, 113 | |
| | 103-3 Evaluation of the management approach | 52; 113 | |
| GRI 407: Freedom of Association and Collective Bargaining (2016) | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Low risk due to activities being circumscribed to Italy | |
| CHILD LABOR | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 7 Low risk due to activities being circumscribed to Italy | |
| | 103-2 The management approach and its components | 26; 34; 42 | |
| | 103-3 Evaluation of the management approach | 26; 34; 42; 52 | |
| GRI 408: Child labor (2016) | 408-1 Operations and suppliers at significant risk for incidents of child labor | Low risk due to activities being circumscribed to Italy | |
| FORCED OR COMPULSORY LABOR | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 7 Low risk due to activities being circumscribed to Italy | |
| | 103-2 The management approach and its components | 26; 34; 42 | |
| | 103-3 Evaluation of the management approach | 26; 34; 42; 52 | |
| GRI 409: Forced or compulsory labor (2016) | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | Low risk due to activities being circumscribed to Italy | |
| LOCAL COMMUNITIES | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 134-143 | |
| | 103-3 Evaluation of the management approach | 52; 134-143 | |
| GRI 413: Local Communities (2016) | 413-2 Operations with significant actual and potential negative impacts on local communities | 135 | |
| Specific Sector Indicators - G4 | FS 14 Initiatives to improve access to financial services for disadvantaged individuals | 79-80 | |

| PUBLIC POLICY | | | |
|--|--|---|--|
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 113 | |
| | 103-3 Evaluation of the management approach | 52; 113 | |
| GRI 415: Public policy (2016) | 415-1 Political contributions | 113 | |
| MARKETING AND LABELING | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 72-75 | |
| | 103-3 Evaluation of the management approach | 52; 72-75 | |
| GRI 417: Marketing and Labeling (2016) | 417-1 Requirements for product and service information and labeling | 100% of the banking and financial products are subject to stringent disclosure rules defined by the various supervisory authorities and respected by the BPER Group | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | In 2019, there were no incidents of non-compliance concerning product and service information and labeling | |
| | 417-3 Incidents of non-compliance concerning marketing communications | In 2019, there were no incidents of non-compliance concerning marketing communications | |
| Specific Sector Guide for disclosure of Management Approach - G4 | ex FS 15 Policies for proper development and marketing of financial products and services | 72 | |
| | ex FS 16 Initiatives to enhance financial literacy by type of beneficiary | 81 | |
| CUSTOMER PRIVACY | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 75 | |
| | 103-3 Evaluation of the management approach | 52; 75 | |
| GRI 418: Customer privacy (2016) | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 75 | |
| SOCIOECONOMIC COMPLIANCE | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 72-74 | |
| | 103-3 Evaluation of the management approach | 52; 72-74 | |
| GRI 419: Socioeconomic compliance (2016) | 419-1 Non-compliance with laws and regulations in the social and economic area | In 2019, there were no cases of non-compliance with laws and regulations in the social and economic area | |

| PRODUCTS PORTFOLIO | | | |
|---|---|-----------|--|
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 78-91 | |
| | 103-3 Evaluation of the management approach | 52; 78-91 | |
| Sector Specific Supplement Indicators - G4 | FS 6 Percentage of the portfolio segmented by business lines by specific regions, sizes (e.g. micro/ SME/large) and by sector | 64-67 | |
| | FS 7 Monetary value of products and services designed to deliver a specific social benefit for each business line and purpose | 81-82 | |
| | FS 8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line and purpose | 86-88 | |
| PROTECTION OF FINANCIAL STABILITY | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 56-59 | |
| | 103-3 Evaluation of the management approach | 52; 56-59 | |
| CUSTOMER SATISFACTION | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 67-69 | |
| | 103-3 Evaluation of the management approach | 52; 67-69 | |
| GOVERNANCE AND DECISION-MAKING PROCESSES | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 27 | |
| | 103-3 Evaluation of the management approach | 27; 52 | |
| ACCESSIBILITY AND DIGITALISATION OF SERVICES | | | |
| GRI 103: Management approach (2016) | 103-1 Explanation of the material topic and its Boundary | 50-53 | |
| | 103-2 The management approach and its components | 70-71 | |
| | 103-3 Evaluation of the management approach | 52; 70-71 | |

INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018

**To the Board of Directors of
BPER Banca S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of BPER Banca S.p.A. and its subsidiaries (hereinafter "BPER Banca Group" or "Group") as of December 31, 2019 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 10, 2020 (hereinafter "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the *GRI Standards*. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised*, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the BPER Banca Group;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a);

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of BPER Banca S.p.A. and with the employees of Banco di Sardegna S.p.A., Banca di Sassari S.p.A. and Modena Terminal S.r.l. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the following companies, BPER Banca S.p.A. and Modena Terminal S.r.l., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out visits on site, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the BPER Banca Group as of December 31, 2019 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the *GRI Standards*.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Benini
Partner

Bologna, Italy
March 27, 2020

For information

Toll-free number 800.22.77.88
(24 hours a day, 7 days a week)

rsi@bper.it

WhatsApp: +39 3667773911

The **Consolidated non-financial statement**
is available at
<https://istituzionale.bper.it/sostenibilita>

We would like to thank our colleagues
who contributed to this Sustainability Report,
prepared by the External Relations and CSR Office.

Graphics and layout: mediamo.net

UN sustainable development goals



1 NO POVERTY
Development of products that allow greater accessibility in terms of financial inclusion, including microcredit initiatives



2 ZERO HUNGER
End hunger, achieve food security and improved nutrition and promote sustainable agriculture



3 GOOD HEALTH AND WELL-BEING
Ensure healthy lives and promote well-being for all at all ages



4 QUALITY EDUCATION
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



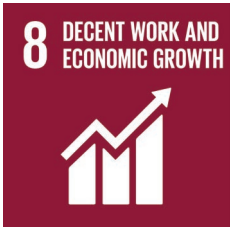
5 GENDER EQUALITY
Achieve gender equality and empower all women and girls



6 CLEAN WATER AND SANITATION
Ensure availability and sustainable management of water and sanitation for all



7 AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy for all



8 DECENT WORK AND ECONOMIC GROWTH
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



10 REDUCED INEQUALITIES
Reduce inequality within and among countries



11 SUSTAINABLE CITIES AND COMMUNITIES
Make cities and human settlements inclusive, safe, resilient and sustainable



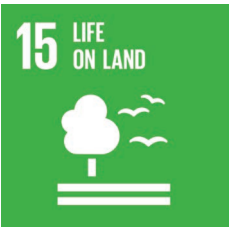
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns



13 CLIMATE ACTION
Take urgent action to combat climate change and its impacts



14 LIFE BELOW WATER
Conserve and sustainably use the oceans, seas and marine resources for sustainable development



15 LIFE ON LAND
Protect, restore and promote sustainable use of the earth's ecosystem, sustainably manage forests, combat desertification, halt and reverse land degradation, and stop the loss of biological diversity



16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Promote an inclusive and sustainable society through the prevention of episodes of corruption and transparent reporting



17 PARTNERSHIPS FOR THE GOALS
Strengthen the means of implementation and revitalize the global partnership for sustainable development