

BPER:

Banca

2020 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.

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Letter to stakeholders



I believe that the best term for describing our Group's 2020 is "courage". Courage in managing the health emergency responsibly and with awareness, in embarking on a path of growth by acquiring an important business unit in strategic areas of the country, in further enhancing sustainability issues within the Bank's value chain.

These pages recount a challenging year in which we achieved important results on various fronts and made progress in managing ESG (environmental, social and governance) issues thanks to the definition and activation of the Sustainability Plan.

A strong impetus comes from the European Union and its determination to build a greener, fairer, more supportive future.

The pandemic has raised awareness of the imperative: it is estimated that 350 billion in yearly investments in energy production and infrastructure are

needed to meet the emission reduction targets by 2030.

In short, the time for sustainable finance is now.

The BPER Group is ready for the challenge: pursuing sustainability interests is also and above all reasonable from an economic point of view and can become an important competitive advantage. Sustainable growth can certainly involve risks, but also new opportunities to build shared value in the territories served.

That is why we have launched a transformation process involving business models, governance and strategies. Our sustainability ratings confirm that we are on the right track. BPER Banca has entered the prestigious CDP (Carbon Disclosure Project) "A List" for combating climate change, while the Standard Ethics Agency has raised our rating to EE.

We are very satisfied with these results, which reward years of work in which we have gradually reduced environmental impacts while structuring products and services useful to accompany customers in the transition towards a more sustainable business.

Having obtained these awards is all the more important in 2020, a year that we will remember for its complexity during this time of the constant health, economic and social emergency.

I would therefore like to take this opportunity to thank all the Group's employees, who once again, each in their own role, have shown that they are fully up to the task.

We are now looking ahead, aware that we need to continue focusing not only on environmental issues, but also on those relating to the social and governance spheres. Indeed, only in doing so can banks and financial institutions be a driver of inclusive growth and a factor in the development of collective well-being.

Moreover, this is demonstrated by the beautiful cover image: the forest consists of single units - trees - but their strength is in their community.

Happy reading.

Alessandro Vandelli
CEO, BPER Banca

Highlights

13,203
total employees



99.3%
employees hired
on permanent contract

45%
percentage of women of total employees

Total economic
value generated

**Euro 2.1
billion**

Total economic
value distributed

**Euro 1.75
billion**



Loans for environmental/
social purposes

Euro 3.6 billion

99%
Electricity purchased
from renewable source



11 photovoltaic systems
602,986 kWh produced

33,848 t CO₂ saved
which corresponds to planting a forest
as wide as **68 football pitches**

Donations

**Euro 3.4
million**

Total expenditure for the company

**Euro 25
million**



**Over
110,000**
young people involved in projects

Methodological note

This document constitutes the fourth consolidated Non-Financial Statement (hereinafter also “Sustainability Report”) of the BPER Banca Group (hereinafter also “Group” or “BPER Group”) with regard to the year 2020. The objective of the document is to respond to stakeholder expectations, highlighting, in a transparent manner and according to international guidelines, the work undertaken to improve the sustainability performance 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 2020 (from 1 January to 31 December). The definition of the significant aspects (also called material 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. Specifically, with regard to the information envisaged under art. 3 paragraph 2, it should be noted 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 2020 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 version of 14/12/2020 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 analyses 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: Addition 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 Group. 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 Sustainability and ESG Management Office collected the data and prepared the Statement, involving the relative departments of the BPER Banca Group companies included in the aforementioned perimeter in each phase.

In 2020, there were also a number of significant variations with regard to size and scope of consolidation, specifically:

- on 17 February 2020 (and with subsequent additions of 19 March, 15 June, 5 August and 12 November 2020), the agree-

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.

ment with Intesa San Paolo was finalised for the acquisition of a business unit consisting of 486 branches and 134 operational points and the related legal relationships;

- on 6 July 2020, the proposed merger by incorporation into BPER Banca S.p.A. of the two subsidiaries Cassa di Risparmio di Saluzzo S.p.A. (“CR Saluzzo”) and Cassa di Risparmio di Bra S.p.A. (“CR Bra”) was approved, as well as the increase in the share capital of BPER to serve the merger by incorporation of CR Bra, with the consequent amendment of art. 5 of the Articles of Association of the Acquirer.

In addition, in January 2020 the Board of Directors of BPER Banca S.p.A. approved the revision of the Organisation Model with the creation of thirteen Regional Divisions..

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 2018 and 2019 was introduced. The restatement of previously published comparative data is indicated as such. 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 15 March 2021 and was subsequently approved by the Board of Directors on 16 March 2021.

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.

It should be noted 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 and updated in November 2020.

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, including the project in the 2019-2021 Business Plan, a specific plan called “A Pari Merito” with the aim of increasing the share of female executives, a commitment further strengthened by the drafting of the Policy for the enhancement of diversity, approved by the Board of Directors on 16 March 2021. Issues regarding customers are also highly protected: 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 Policy for the regulation of the relationships of the BPER Group companies with Defence operators and the companies involved in the production and sale of weapons and via initiatives for fighting compulsive gambling.

It should also be noted 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

It should be noted 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 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 behavior consistently with the Code of Ethics.

Environment

In 2020, 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 and approved by the BoD on 17 January 2019. Preparation of the relative implementation regulation 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. In line with the objective reported in the Business Plan, during 2021 BPER Banca will implement an Environmental Management System (EMS), with the aim of defining risks and opportunities, preventing and reducing undesirable effects and achieving continuous improvement.

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. For a better assessment of the risks deriving from climate change, the transition risk was analysed by estimating the carbon footprint on the credit portfolio and investment portfolio and the physical risk on the assets of corporate customers and collateral properties. Finally, to complete the scenario analysis, a prospective assessment of the loan portfolio was carried out to identify the sectors most sensitive to climate risks and then assess their investment capacity useful for pursuing the objectives of the two emission reduction scenarios: Paris Agreement and Business As Usual (BAU).

The 2020 Sustainability Report is also published on the web site <https://istituzionale.bper.it/>

Clarification and information may be requested from: Sustainability and ESG Management 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 behaviors 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 behaviors to it, in accordance with the current laws and with any regulations in force.





1. Profile of the BPER Group

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 fifth 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.

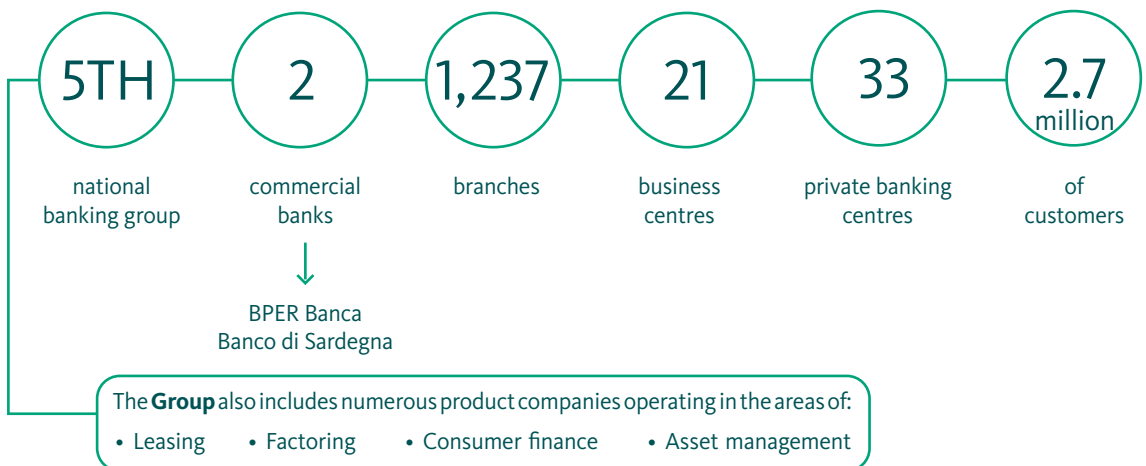
The BPER Group is present in 19 Italian regions, with a network of 1,237 branches nationwide, in addition to a branch in the Grand Duchy of Luxembourg of the subsidiary BPER Bank of Luxembourg S.A., a clear example of the Group's international focus.

Backed by two 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 no. 385 of 1 September 1993.

BPER GROUP NUMBERS



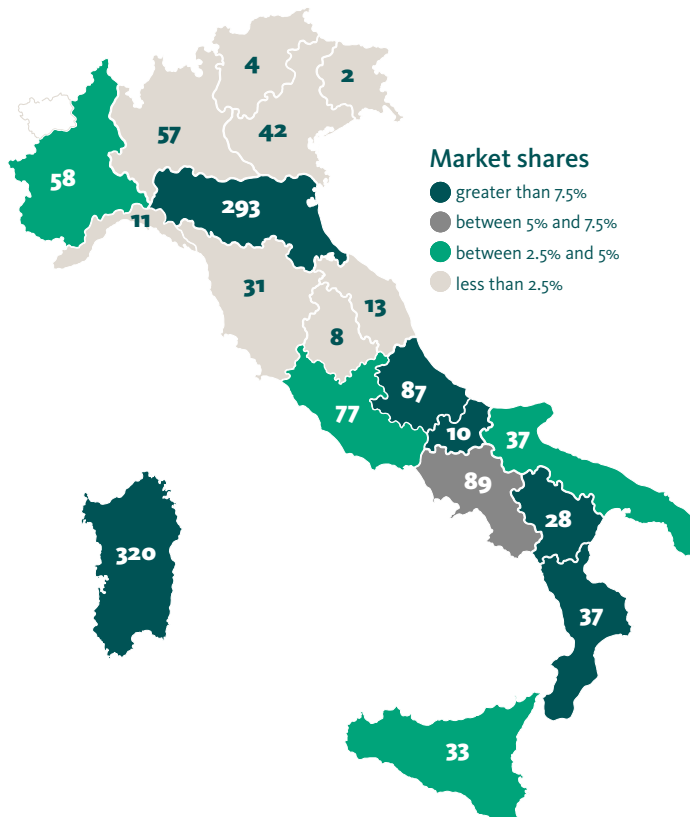
Data as at 31/12/2020.

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

LOCAL GROUP PRESENCE

The BPER Group
as at 31/12/2020 is present in
19 Italian regions
with a network of 1,237 branches

The Group
has 13,203 employees



Group commercial banks	no. branches	Geographical area	no. branches
BPER Banca	908	North	467
Banco di Sardegna	329	Centre	216
TOTAL	1,237	South and Islands	554
		TOTAL	1,237

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)
	Bibanca (Consumer Division)
	BPER Credit Management
	Finitalia

Following the merger by incorporation of CR Bra and CR Saluzzo that took place in July 2020 by resolution of the Board of Directors of BPER Banca of 27 March, the Piedmont and Liguria Regional Division was created, with headquarters in Piedmont, with the aim of consolidating territorial roots as well as improving the quality and effectiveness of services.

The structure of the Regional Divisions is broken down as follows:

- Piedmont-Liguria Regional Division with headquarters in Turin
- 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

From 22 February 2021, by virtue of the acquisition of a business unit from the Intesa San Paolo Group, the new Regional Divisions of Bergamo, Brescia, Varese and Marche will be activated.

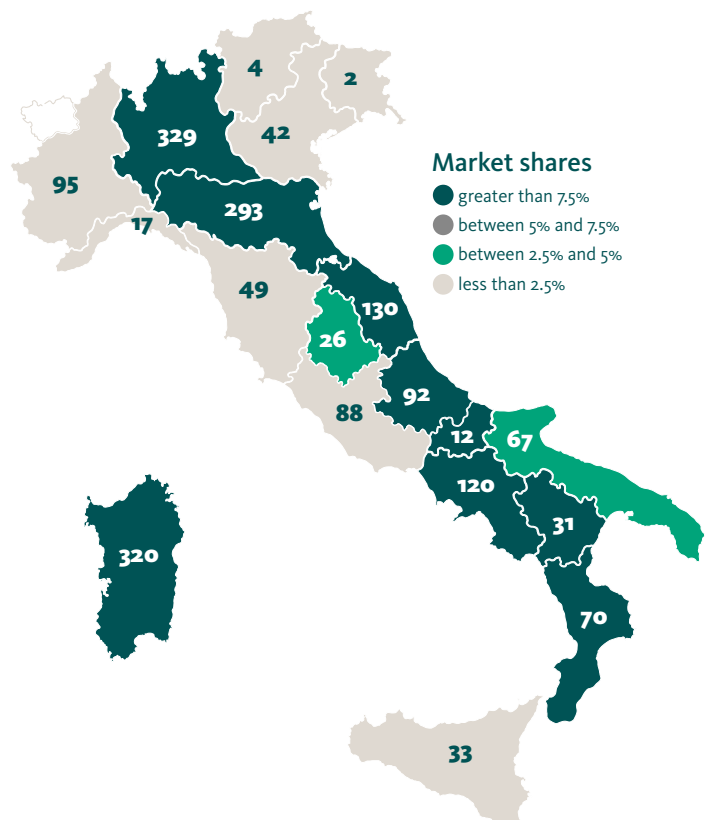
THE BPER GROUP from 22/2/2021

Group Branches after the acquisition of the Intesa San Paolo business unit

3RD NATIONAL BANKING GROUP by number of branches

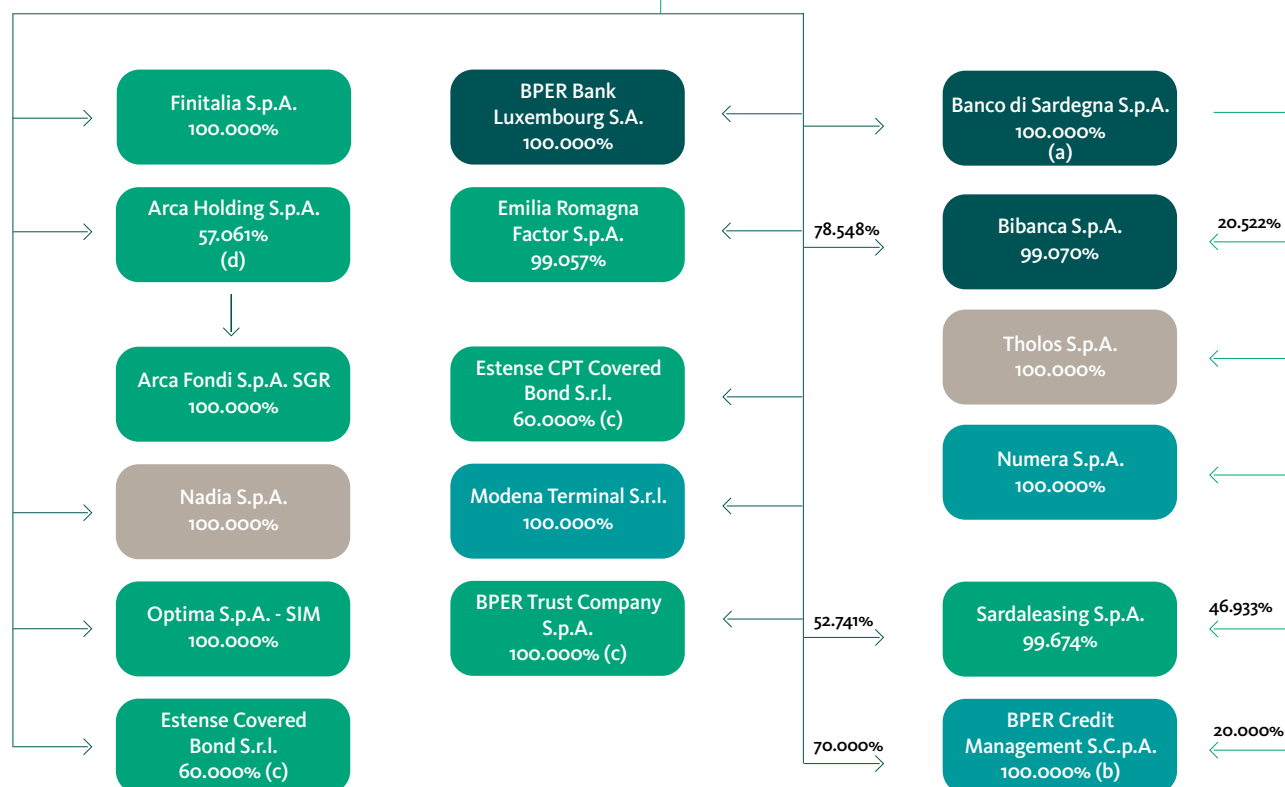
1,820 Branches

About 4.1 million CUSTOMERS



Map of the BPER Banca Group as at 31/12/2020

BPER: Banca



a) Corresponding to 99.124% of the entire amount of share capital comprising ordinary and preferred shares.

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

- Sardaleasing S.p.A. (6.000%);
- Bibanca S.p.A. (3.000%);
- 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 of the Parent Company 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:

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

Banco di Sardegna S.p.A.

Deeply rooted in the history and daily life of its territory, Banco di Sardegna is a fundamental business with its 329 branches in 73% of Sardinian municipalities and over 640 thousand customers. It has long-standing leadership based on simplicity, transparency and efficiency, and is strengthened by a strong sense of participation in the lives and needs of families, businesses and young people. In a territory with unique peculiarities, the Bank acts to contribute to its own sustainable growth and that of the economy where it operates, alongside the promotion of innovation and the creation of new initiatives. The strong sense of belonging of its collaborators and the continuous practice of internal and external listening allow it to foster the expectations of its stakeholders, repaying the great trust received with the contribution to satisfying their needs.

BPER Credit Management S.C.p.A.

BPER Credit Management 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 organizational 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.

Bibanca S.p.A.

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

On 16 April 2020 Banca di Sassari changed its name and became Bibanca, with the aim of maintaining the dual nature of a bank attentive to the needs of the Group's customers and a subject open to the future through the tools of the digital economy. Bibanca 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 2020, it held a portfolio of payment cards of approximately 2.7 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 in financial activities. It currently manages a stock of 1.4 billion and in 2020 disbursed about 550 million loans.

Sardaleasing S.p.A.

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 S.p.A.

The predominant activity is the purchase of trade receivables and the disbursement of loans, in addition to the residual activity of leasing.

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 S.p.A. SIM

It has been the “BPER Group's Single Investment Centre” since 2020; it provides portfolio management services delegated by Group banks and offers professional solutions for the management of Group customers' assets.

Since 2014, on behalf of UBS the Company has managed three segments of BPER International Sicav called “Open Selection Defence, Income and Growth” and, since 2020, a fourth segment called “Optimal Income”. 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.

Since 2019, Optima SIM has also delegated two segments of the Luxembourg Selection Fund called “LSF Core Medio and LSF Core Medio Elevato”.

During 2020, it was among the first companies Nummus.info recognised with the prestigious certification of compliance with the investment guidelines of the Italian Episcopal Conference 'CEI' on a Customised Balanced Management line.

As at 30 November 2020, the total portfolios managed, by proxy or on its own, reached Euro 4.2 billion and the assets on which it supports the financial advisory service exceed Euro 41 billion.

Arca Holding S.p.A. and Arca Fondi SGR S.p.A.

Arca Fondi SGR is the Arca Holding company arising from the history and experience of Arca SGR S.p.A., founded in October 1983 immediately after the introduction of Law no. 77 of 1983 which established and governed mutual investment funds, thanks to the union of 12 shareholder cooperative banks, later accompanied over the years by numerous other credit institutes and financial companies 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 S.p.A.

Finitalia, established in 1972, joined the BPER Group on 31 July 2019. The company operates 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 “Financing insurance premiums”, which uses the card called “My Cash Card”, was created in agreement with UnipolSai Assicurazioni S.p.A., and is used by insurance agencies in the territory as a tool to retain insurance customers, facilitating systems for collecting and selling policies (Finitalia also has an online premium financing process with a certified digital signature). Customers may also apply for personal loans (Monetary product).

Lastly, Finitalia provides personal salary-backed loans to the employees of Companies and Groups through agreements in place, including some of the most well-known Italian industrial and services groups, as well as a part of the cooperative world (Cash Capital product). Thanks to the use of digital signatures, the “Monetary” and “Cash Capital” products also benefit from “paperless” processes.

Modena Terminal S.r.l.

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 two 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 S.p.A.

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 S.p.A. and Tholos S.p.A.

Real estate companies whose 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 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.

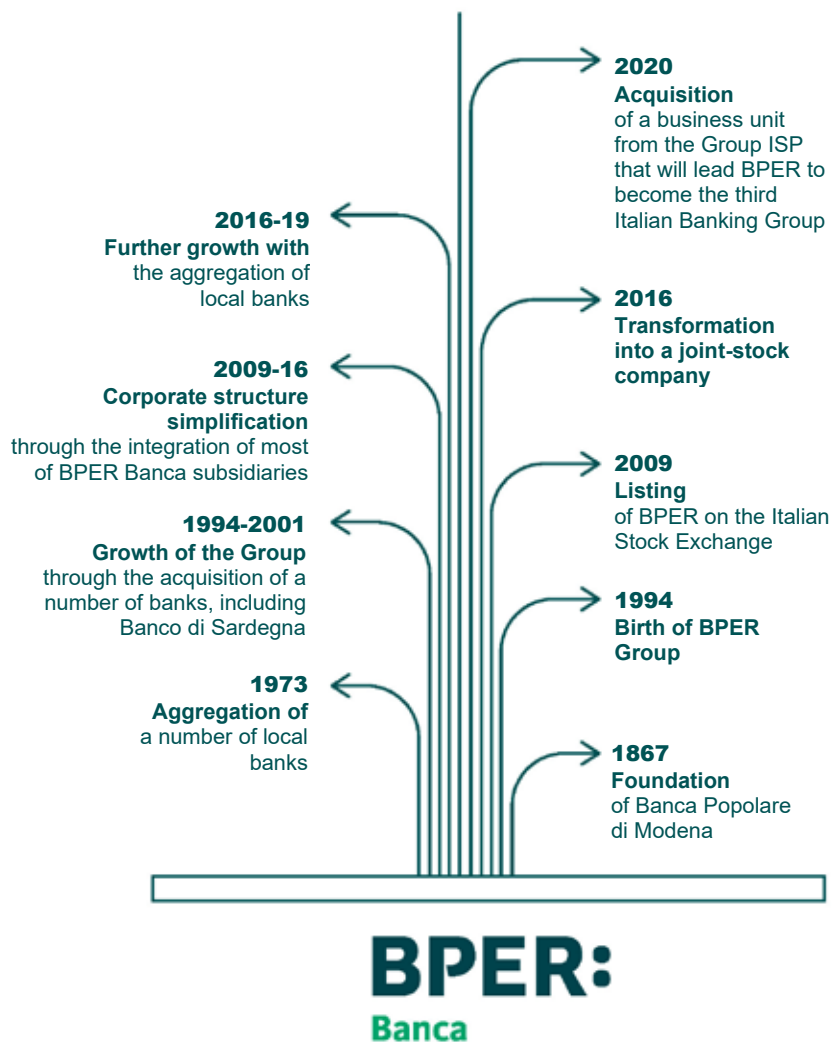
It also manages the treasury for private and institutional customers and loans mainly for “Corporate” customers. The growing importance of Luxembourg as a global financial centre has allowed the BPER Group, which is spread throughout the area, to seize greater opportunities in the collection and management 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



January 2020	Twelve Regional Divisions on the peninsula	On 22 January, twelve Regional Divisions became operational on the peninsula, replacing the previous ten Territorial Divisions.
February 2020	*Strategic project approved: agreement with Intesa Sanpaolo Group for the purchase of a business unit consisting of branches <small>*extraordinary transaction</small>	On 17 February, BPER Banca's Board of Directors approved the signing of an agreement with Intesa Sanpaolo for the acquisition of an important business unit from the Intesa Group, to be implemented following the OPS of the same Intesa on UBI Banca.
March 2020	20-21 Sustainability Plan approved	On 10 March, BPER Banca's Board of Directors approved the 20-21 Sustainability Plan that complements the Business Plan and aims to outline a sustainable development strategy integrated with the business models.
April 2020	Banca di Sassari changed its name to Bibanca	On 16 April the Extraordinary Shareholders' Meeting of Banca di Sassari resolved to amend Article 1 of the Articles of Association, i.e., the name of the Institute, which changed its name to Bibanca.
June 2020	Managed savings, Optima Sim becomes the BPER Group's sole Investment Centre	On 4 June, the BPER Optima Sim product company assumed the role of the Group's Single Investment Centre, dedicated to carrying out production activities concerning asset management and advice on customers' administered assets.
July 2020	Proposed merger by incorporation of CR Saluzzo and CR Bra into BPER Banca approved	On 6 July, the shareholders' meeting of BPER Banca approved the proposed merger by incorporation of Cassa di Risparmio di Saluzzo and Cassa di Risparmio di Bra into the Parent company. The Group model was permanently simplified: BPER Banca on the peninsula, Banco di Sardegna on the island.
August 2020	Draft amendments to the Articles of Association	On 5 August, the Board of Directors approved a draft of amendments to the Articles of Association concerning the Bank's overall governance structure and, in particular, the methods for appointing the Board of Directors.
	Authorisation of the AGCM for the strategic operation with Intesa Sanpaolo Group	On 7 August, the Competition and Market Authority (AGCM) authorised the merger for the acquisition by BPER Banca of the Intesa Sanpaolo Group Business Unit, consisting of 532 branches and the related legal relationships.
September 2020	BPER, the BoD set the conditions for the capital increase	On 30 September the Board of Directors exercised the power to increase the share capital and set the final terms and conditions. The aforementioned capital increase was successfully completed in October: 99.21% of the new shares were subscribed for a total Euro 795,922,725.60.

November 2020

The activity of 21 new Business Centres throughout Italy began

On 6 November BPER Banca launched 21 Business Centres and over 20 satellite offices throughout the country, entirely dedicated to companies with a turnover of more than 10 million, with the total involvement of over 300 resources distributed among the various Centres and central coordination offices.

The final supplementary agreement for the acquisition of a business unit from the Intesa Sanpaolo Group was signed

On 12 November, the final supplementary agreement was signed for the acquisition of a business unit from the Intesa Sanpaolo Group: the scope includes 486 branches and 134 operational points. The geographical distribution shows a high concentration in Northern Italy, in particular in Lombardy, and in the Marche region. An operation of extraordinary strategic value that will allow BPER to become the third Italian Group for number of branches and total collection, acquiring 1.4 million new customers.

BPER, the BoD approves the implementation of a Sustainability Management Committee

On 26 November, the Board of Directors approved the implementation of a BPER Banca Sustainability Management Committee chaired by the CEO and which will see the presence of all the Chiefs.

December 2020

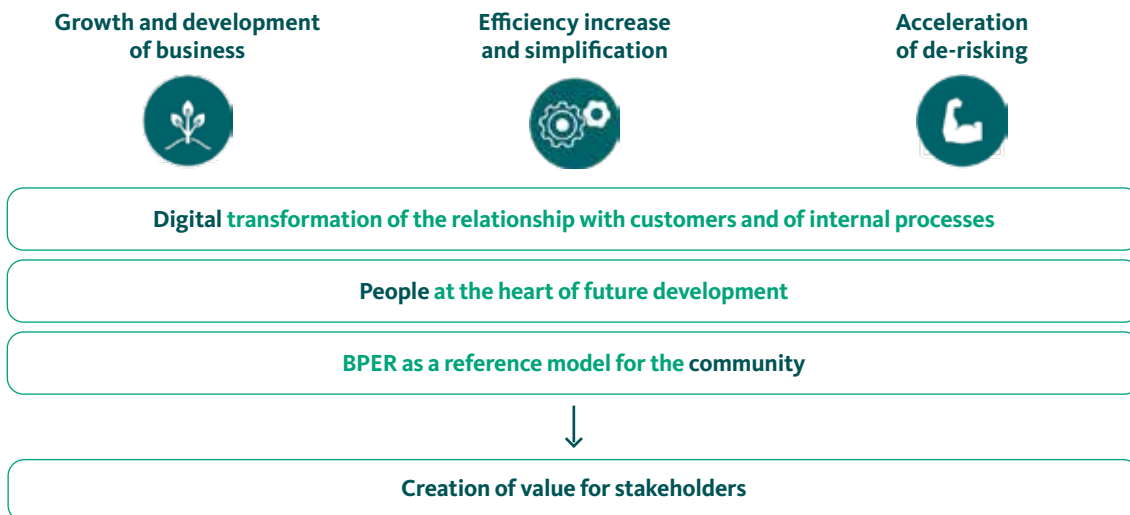
Trade union agreement on the transfer of the Business unit (former UBI and Intesa personnel) to BPER Banca

On 30 December, the Companies (BPER Banca and Intesa San Paolo) and the Trade Unions reached an agreement as part of the trade union procedure relating to the transfer of the Business unit (former UBI and Intesa personnel) to BPER Banca. The agreement concerns 5,107 resources.

1.3 Business model and corporate strategy

The Business Plan

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 an increase in efficiency 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

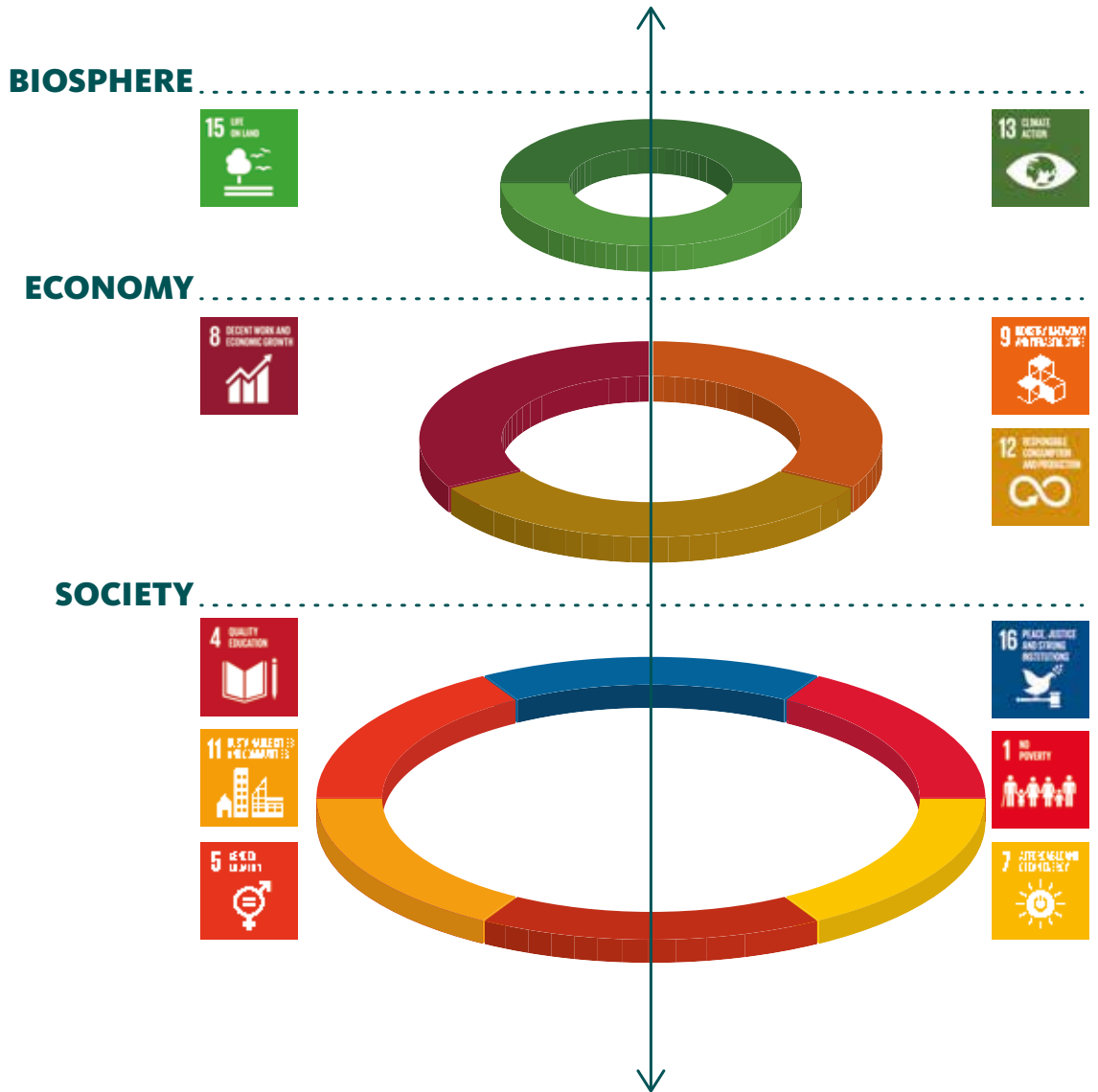
The Sustainability Plan

During 2019, the BPER Group, with the support of the External Relations and CSR Office ⁴, 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:

Intervention areas	Commitment	Actions
Governance and decision-making processes on sustainability issues	Structure the Governance of sustainability issues in line with the Group Values and define a communication plan	<ul style="list-style-type: none"> • Sustainability Policy • Managerial Sustainability Committee • Integrated communication plan
ESG risk management	Maintain a risk management system in line with best practices	<ul style="list-style-type: none"> • ECB Guidelines Alignment
Responsible credit	Be a reference for customers in granting loans to support sustainable innovation	<ul style="list-style-type: none"> • Integration of ESG criteria into loan policies
Financial inclusion	Strengthen support for access to loans for "high social impact groups"	<ul style="list-style-type: none"> • Evolution of product offer with positive social impact
Responsible investments	Become a recognised player among investors for SRI investments	<ul style="list-style-type: none"> • Integration of ESG criteria into investment policies • Further strengthening of the supply of sustainable investment products
Indirect environmental impacts and fight against climate change	Become a credible player in Green Finance	<ul style="list-style-type: none"> • IT assets review • Evolution of product offer with positive environmental impact
Support for entrepreneurship	Support growing SME segments	<ul style="list-style-type: none"> • Consultancy to companies regarding risks and opportunities deriving from the current sustainability context in order to direct transition strategies towards innovative business models
Responsible management of the supply chain	Promote the culture of sustainability by encouraging good practices among Group suppliers	<ul style="list-style-type: none"> • ESG Rating for Suppliers
Support to the community	Contribute to the economic and social support of the reference territories	<ul style="list-style-type: none"> • Strengthen partnership networks with the Third Sector • Social impact analysis of the main projects
Management of direct environmental impact	Set an example for stakeholders in the efficient use of resources	<ul style="list-style-type: none"> • Energy plan PI 2019-21 • Increase in renewable energy production (+ 1 MWh in 2020) • Digitalisation
Protection and well-being of workers and dialogue	Orient choices towards daily attention to the quality of work	<ul style="list-style-type: none"> • Diversity policy

⁴ Currently the Sustainability and ESG Management Office, part of the External Relations and Corporate Social Responsibility Service.

Below are the SDGs which the bank is committed to achieving and which are impacted by the Sustainability Plan:



1.3.1 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 organizations 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 organizations, universities and operators in the world of communications and culture.

The SDGs therefore 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 and the 2020-2021 Sustainability Plan - 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 below through a number of examples in relation to the activities implemented.

Reference SDGs	Main actions
	<p>Goal 1: “End poverty in all its forms everywhere”</p> <p>Target 1.2, 1.4</p> <p>“Uniti oltre le attese” project, 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, payment cards with Braille for the blind and visually impaired.</p>
	<p>Goal 4: “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”.</p> <p>Target 4.4, 4.7</p> <p>Financial education projects (GRANDE!, Tarabaralla, Il tesoro del bruco baronessa, Un passo verso il futuro), collaboration with the Foundation for Financial Education and Savings (FEduF), projects to promote reading (Nati per leggere) and other projects with cultural, social and environmental impacts involving schools of every kind and level, liberal disbursements to address the educational emergency caused by the pandemic.</p>
	<p>Goal 5: “Achieve gender equality and empower all women and girls”.</p> <p>Target 5.5</p> <p>The Equal Opportunities project “A pari merito”, the Welfare Plan and BPER Banca’s participation in “Valore D”, exemplaz project.</p>
	<p>Goal 7: “Ensure access to affordable, reliable, sustainable and modern energy for all”.</p> <p>Target 7.2, 7.3</p> <p>Purchase and production of renewable energy; development of financing services for projects related to renewable energy and energy efficiency, green loans, retail green loans.</p>
	<p>Goal 8: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.</p> <p>Target 8.1, 8.2, 8.3, 8.4, 8.5, 8.10</p> <p>Company Welfare Plan, “Sustainable mobility” project, “Sportello di ascolto” (counselling service), commitment to continuous training, Top Employer.</p>

 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Goal 9: “Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation”</p> <p>Target 9.4, 9.5</p> <p>Creation and marketing of products and services to promote energy efficiency, the development of renewable energy and sustainable mobility.</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Goal 11: “Make cities and human settlements inclusive, safe, resilient and sustainable”</p> <p>Target 11.4, 11.6</p> <p>Activities supporting culture and sustainable mobility activities in support of the Group’s employees.</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Goal 12: “Ensure sustainable consumption and production patterns”</p> <p>Target 12.2, 12.5</p> <p>Financing for the Circular Economy, “BPER Banca Plastic Free” Project, “Recirculation” UniBO Project.</p>
 <p>13 CLIMATE ACTION</p>	<p>Goal 13: “Take urgent action to combat climate change and its impacts”.</p> <p>Target 13.2</p> <p>Reduction of direct environmental impacts, financing dedicated to the Green Economy (see Chapter 5), management of risks deriving from climate change.</p>
 <p>15 LIFE ON LAND</p>	<p>Goal 15: “Protect, restore and promote sustainable use of terrestrial ecosystems”</p> <p>Target 15.2</p> <p>Purchase of recycled and/or FSC certified paper, dematerialisation projects and realisation of “Bosco BPER” (the BPER forest).</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Goal 16: “Peace, justice and strong institutions”</p> <p>Target 16.5, 16.6</p> <p>Commitment against corruption and to ensure increasingly greater transparency and accountability through tools such as the Code of Ethics, OMM, Whistleblowing, Internal Governance Code, Anti-corruption policy, Participation in UNGC.</p>

1.4 Mission and values

“

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

”

OUR MISSION

We want to work alongside **individuals, companies and communities**. Helping make the right decisions, by sharing the relative risks and opportunities with them. In two words, **growing together**. We are still guided by the values of our origins today: **accountability, loyalty, integrity**.

BPER:
Banca

Nearby. Beyond expectations.

OUR APPROACH

We are a large national bank, deeply rooted in all the territories where we operate. Since the past, we have always been **future-oriented**. Our history has always been marked by our commitment to build a solid future.

OUR PAYOFF

Our payoff, the phrase that sums up the essence of BPER Banca, is **the promise we want to keep every day**: to be alongside people to understand their needs and aspirations and offer solutions that exceed expectations.

1.4.1 Global Compact: the 10 principles of the United Nations

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

In 2017, BPER Banca joined the UN Global Compact and annually reports, within the Sustainability Report, on the activities carried out to promote the 10 Principles (Communication on Progress), in accordance with the commitments undertaken.

For more information: <https://www.unglobalcompact.org/what-is-gc/participants/113751>

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
Labor	Principle 3 - Companies are required to support freedom of association by employees and recognise the right to collective bargaining	Stakeholder engagement 102-41 (Collective bargaining agreements) 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 labor	Forced or compulsory labor: 409-1
	Principle 5 - Companies are required to effectively eliminate child labor	Child labor: 408-1
	Principle 6 - Companies are required to eliminate all forms of discrimination with regard to employment and occupation	Organizational profile: 102-8 (Information on employees and other workers) 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	Ethics and Integrity: 102-16 (Values, principles, standards and norms of behavior), 102-17 (Mechanisms for advice and concerns about ethics) 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 behaviors or making decisions that are prejudicial to the integrity and reputation of the Group or its components. The Group companies⁵ include within their Code of Ethics the same values expressed by the Parent Company, adapting their behaviors to it, in accordance with the current laws and with any regulations in force. Consequently, all organizations of the Group interact with their territories, with the objective of creating social value even beyond the purely business-related activities.

The composition of the Corporate Bodies

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 organizational and accounting structures, and functioning of the internal control system. The members of the Board of Directors and the Board of Statutory Auditors, appointed by the Shareholders' Meeting on 14 April 2018, for the three-year period 2018 – 2020, will expire upon approval of the financial statements at 31.12.2020. During 2020, the composition of the Board of Directors was updated on 6 July with the shareholders meeting appointment of Ms. Silvia Elisabetta Candini to replace the retired Director Ms. Roberta Marracino.

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-assessment⁶, 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 Executive

⁵ Excluding companies without an Organisation and Management Model pursuant to Italian Legislative Decree 231/2001.

⁶ 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 of the Bank (<https://istituzionale.bper.it/governance/documenti>).

Committee and Board of Statutory Auditors.

Finally, it should be noted that on the occasion of the renewal of the members of the Board of Directors, the outgoing Administrative Body informs the Shareholders of the guidelines on the composition of the new administrative body and for the establishment of the lists so that all the requirements dictated by all the applicable provisions and by the Articles of Association are complied with.

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 organizational, 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 additional powers assigned by the Board of Directors.

The General Manager is:

- the Head of the operational structure;
- the Chief of Staff;
- manages current affairs and carries out all operations and all acts of ordinary administration not reserved to the Board of Directors and not delegated by it to the Executive Committee, the Chief Executive Officer or other members of the General Management;

- oversees the operational coordination of the companies that are part of the Group;
- where not already a Board Member, attends meetings of the Board of Directors.

Since 1 January 2020, as part of the revision of the top management organizational model aimed at achieving efficiency in the governance and management of the Bank and the Group, the CEO has also been assigned the role of General Manager.

Other Board Committees:

The Board establishes the committees provided for by current legislation and Supervisory Provisions, including the Control and Risk Committee, which is also assigned the supervision of corporate social responsibility issues, as well as the other committees deemed appropriate, determining their composition, powers and operating rules.

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 and non-financial reports. 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 annually, of the planning of the activity of the corporate control functions and the Sustainability and ESG Management function;
- examining the final reports and the reports prepared by the company's control functions 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;
- supporting the Board of Directors in matters of social sustainability by supervising the related issues connected to the exercise of business activity and its dynamics with stakeholders.

Composition of the Board of Directors and other Board Committees at 31.12.2020

Position	Members (surname name)	In office from ⁷	Executi- ves	Presence in committees	Indep. by TUF	Indep. by CAD	Gender	Age
Chairman ⁸	Pietro Ferrari	14/04/2018					M	65
Chief Executive officer ⁹	Alessandro Vandelli	14/04/2018	x	Executive Committee			M	61
Deputy Chair- man ¹⁰	Giuseppe Capponcelli	14/04/2018			x	x	M	63
Director	Riccardo Barbieri	14/04/2018	x	Executive Committee			M	56
Director	Massimo Belcredi	14/04/2018		Appointments Committee Chairman	x	x	M	58
Director	Mara Bernardini	14/04/2018		Appointments Committee, Remuneration Committee Chairman	x	x	F	63
Director	Luciano Filippo Camagni	14/04/2018	x	Executive Committee			M	65
Director ¹¹	Silvia Elisabetta Candini	06/07/2020		Appointments Committee, Remuneration Committee	x	x	F	50
Director	Alessandro Robin Foti	14/04/2018		Control and Risk Committee	x	x	M	57
Director	Elisabetta Gualandri	14/04/2018		Control and Risk Committee Chairman, Committee for Independent Directors, Remuneration Committee	x	x	F	65
Director	Ornella Rita Lucia Moro	14/04/2018		Control and Risk Committee	x	x	F	59
Director	Mario Noera	14/04/2018	x	Executive Committee			M	68
Director	Marisa Pappalardo	14/04/2018		Committee for Independent Directors	x	x	F	60
Director	Rossella Schiavini	14/04/2018	x	Executive Committee Chairman			F	54
Director	Valeria Venturelli	14/04/2018		Committee for Independent Directors Chairman, Control and Risk Committee	x	x	F	51

For further information on the structure and functioning of the corporate bodies, on the governance practices applied and on the activities of the Internal Board Committees, see the “Report on corporate governance and ownership structures”. The aforementioned Report is published on the website <https://istituzionale.bper.it/governance/documenti>.

⁷The duration of the mandate is envisaged until 31/12/2020.

⁸ On 17 April 2018, the Board of Directors appointed Mr. Ferrari as Chairman.

Pursuant to the Articles of Association in force and the Rules of Operation, the Chairman of the Board of Directors may participate in the meetings of the Executive Committee without the right to vote and without the power to propose. 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 Appointments Committee and Remuneration Committee.

⁹ The Board of Directors meeting of 17 April 2018 confirmed Mr. Vandelli as Chief Executive Officer, a role that he has held since 15 April 2014. The Chief Executive Officer (CEO) is responsible for the internal control and risk management system and is primarily responsible for the management of the issuer.

Pursuant to the Articles of Association in force and the Rules of Operation, the Chief Executive Officer is a rightful member of the Executive Committee. In accordance with the respective Rules of Operation, the CEO takes part, without the right to vote, in the meetings of the Appointments Committee and Remuneration Committee.

¹⁰ On 17 April 2018, the Board of Directors appointed Mr. Capponcelli.

¹¹ Ms. Silvia Elisabetta Candini was elected by the Shareholders' Meeting of 6 July 2020 following the resignation, with effect from 30 June 2020, of Ms. Roberta Marracino.

Diversity within the corporate bodies

The Bank recognises the importance of corporate bodies having a sufficiently diversified composition - in terms of age, gender, geographical origin, training and professional background, as well as personal qualities and skills - with a view to encouraging the independence of opinion and critical thinking of the members, contributing to more effective governance.

Bank of Italy's Supervisory Provisions on corporate governance (Circular no. 285 of 17 December 2013, Part One, Title IV, Chapter 1) provide 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.

Italian 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.

In order to ensure continuity to the application of this legislation (whose effectiveness has ceased from 2020, since it established "an expiry period" of three mandates from the entry into force), the legislator intervened with Italian 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%, in line with the new provisions introduced by aforementioned Law 160/2019.

In the three-year period 2018-2020, the composition of the corporate bodies in terms of age, gender, training and professional path, as well as personal qualities and skills has not changed, as can be seen from the detail tables.

Composition of the Board of Directors

	31.12.2018		31.12.2019		31.12.2020	
	no.	%	no.	%	no.	%
Men	8	53%	8	53%	8	53%
Women	7	47%	7	47%	7	47%
High school diploma	-	-	-	-	-	-
University degree	15	100%	15	100%	15	100%
< 30 years	-	-	-	-	-	-
30-50 years	1	7%	1	7%	1	7%
> 50 years	14	93%	14	93%	14	93%

Composition of the Executive Committee

	31.12.2018		31.12.2019		31.12.2020	
	no.	%	no.	%	no.	%
Men	4	80%	4	80%	4	80%
Women	1	20%	1	20%	1	20%
High school diploma	-	-	-	-	-	-
University degree	5	100%	5	100%	5	100%
< 30 years	-	-	-	-	-	-
30-50 years	-	-	-	-	-	-
> 50 years	5	100%	5	100%	5	100%

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

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>).

Governance of sustainability issues

In 2020, the function that oversaw Social Responsibility issues in the Parent Company (External Relations Office and CSR activities) was involved in an organizational change process dictated by the multiplication of activities and responsibilities of the structure; in particular, the current strategic relevance of ESG management resulting from the rapid regulatory evolution. The External Relations and Corporate Social Responsibility Service and, within it, the Sustainability and ESG Management Office were therefore established. The aforementioned Service is directly staffed by the Chief Executive Officer.

Below is the distribution of roles and responsibilities in the field of sustainability as reported in the Group Policy on sustainability issues:

Company Body / O.U.	Description of Roles and Responsibilities
Board of Directors	<ul style="list-style-type: none"> • Defines Group guidelines and strategies relating to sustainability issues • Approves the Non-Financial Consolidated Statement (or Sustainability Report) • Approves the Sustainability Plan
Control and Risk Committee	<ul style="list-style-type: none"> • Supervises sustainability issues pertaining to business activities and the dynamics of stakeholder interactions • It expresses an opinion prior to approval, at least once a year, of the plan of activity of the Sustainability and ESG Management Office • It issues an opinion prior to approval of the Consolidated Non-Financial Statement (or Sustainability Report) by the Board of Directors
Chief Executive Officer	<ul style="list-style-type: none"> • Presides over the activities relating to sustainability and the implementation and monitoring activities, using the support of the External Relations and Corporate Social Responsibility Service, the Sustainability and ESG Management Office and the Sustainability Committee
Sustainability Committee	<ul style="list-style-type: none"> • Coordinates the company and Group functions with regard to sustainability matters and the risks connected to them • Supports the CEO in managing the sustainability matters (ESG) at both Parent Company and Group level • Monitors the position of the BPER Group with respect to sustainability matters and the 17 UN goals (SDGs) • Promotes and manages the strategies in the areas of sustainability in accordance with the provisions of the Business Plan and the Sustainability Plan with the support of the Sustainability and ESG Management Office
External Relations and Corporate Social Responsibility Service	<ul style="list-style-type: none"> • Cooperates with and supports the CEO in the management of all the sustainability and social responsibility issues.
Sustainability and ESG Management Office	<ul style="list-style-type: none"> • Prepares the Sustainability Report, defining the relevant issues and sustainability indicators to represent • Prepares the Sustainability Plan • Supports the Sustainability Committee in the promotion and management of the strategies in the areas of sustainability in accordance with the provisions of the Business Plan and the Sustainability Plan • Assesses the sustainability impacts resulting from the Group initiatives and provides support to the divisions of the bank and the Group to help in their realisation • Manages the ESG ratings of the Parent Company in cooperation with the Investor Relator • Promotes external and internal communication on the issues relating to ESG matters, encouraging the spread of sustainability culture among colleagues, customers and all the stakeholders of the Bank as much as possible. • Supports the CEO in the management of all the sustainability and social responsibility issues.

The Sustainability and ESG Management Office also carries out the following activities:

- stakeholder engagement activities management
- training and consulting for Group companies on the issues of sustainability and the relative reporting
- management of reputational aspects related to sustainability issues
- management and promotion, at Group level, of the development of Social Responsibility activities, with social and environmental impacts through the identification and implementation of activities aimed at this end
- 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 Group Policy for the regulation of the relationships with defence operators and weapons manufacturers, along with drawing up the “Arms Report”.

The attention paid to the management of sustainability issues is confirmed by the appointment of an Energy Manager in the Cost Governance Office, and that of a Mobility Manager in the Trade Union Relations and Welfare Office.

At Group level, it is important to highlight that all the companies included in the consolidated scope have a CSR Contact Person who collaborates with the Sustainability and ESG Management Office in the preparation of the Group Sustainability Report and in the management of activities on sustainability issues.



1.5.1 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 designed to take into account the peculiarities of the business exercised by each Group company in compliance with the principles indicated by the Supervisory Authorities, namely:

- proportionality in the application of rules according to size and operations
- gradual and progressive transfer to more advanced methodologies and processes for measuring risk and the capital that is available as a result
- unity in the definition of the approaches used by the various functions foreseen in the Group's organizational system
- economy: containment of costs for intermediaries.

As part of the "Group internal control system", the following control functions are identified at the levels

provided for in the Supervisory Provisions:

- Third-level controls:
 - Internal Audit function
- Second-level controls "Risk and compliance controls":
 - Anti-Money Laundering
 - Compliance
 - Risk control
 - Ratification
- First-level controls:
 - Line controls.

In addition to the levels of control laid down by the Supervisory Regulations, the regulations governing self-regulation necessitate the allocation of control duties to specific functions other than corporate control functions - or to board committees - the activities of which are consistent with the Internal Control System.

Specifically, the control functions identified within the Group are:

- Supervisory Bodies pursuant to Italian Legislative Decree 231/2001
- the Manager responsible for preparing corporate accounting documents.

It is also worth mentioning the role of the Control and Risk Committee, a board committee set up within the Parent Company and in the Group's listed banks.

In application of the principles described and as a general rule, the "Internal Control System of the Group" envisages outsourcing to the Parent Company the second and third-level control functions of the Italian Group companies; however, as

required by the regulations, the latter still remain responsible for their performance.

With respect to third-level controls, it should be noted that BPER Banca's internal audit function is attributed to the "Internal Audit" Organizational Unit that is based in the Parent Company.

The main objective of the Internal Audit function is to provide independent and objective assurance and advisory services directed at improving the effectiveness and efficiency of the organization.

The Internal Audit unit works with personnel with the appropriate professional knowledge and skills, using best practices as a reference, and in accordance with international standards for professional practice defined by the Institute of Internal Auditors (IIA).

In fact, following the external evaluation concluded in October 2019 by a leading certification company, the Internal Audit Function was recognised as "Generally compliant" (the maximum obtainable in the rating scale) with the professional standards of the Internal Audit activity (International Professional Practices Framework of the Institute of Internal Auditor – IPPF IIA).

In addition, with reference to 2020, the Internal Audit function carried out the analysis and evaluation activities required by the Quality Assurance and Improvement Program (QAIP) process on its own processes. The results of these activities were reported in a specific report submitted to the attention of the Corporate Bodies. The "Generally compliant" assessment was confirmed in 2020.

1.5.2 Risk management

The BPER Group identifies the Risk Appetite Framework (RAF) as the principle of Risk Governance and the strategic guidance tool to guide the synergistic governance of strategic planning and risk management control activities, constituting a reference framework for the monitoring of the risk profile that the Group intends to assume in the implementation of its business 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.

The Parent Company's Board of Directors gives the CEO adequate powers and resources to implement the strategic guidelines, the RAF and risk governance policies defined by the Board itself in the design of the Internal Control System; he is responsible for taking all the necessary steps to ensure that the organization and its Internal Control System comply with the principles and requirements laid down in regulatory provisions, monitoring compliance on an ongoing basis.

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.

Following the increasing attention paid by the Regulator and the Market to ESG risk, the Group has launched an activity aimed at identifying improvement areas to focus the most attention on in the medium term, also taking into account the

guidelines issued from time to time on the subject (e.g., ECB Guide on climate-related and environmental risk).

With regard to the objectives related to the 2020 Sustainability Report, the refinement of the identification and analysis process of ESG risk factors and their components is highlighted, as part of the process of updating the Group Risk Map.

Evolutionary maintenance of the Group's Risk Appetite Framework also continues, with particular attention to areas related to ESG risk factors.

For the 2021 financial year, it is planned to continue monitoring the relevant legislation and guidelines to identify any developments in the ESG field to be implemented in the Group's risk governance framework in the short and medium-long term.

In particular, also depending on the evolution in internal governance in terms of ESG issues (e.g., establishment of the Sustainability Committee), support will be provided for ESG risk factor management issues and, where necessary, additional monitoring and governance activities of these risk factors will be implemented.

Analysis of the impact of ESG risk factors on existing risk categories will also continue, based on the regulations in force from time to time, so that once it is completed, the integration of these factors into the monitoring and reporting of the overall risk of the Group can be considered, also in order to more pragmatically contribute to the decision-making process related to ESG issues.

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.

In line with the increasing attention paid by the Regulator and the Market to ESG risk factors, the identification and analysis of environmental, social and governance risk (ESG) has been refined - as part of the process of updating the Group Risk Map - managing its components as subcategories of the main risk categories already identified. (e.g., integration of the climatic/environmental component within credit risk).

The approach of considering ESG risk as a whole within the range of operational risks was also confirmed, integrating its definition to better delimit its scope of reference.

In particular, among the events that can impact operational and reputational risks, particular attention is paid to the following issues and the additional risks associated therewith:

- human resources management (diversity and equal opportunities, loss of knowledge and experience, conflict between social groups)
- health and safety
- customer relations (product responsibility, transparency, privacy)
- anti-corruption and anti-money laundering
- direct and indirect environmental impacts
- social impacts (IT risk, protection of personal data and privacy and risks related to the financing of activities with social problems).

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 consists of the following components:

- risk identification, which includes the definition and updating of methodological models for classifying operational risks
- detection and assessment of risk, in relation to the loss data collection and retention processes (Loss Data Collection) and assessment of exposure to operational risks (in particular, Risk Self Assessment)
- measurement of risk for regulatory purposes (calculation and holding of own funds on operational risk) and management purposes (internal measurement model)
- risk management, in relation to the assumption and mitigation/transfer of the same
- risk monitoring and reporting, with reference to the periodic analysis of the risk profile as well as the system for preparing and disseminating information flows.

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, other)
- 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.

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 11 June 2020. 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 Parent Company the other banks and companies of the BPER Group which make use of it 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 conducts 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 Parent Company and the other banks and companies of the Group complies with the principles indicated in the "Guidelines of the Italian Banking Association (ABI) for the adoption of Organizational Models for the administrative responsibility of banks" of February 2004.

The Code of Ethics is also accompanied by the "Internal Governance Code" of employees of the BPER Group.

The document 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 (for example, 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 can also be downloaded from the same company, 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.

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 in our legislation a system for the administrative liability arising out of crime, substantially comparable to criminal liability.

As at 31 December 2020, 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, Bibanca, Nadia, Sarda-leasing, Emilia Romagna Factor, BPER Credit Management, Sifà, 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.

The creation of an OMM is not a legal obligation; however, many companies of the BPER Group, guided by the impetus of the Parent Company and demonstrating their sensitivity towards the need to ensure conditions of fairness and transparency in the conduct of business and business activities in order to protect their own image and that of Partners and Shareholders, have considered it compliant with their company policies to proceed with the adoption of the Model.

Adoption of the Model pursues the following fundamental objectives:

- to inform the addressees of the Model itself 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 Italian Legislative Decree 231/01 from being committed
- to fully implement the values stated in the respective Code of Ethics.

Consequently, from an organizational 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 reference 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 organizational and management level.

To constantly supervise the appropriateness and effectiveness of the Model and its compliance, as well as propose its amendment and update, where necessary, 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), 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 the contents of the same, all of the Group's Italian Banks, as well as BPER Credit Management, Nadia and Optima have developed an internal IT procedure through which the business units are called upon to collaborate in a proactive manner and report any organizational 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 82% of the business units that are recipients of the specific content of the Model.

Recipients of the Group's Organisation and Management Models are required to report to the Supervisory Board any violations of the Model or, in general, Italian Legislative Decree 231/01 of which they become aware, according to the reporting channels prepared for this purpose by the individual Group companies.

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 transmission, receipt, examination and evaluation of reports of any unlawful conduct concerning violations of rules governing banking activities pursuant to Article 10 of the Consolidated Law on Banking (acceptance of deposits from the public, lending) and financial activities, as well as voluntarily extending the scope of the institution, fraud against Group companies, reports to be transmitted through specific, dedicated and independent channels, different from the ordinary reporting lines. In addition, in consideration of the regulatory changes that occurred subsequently, the Whistleblowing system has also been extended to violations relating to so-called "market abuse" and the fight against money laundering and terrorist financing
- the confidentiality and protection of the personal data belonging to the reporting person and the person being reported
- protection against retaliation or discrimination against the reporting subject.

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 Function.

This centralisation 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 Internal Audit Function.

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 2020, the Parent Company did not receive any reports of concrete relevance 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 organizational 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, in 2018, the Group 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 behavior 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 organizational and control regulations, as well as the appropriate guidelines. 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 2020.

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.

In November 2020, the policy was updated in particular with the outlining of the Organisation Model for its monitoring, which establishes the presence of a Group Anti-Corruption Manager, identified in the head of the Banking and Investment Services Service of the Compliance function and a Contact Person at each bank and recipient company. Further measures have also been envisaged to combat both active and passive corruption.

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 organizational 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 behavior; the need to avoid behavior that does not comply with the requirements of professional diligence in dealings with customers, in addition to any behavior that could distort with a reasonable degree of likelihood the economic behavior of the average customer; the prohibition of adopting product marketing practices, including comparative advertising, that generate confusion with products, brands, company names and other distinctive signs of a competitor.

No disciplinary proceedings were ordered on the matter in 2020.

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 Company Principles which the company 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 behavior consistently with the Code of Ethics.

In 2020, the Sustainability Policy of the BPER Group was drafted, which expressly refers to the commitment to promote and respect universally recognised human rights, as set out in the Universal Declaration of Human Rights. The aforementioned Policy was approved by the BoD on 25 February 2021.

1.6.6 Anti-money laundering

To date, in addition to the Parent Company, the two territorial banks Bibanca (formerly Banca di Sassari) and Banco di Sardegna, as well as the six non-banking companies under Italian law Arca SGR, BPER Trust Company, Emilia Romagna Factor, Optima SIM, Finitalia and Sardaleasing, are included in the scope of the Anti-Money Laundering Function. The “Anti-Money Laundering Function” of Banks and Non-Banking Companies is exercised centrally by the Anti-Money Laundering Function on which, between 2011 and 2020, the various control, monitoring and conformity assessment activities provided for by the relevant legislation were concentrated, as indicated in the Regulation of the same name responsible for the supervision of anti-money laundering issues¹². The aforementioned structure performs a specialist control function according to the outlined scope and reports directly to the Chief Executive Officer of the Parent Company.

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 Anti-Money Laundering Function 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 Personnel 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”.

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 2018-2020, one sanction¹³ should be mentioned which refers to events that occurred in the period 2007/2010 and which had been imposed by the Ministry of Economy and Finance for failure to report suspicious transactions pursuant to Art. 41 of Italian Legislative Decree 231/2007 and subsequent amendments and additions.

¹² Regulations of the Organizational Unit responsible for overseeing the specific regulations of Group companies based in Italy on anti-money laundering (does not include BPER Bank Luxembourg, a company incorporated under Luxembourg law, not a recipient of Italian legislation, but in any case indirectly affected by the application of provisions addressed to the Parent Company – last amended on 17/10/2019).

¹³ The figure refers to sanctions imposed against the Bank for a significant amount, namely over Euro 10,000.

1.7 Relations with suppliers

The Cost & Supply Chain Management Service 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 behaviors to be respected with regard to conflict of interest, confidentiality, fair competition, transparency, gifts and invitations. The mission of the Cost & Supply Chain Management Service 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 purchases¹⁴

Geographical area	2018		2019		2020	
	Expenditure (€)	Expenditure (%)	Expenditure (€)	Expenditure (%)	Expenditure (€)	Expenditure (%)
Italy - North	471,814,948	73.5%	423,867,772	72.7%	623,476,268	72.9%
Italy - Centre	80,040,864	12.5%	68,815,174	11.8%	90,363,543	10.6%
Italy - South and Islands	70,248,605	10.9%	64,069,781	11.0%	103,774,357	12.1%
Outside Italy	20,057,161	3.1%	26,042,088	4.5%	37,971,731	4.4%
Total	642,161,579	100%	582,794,815	100%	855,585,899	100%

In 2020, spending on local suppliers¹⁵ accounted for 96% of total purchases by companies of the BPER Group, a figure essentially in line with that of 2019.

¹⁴ The reported data refer to the value of spending before VAT and net of intercompany values. The geographical areas refer to the registered office of suppliers. The areas are defined as follows: North includes Liguria, Lombardy, Piedmont, Valle d’Aosta, Emilia-Romagna, Friuli-Venezia Giulia, Trentino-Alto Adige, Veneto; Centre includes Lazio, Marche, Tuscany and Umbria; South and Islands includes Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sicily, Sardinia.

¹⁵ “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.

1.7.1 ESG Rating project for BPER Group suppliers

As a result of the Group's willingness to strengthen a responsible approach in the supply chain, in collaboration with the ABC Consortium (Consortium mainly consisting of banks and insurance companies, to which BPER Banca belongs), a project was developed, and subsequently added to the Business Plan 2019-2021, to assign a Sustainability Rating to the top 200 suppliers of the Group.

The project includes an evaluation system carried out through a documentary audit, after which the individual supplier receives an ESG rating free of charge. In particular, three rating brackets have been created with the aim of ensuring a fair assessment for companies that voluntarily adopt, even partially, socially responsible behaviors.

The rating aims to promote a progressive improvement in the sustainability performance of suppliers and, in order not to penalise small and micro enterprises, takes into account dimensional criteria.

The Documentary Audit is based on the collection of information and documents useful for the verification of three different types of company behaviors:

- Policies and internal procedures
- Reporting (Social report, code of ethics, other) and endorsement of external initiatives (Global Compact, other)
- Actions (activities carried out in relation to policies and procedures) and certifications.

In particular, the list of information and documents has been developed mainly taking into account the ISO 26000 guidelines, which for their completeness and updating represent one of the main international sources of in-depth study of Corporate Social Responsibility issues. In addition, the Italian regulatory context has been taken into account with reference to some areas which, although present in the ISO guidelines, are also present in national legislation (Italian Legislative Decree 231/01, rules on safety at work and on the protection of personal data).

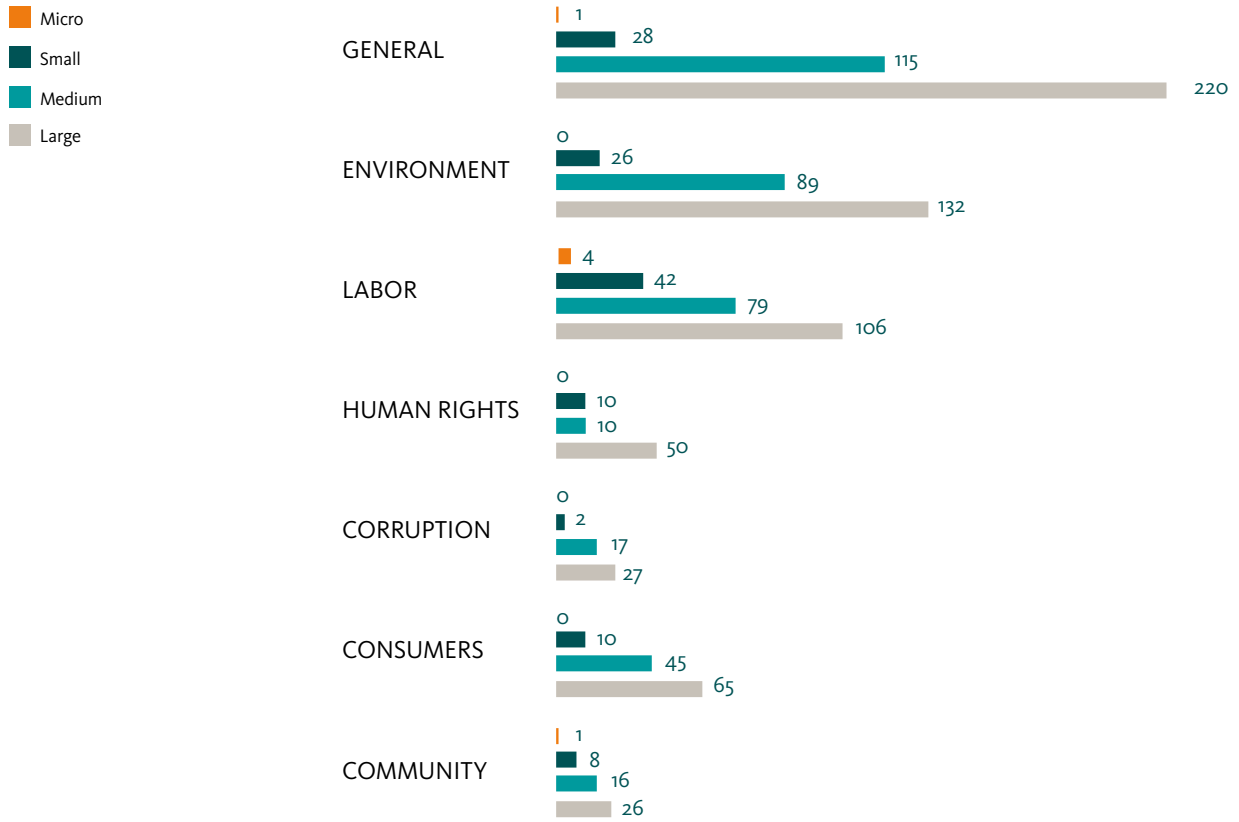
The final Result is a report containing surveys carried out in seven thematic areas: general, environment, labor, human rights, corruption, consumers, local community.

The collection of evidence, carried out through a questionnaire that precedes the collection of documents, is translated into a quantitative index attributed to three increasing classes of coverage of the best practices identified (R.S.I.+ , R.S.I.++ , R.S.I.+++).

As previously indicated, the evaluation of BPER Group suppliers began in 2018 and has involved more than 160 suppliers to date; in particular, in February 2020, the BPER Group and the ABC Consortium considered it useful to modify the questionnaire to submit to suppliers in order to simplify the compilation and evaluation thereof, inserting the ISO 27001 certification as part of actions to protect consumers and, in particular, their personal data, as well as rewarding companies that communicate their activities on sustainability issues in a transparent and continuous manner. To ensure the comparability over time of the audits carried out, the changes introduced made it necessary to recalculate the scores obtained in the years 2018 and 2019. To date, out of more than 160 companies involved, 106 have replied to the new questionnaire (35 large companies, 40 medium, 28 small and 3 micro) and 62 have obtained a positive rating: 19 the basic rating R.S.I.+ , 32 the medium rating R.S.I.++ , 11 the high rating R.S.I.+++.

Although requested by the BPER Group, the completion of the questionnaire does not currently have a direct link with the supplier's qualification status on the ABC Portal.

Scores by subject area





An aerial photograph of a rowing team in a scull on a dark teal lake. The rowers are wearing blue and white uniforms. The scull is long and narrow, with a wooden hull. The water is dark and reflects the sky. The text is overlaid on the right side of the image.

2. Group stakeholders and materiality analysis

2.

2.1 Stakeholders

Every active organization at the economic level may be positively or negatively influenced by its stakeholders, namely by those who have an interest in the organization 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). A topic is defined as "material" if it is able to influence the decisions, actions and performance of an organization and of its stakeholders. The BPER Group Materiality analysis takes place on the basis of a structured process compliant with the main 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 generated by the Group and the context of reference.

For 2020, it was decided to give continuity to the results of the review carried out during 2019, as the aspects identified as significant were considered adequate to also describe the context changes deriving from the Covid-19 pandemic. Validated by the Control and Risk Committee on 19 January 2021 and by the Board of Statutory Auditors on 20 January 2021, the decision was subsequently approved by the BPER Banca Board of Directors at its meeting of 21 January 2021.

The BPER Group also expressed its intention to update the Materiality analysis during 2021 (which will be reported in the 2021 Consolidated Non-Financial Statement), activating a broad stakeholder engagement process.

More specifically, in the engagement carried out in 2019, a preliminary activity was carried out in order to identify the most significant issues in the banking sector, 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 list of issues as detailed and integrated was submitted for assessment by Top Management 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 multi-stakeholder forums and a dedicated survey of a wide range of Customers (1,000 respondents).

The multi-stakeholder forums involved customers, public entities, trade associations, environmental and social associations, suppliers and schools and universities.

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



Material topic	GRI aspect	Scope of impact	Involvement of the BPER Group
Integrity in conduct	Anti-corruption Public policy Anti-competitive behavior 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 behavior 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

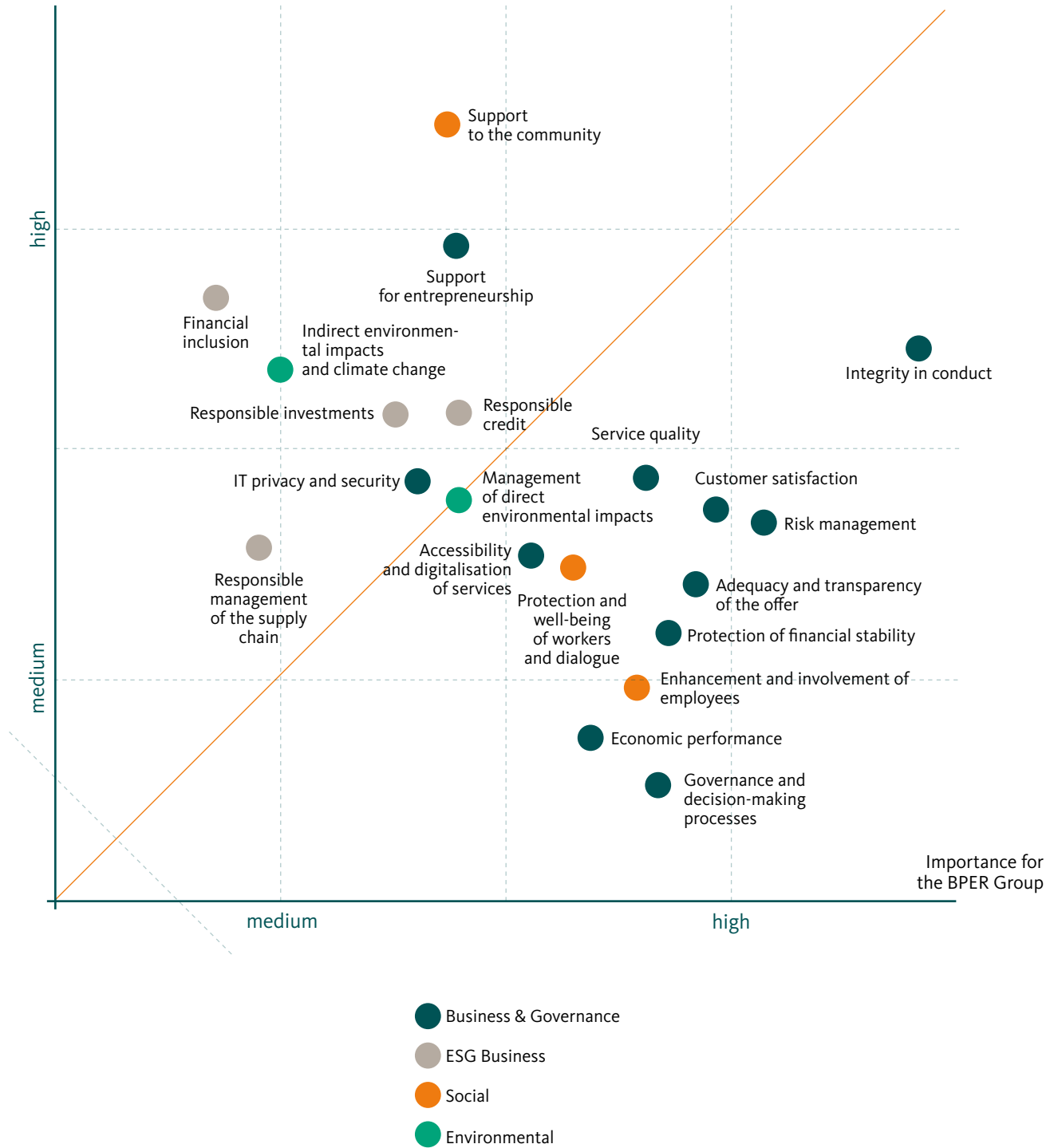
Support to the community	Local communities	BPER Group	Caused by the BPER Group
Protection and wellbeing of workers and dialogue	Employment Diversity and equal opportunity Occupational health and safety Labor/Management relations	Group employees External staff ¹⁶	Caused by the BPER Group
Enhancement and 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

This document focuses on the issues identified as “material” and reported within the Group's materiality matrix, highlighting the critical aspects and expectations that emerged during the course of the engagement initiatives.

¹⁶ 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.

Materiality matrix

Importance for stakeholders





A young man in a blue shirt is climbing a rocky mountain peak. He is smiling and looking towards the camera. A hand in a red sleeve is reaching out from the right, firmly grasping his hand to assist him. The background shows a vast mountain range under a clear blue sky. The scene is illuminated by warm, golden light, suggesting sunrise or sunset. A lens flare is visible on the left side of the image.

3. Protection of financial stability

3.



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 2020 (figures as at 31/12/2020).



High liquidity

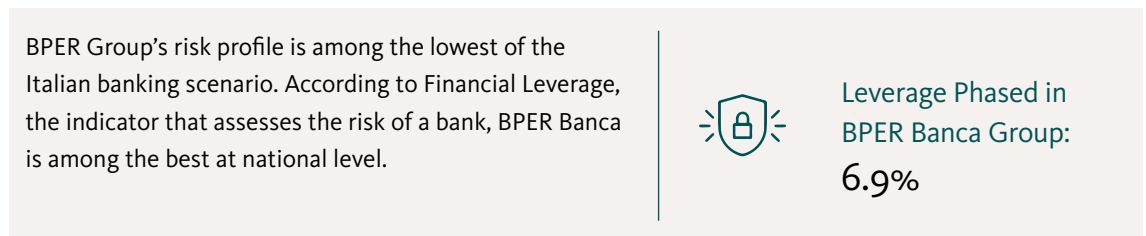
- Liquidity ratios envisaged by regulations significantly higher than the minimum required
- Ample refinancing capacity with the ECB.

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 31/12/2020)

3.1 ESG Ratings

The 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 organization 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. CDP data is used by and for the financial market, policy initiatives and civil society and CDP's annual environmental disclosure and scoring process is widely recognised as the gold standard of corporate environmental transparency worldwide.

In 2020 BPER was the only bank in Italy to receive an award for leadership in environmental sustainability from CDP, securing a place in its prestigious "A List" for combating climate change. BPER has been awarded for its actions to reduce emissions, mitigate climate risks and develop a low-carbon economy.

In 2020, 9,600 organizations worldwide underwent CDP assessment through the compilation of the Climate Change Questionnaire 2020. Through its significant and demonstrable actions for the climate, BPER Banca proved to be at the forefront of environmental ambition, action and transparency.

The commitment to the use of renewable energy (purchased and self-produced), the efficiency of its buildings, transparent reporting but above all the management of climate-related risks as well as the creation of products with a positive social and environmental impact for companies and families have made a difference.

The projects implemented in this area are reported in this document.



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 2020, BPER earned an upgrade, reaching a rating of "EE".

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

Standard Ethics noted that the areas in which BPER Banca has made the most significant progress in terms of ESG concern risk management, the creation of sustainability policies, new management committees, social and "green" finance instruments and the prevention of illicit activities. Extra-financial reporting has been assessed as in line with industry best practices.



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 2020 BPER Banca obtained an A rating (the rating has classifications ranging from CCB to AAA).



ISS ESG

The Institutional Shareholder Services ("ISS") group of companies supports investors and companies in building their long-term sustainable growth by providing high-quality data, analysis and insights. BPER Banca's ISS ESG Rating is C- and is well within the 30% of companies in the sector with the highest relative ESG performance (the rating has classifications ranging from D- to A+).

3.2 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 2020 amounted to Euro 2.1 billion, was largely redistributed to stakeholders.

Thousands of Euro	2019		2020	
	€	%	€	%
Total economic value generated directly	1,964,965	100.00	2,099,322	100.00
Economic value distributed to suppliers	(427,152)	21.74	(474,719)	22.61
Economic value distributed to employees and external staff	(1,051,712)	53.52	(966,064)	46.02
Economic value attributed to third parties	(14,869)	0.76	(25,017)	1.19
Economic value distributed to shareholders	- ¹⁷	-	(56,531) ¹⁸	2.69
Economic value distributed to central and local public administration	(241,822)	12.31	(224,418)	10.69
Economic value distributed to the community	(5,552)	0.28	(7,105)	0.34
Total economic value distributed	(1,741,107)	88.61	(1,753,854)	83.54
Total economic value retained	(223,858)	11.39	(345,468)	16.46

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").

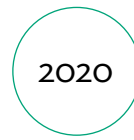
¹⁷ The share attributed to shareholders, corresponding to the allocation of net profit for the 2019 financial year as a dividend, was restated following the decision, after the approval of the 2019 Consolidated Non-Financial Statement, to allocate the entire profit for the year to reserves, accepting the recommendation expressed by the European Central Bank.

¹⁸ The portion attributed to shareholders corresponds to the designated use of net profit for the year 2020 for dividends, which the Board of Directors meeting of 3 February deliberated to propose to the Shareholders' Meeting.

**Total economic
value distributed**



88.61%



83.54%

The Board of Directors of 3 February 2021 approved the proposal to distribute a dividend to shareholders of 4 cents per share, while the previous year the Shareholders' Meeting of 22 April 2020 approved the proposal of the Board of Directors to allocate the entire profit for the year to reserves, accepting the recommendation expressed by the European Central Bank. This recommendation stemmed from the ECB's view that banks should maintain an adequate level of capitalisation to support credit to households and businesses in a context characterised by the serious repercussions that the Covid-19 health emergency was already having.

The economic value generated in 2020 is slightly higher than in 2019, influenced by higher adjustments to credits as a result of the worsening macroeconomic environment caused by the Covid-19 health emergency, against which there was good growth in revenues, in particular interest margin and net commission income.



3.3 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.

At present, the structure that manages and governs the Tax Control Framework (hereinafter also "TCF") operates with reference to BPER Banca. The progressive extension of the same principles to the other companies of the BPER Group is currently being studied. It should also be noted that the introduction of the VAT Group involved the drafting of contracts between BPER and the individual Group Companies, within which this commitment is envisaged for the individual Companies belonging to the VAT Group.

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.

In summary, the Collaborative Compliance Institution establishes the definition of rules and procedures that allow the Financial Administration and the Taxpayer to reach a level of dialogue and interaction based on a relationship of trust between the parties, and this allows the Taxpayer to benefit from a series of reward elements related to the member status of that Institution, including:

- 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
- For members of the Collaborative Compliance Scheme, no guarantee is required for the payment of tax refunds, both direct and indirect.

Also as a result of the feedback with the Revenue Agency on the Tax Control Framework, the following assessments were made, with regard to:

1. Disciplinary system: the Bank has a disciplinary system that describes the sanction system envisaged against different subjects, including employees, in detail. With this instrument, it is believed that the responsibilities and duties envisaged for the purposes of internal control and the Code of Ethics are in all respects integral parts of the obligations and responsibilities assumed under the employment contract and, as such, punishable by disciplinary sanctions in the event of violations
2. VAT Group Management: the Bank has completed the risk map for the purposes of joining the VAT Group institution. Moreover, the updating of the risk map is an activity that is constantly and progressively evolving, also according to the drafting of the Operating Instructions that become increasingly available. Pending the preparation of updated operating instructions, reference is made to the risk mapping prepared by ABITACS, adapting it to the specific reality of the Bank
3. Assessment of interpretative risk: for the purposes of assessing interpretative risk, the Bank refers to a calculation model, described in detail in the "Operational Manual of the monitoring activities of the Tax Control Framework by the Specialist Tax Office". Following a technical comparison with the Revenue Agency, the weights used in the assessment were recalibrated, accentuating the relevance of factors that can abstractly lead to double deductibility or double non-taxation phenomena.

The draft Organizational Procedure for the Interpretative Risk Assessment has also been completed, which is now in the final

validation phase as well as being modified according to the logic of the current “Operating Instructions”.

Conversely, the Bank must guarantee maintenance and management of a TCF, 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 implementation and constant improvement of the TCF structure continued during 2020, benefiting from the initiatives assumed last year and therefore using the dedicated IT platform, whose evaluation metric is consistent with the methodology adopted by the Bank’s Compliance. Despite the pandemic period, the availability of detailed operating manuals and of the electronic platform for the management of tax advice, based on the ticketing system already in use at the Bank, has allowed the continuation of the activity, also according to the remote and hub working methods.

Therefore, during the year, in addition to the ordinary monitoring and notification of regulatory updates, a comparison was carried out electronically with the Revenue Agency - Collaborative Compliance Office for the annual update with the Financial Administration, pursuant to Paragraph 6.1 of Order no. 101573 of 26 May 2017.

A series of meetings was also held with the other second-level control functions with reference to the update relating to activities sensitive to the risk of carrying out relevant crimes pursuant to Italian Legislative Decree 231/01 and the related prevention protocols registered with the Tax Service structures, as well as in-depth analysis with particular regard to tax offences. These meetings, promoted by the CAE (Chief Audit Executive) structure, refer to the evaluation of the possible integration of the 231 Model with the safeguards introduced by the Tax Control Framework. This issue is still being analysed.

The activity carried out with reference to the analysis of the legislation introduced by the Rilancio Decree in the period August/December 2020 was particularly pervasive, and in particular, the analysis of tax concessions (so-called bonuses) and the constant collaboration with the Tax Service for the identification and formalisation of the necessary safeguards.

The only company of the BPER Group with tax jurisdiction outside of Italy is BPER Bank Luxembourg S.A. For a description of the main activities of the Group companies, please refer to Chapter 1 of this document.

Information relating to the Country by Country reporting of the fiscal year 2019 is given below:

	Italian scope	Foreign scope
Employees (no.)	13,816	22
Revenues from sales to third parties (€)	2,794,985,067	16,814,704
Revenues from intra-group transactions with other tax jurisdictions (€)	194,524,059	1,914,450
Profit/loss before tax (€)	382,296,956	6,819,021
Tangible assets other than cash and cash equivalents (€)	1,453,079,688	615,165
Income taxes of companies paid in cash (€)	24,981,148	352,589
Corporate income tax accrued on profit/loss (€)	(34,049,231)	(1,718,757)

The difference between accrued and paid taxes is due to the fact that, unlike accrued taxes, the taxes paid include the withholdings incurred and are reduced by the tax surpluses of previous years.



A close-up photograph of several people's hands clasped together in a circle, symbolizing unity and teamwork. In the background, a woman with long dark hair is smiling warmly. The scene is brightly lit, suggesting an indoor setting with large windows.

4. Our customers

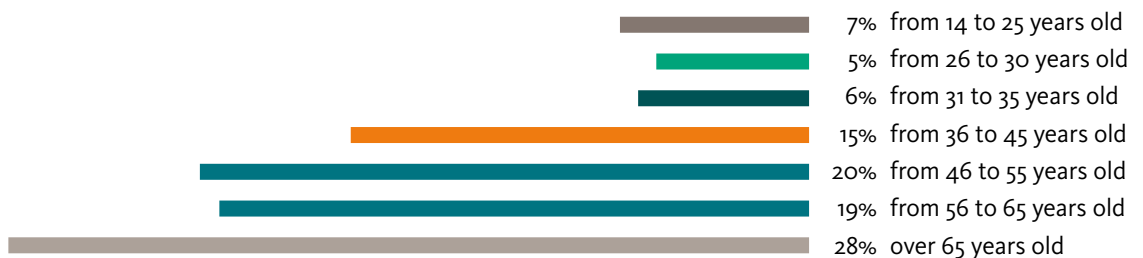
4.



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 achieve their objectives 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 60% of customers have maintained a relationship with the Group for over 10 years. The data refer to BPER Banca and Banco di Sardegna.

Distribution of customers by age

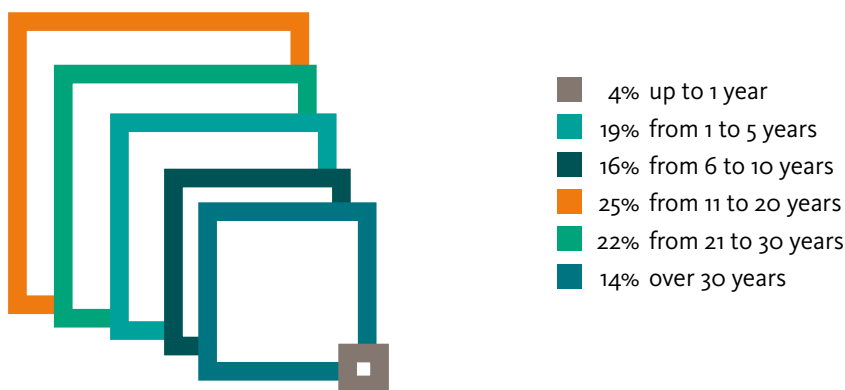
	31.12.2018	31.12.2019	31.12.2020
From 14 to 25 years	148,641	168,421	162,107
From 26 to 30 years	98,769	112,833	110,450
From 31 to 35 years	110,051	130,309	128,003
From 36 to 45 years	301,713	354,220	338,733
From 46 to 55 years	399,845	480,807	469,167
From 56 to 65 years	357,475	437,148	439,581
Over 65 years	539,749	638,111	643,477



Distribution of customers by seniority

	31.12.2018	31.12.2019	31.12.2020
Up to 1 year	125,676	133,343	99,027
From 1 to 5 years	393,853	521,238	505,450
From 6 to 10 years	331,765	416,696	430,371
From 11 to 20 years	570,001	697,278	676,577
From 21 to 30 years	557,345	591,025	586,666
Over 30 years	315,723	361,166	395,749

Distribution of customers by seniority in 2020



Relationship with customers and the governance code

The relationship 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 behavioral 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 Parties must¹⁹ 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 behaviors involving violation of the regulations governing financial activities.

¹⁹ 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.

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

BPER Banca draws up the documents following the main guidelines provided by the regulations, with attention to the criteria on the structure and layout 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 services, in order to satisfy the multiple requirements of the market. An example of this type of support is outlined below.

Global Advisory Private: the Global Advisory service reserved for Private and Key Client 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 €)²⁰

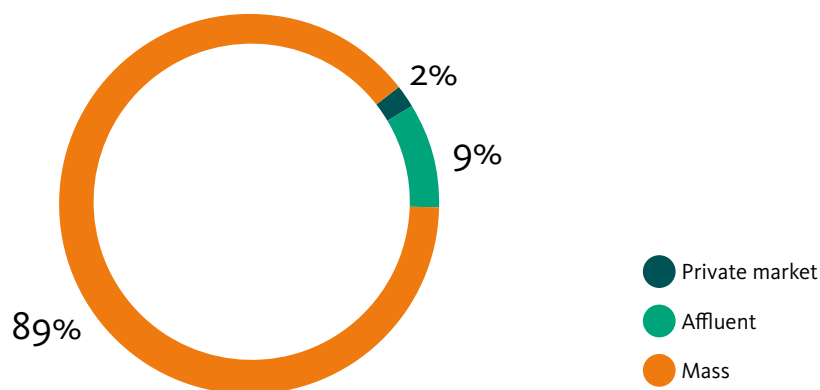
	2018		2019		2020	
	Retail Banking	%	Retail Banking	%	Retail Banking	%
Mass	13,425.42	90	16,803.28	90	16,767.79	89
Affluent	1,242.18	8	1,584.86	8	1,711.51	9
Private market	350.12	2	301.57	2	285.76	2
Total private customers	15,017.72	100	18,689.71	100	18,765.06	100

²⁰ The values reported correspond to gross loans to customers net of intra-group items and debt instruments for the following companies: BPER Banca, Banco di Sardegna and Bibanca.

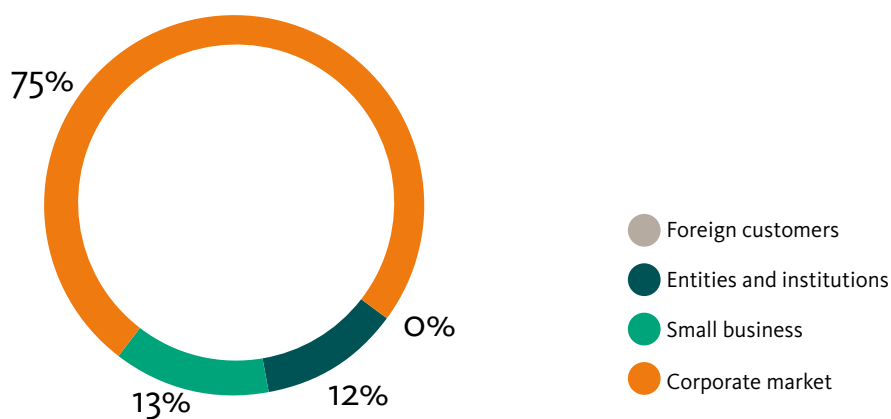
Customer portfolio Commercial and corporate banking area (mln €)²¹

	2018		2019		2020	
	Commercial and corporate banking area	%	Commercial and corporate banking area	%	Commercial and corporate banking area	%
Corporate market	24,147.39	77	23,950.86	77	23,323.72	75
Small business	3,588.36	11	3,541.71	11	4,146.16	13
Total companies	27,735.75	88	27,492.57	88	27,469.88	88
Foreign customers	64.91	-	51.25	-	54.10	-
Entities and institutions	3,747.44	12	3,763.11	12	3,829.56	12
Total	31,548.09	100	31,306.93	100	31,353.54	100

Customer portfolio Retail Banking



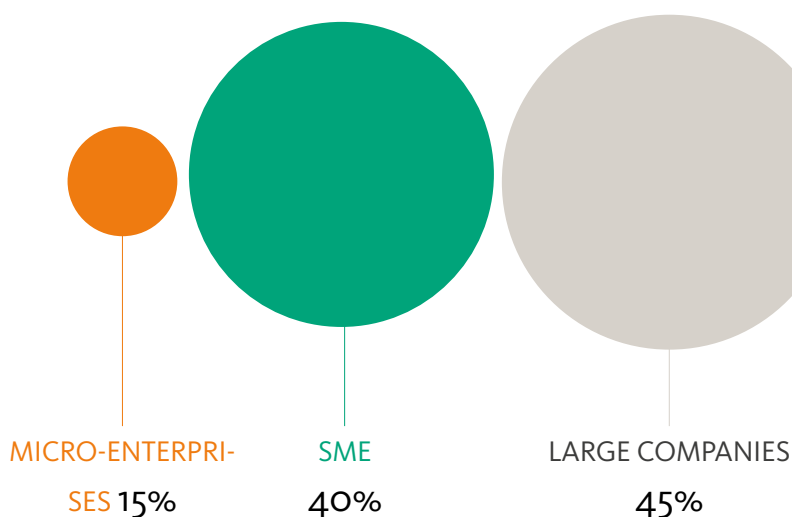
Customer portfolio by business line



²¹ The values reported correspond to gross loans to customers net of intra-group items and debt instruments.

Corporate customer portfolio by size (mln €)²⁰

	2018		2019		2020	
	Commercial and corporate banking area	%	Commercial and corporate banking area	%	Commercial and corporate banking area	%
Micro-enterprises	3,588.36	13	3,541.71	13	4,146.16	15
SME	11,018.26	40	11,571.67	42	11,042.54	40
Large companies	13,129.13	47	12,379.19	45	12,281.18	45
Total companies	27,735.75	100	27,492.57	100	27,469.88	100

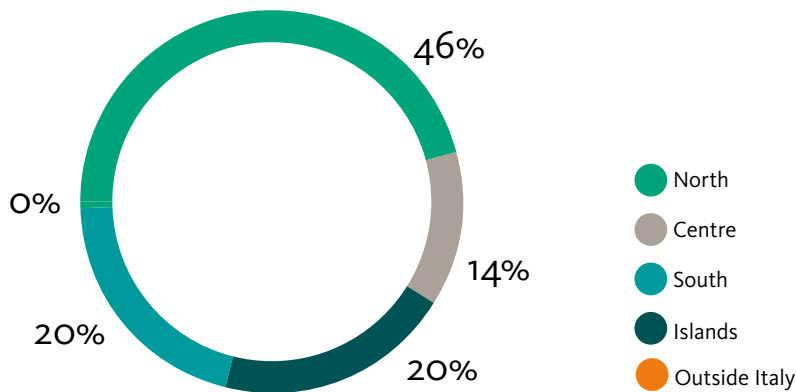


Customer portfolio by business line: geographical distribution (mln €)²²

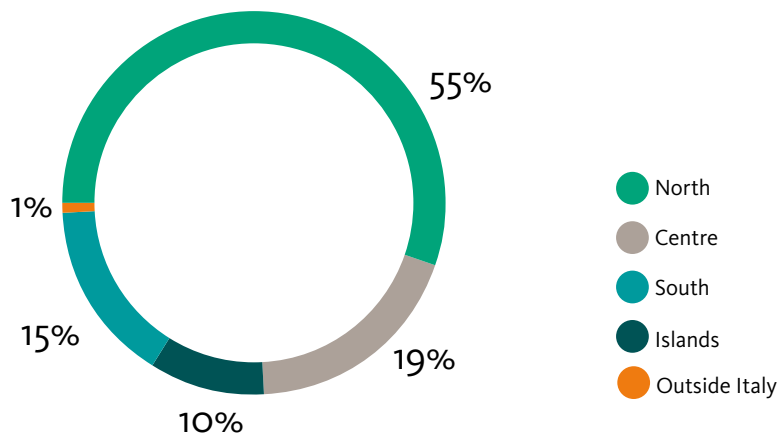
	31.12.2018				31.12.2019				31.12.2020			
	Retail Banking	%	Commercial and corporate banking area	%	Retail Banking	%	Commercial and corporate banking area	%	Retail Banking	%	Commercial and corporate banking area	%
North	7,098.94	47	17,784.71	57	8,573.69	46	17,342.64	55	8,532.68	46	17,421.20	55
Centre	1,483.93	10	5,360.10	17	2,449.60	13	5,913.68	19	2,522.16	14	5,907.18	19
Islands	2,995.39	20	3,138.58	10	3,740.32	20	3,065.58	10	3,825.13	20	3,175.90	10
South	3,388.04	23	5,132.18	16	3,849.16	21	4,784.00	15	3,803.86	20	4,671.65	15
Outside Italy	51.42	0	132.52	0	76.94	0	201.03	1	81.22	0	177.62	1
Total	15,017.72	100	31,548.09	100	18,689.71	100	31,306.93	100	18,765.06	100	31,353.54	100

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

% of customers by territorial distribution (Retail banking)



% 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. In 2019, the BPER Group implemented a new listening system for its customers, which establishes a continuous monitoring system of the entire customer base: the metric chosen is the Net Promoter Score (“NPS”), an indicator that measures the proportion of “promoters” (customers who would recommend the bank) compared to “detractors”. 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. In 2020, the findings that emerged in 2019 referring to BPER Banca and Banco di Sardegna were confirmed: the level of customer satisfaction is aligned between the Family and Personal segments, while it is lower, although still positive, for POE customers (Small Economic Operators). However, there was a decrease in the index starting in March 2020, mainly deriving from the general critical situation related to the Covid-19 emergency. In the last months of the year, there was instead a return to a substantial index stability.

The inclusion of the NPS among the reference metrics for the definition of strategic objectives (MBO 2021) is also underway and is expected to be completed in 2021.

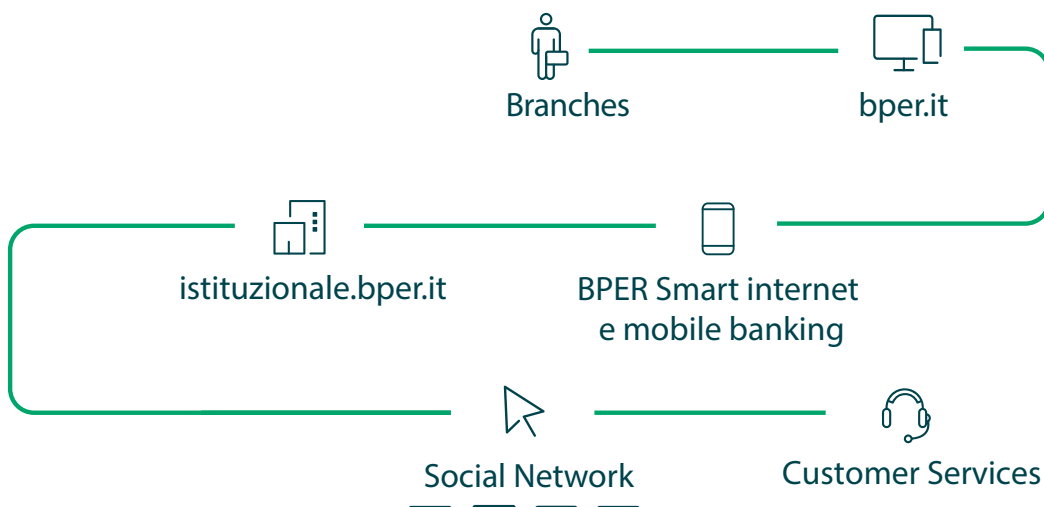
Customer Satisfaction Survey 2020

	2020	
	Segment	NPS
Private customers.	Family	+27
	Personal	+27
	Small Economic Operators	+14

As part of the NPS project, “warm” customer experience detection processes are also included, which are activated following specific events. To date, the active events are: subscription of insurance policies, mortgages and loans, subscription of policies combined with financing, Contact Centre assistance service, and use of the smartphone version of Smart Web. Customer satisfaction surveys were conducted for Corporate and SME Business clientele and for Private customers in 2020. The survey of Corporate customers was carried out in July: overall, satisfaction was stable compared to the previous survey of 2018, and slightly higher for Corporate customers than for SMEs, while the NPS is increasing for both service models. The survey of Private customers was carried out in November: the satisfaction level recorded a significant increase compared to 2019 and the NPS was also positive, considering the expectations and evolved needs of the target.

OUR CONTACT POINTS

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



BPER Banca has a virtual assistant which responds and gives advice to all those who write on digital channels: an artificial intelligence system at the service of customers. “Dotti” on the website bper.it offers guided browsing.

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. Through integration with the Smart Mobile Banking application, the WhatsApp channel allows customers to request the removal of the device in a secure manner, that is, with remote identification. Further uses are also being studied to facilitate certain operations in a simple and intuitive manner.

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 company²³ subject to the obligations of transparency as a result of being authorised to provide investment services.



²³ BPER Banca, Banco di Sardegna, Bibanca, Emilia Romagna Factor, Sardaleasing, Finitalia, 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 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 and printing, encouraging processes to be carried out entirely online.

Instant bank transfer

The instant bank transfer allows money to be transferred in ten seconds, and without the possibility of revocation, to beneficiaries that are clients of banks participating in the service, within the SEPA area. Launched in 2019, the service 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 is 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)
- Contact Centre - the Family customer may stipulate a personal loan upon proposal by a Contact Centre consultant (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

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 through 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. Digital Signature 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 Banca 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 organization in preparing for the development of the socioeconomic context, getting the company ready for change, acquiring new ideas and developing new capacities to create value.

The pillars of innovation are as follows:

- Design of **future scenarios**; 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. Anticipating the future is a field of research that focuses on how to detect anticipatory signs of possible futures based on current consumer behavior. Making decisions in such a volatile, complex and ambiguous present therefore requires overcoming short-term visions and projecting them into a longer term. Our efforts in terms of forecasting and anticipating the future are focused on customers and non-customers in the retail area and future generations of consumers.



- Creation of an **ecosystem outside** 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, as well as through the search for innovative start-ups to partner with in specific projects or to be adopted as suppliers of new solutions.



- 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 organization. BPER has initiated numerous activities aimed at widely disseminating the culture of innovation and the creative-entrepreneurial mindset, including workshops and training events, webinars, conferences, short videos, podcasts and digital content.



- **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.



- **Rapid testing of solutions**: through a process for the 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. The activity is based on direct dialogue with customers, who guide the design choices.



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 behavior and good rules, in accordance with sector regulations, the Group adopts and maintains an internal organization 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:

- organizational, 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, Chief Compliance Officer and Chief Audit Executive
- regulations, such as policies, process regulations, organizational procedures and internal provisions relating to the aspects mentioned above, where the principles, responsibilities and activities of the various organizational 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 organizational 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, in 2018 the Group adopted a 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 organizational 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

2020 was a complex year. This is precisely why communication has taken on an even more strategic role: BPER Banca has shown itself to be open to listening with transparent communication, ample information and direct dialogue.

Its mission is to improve the lives of people and the community as a whole. Therefore, a bank that brings benefits not only to shareholders, but to all the stakeholders for which it works.

Dialogue is the foundation of the relationship with the customer: to be nearby, beyond expectations.

Transparency in communication

The Bank maintains relationships with customers and prospects (potential customers) based on integrity, accountability and loyalty. To maintain this commitment, it oversees banking transparency with an internal process in line with the reference regulations governing relations with stakeholders. The advertising material promoted follows approval standards based on the Group's organizational process. The BPER Group firmly believes that an informed customer makes the best decisions; for this reason, it intends to guarantee the possibility to acquire information and understand the products and services offered to the weaker segments as well. Podcasts on wealth management issues, webinars, the correct use of social media and the site itself are fundamental tools for concretely meeting the information needs of customers and prospects. The main financial and banking instruments are explained through all of these platforms. The bper.it site adapts to user searches, proposing the most suitable products and services. In order to always be 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 or posts on social media.

Product communication is critical for enabling people to make informed choices.

Since 2017, the Bank has adopted a Group Organizational Procedure on Advertisements that governs the scope and extent of responsibility of the offices involved in the processes and defines the requirements to set up product communication. The Parent Company coordinates and oversees the activities of all Group companies and banks.

The commitment is confirmed daily by the branch staff who, with constantly diligent and attentive work, pursue commercial objectives while respecting consumer rights. Each month, these colleagues receive 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 and with the possibility to carry out transactions by telephone. In terms of privacy, the Group adopts stringent criteria, proposing to customers only what can be useful to them on the basis of their searches and their requests on various channels.

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 organization 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 Banca 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 organization 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

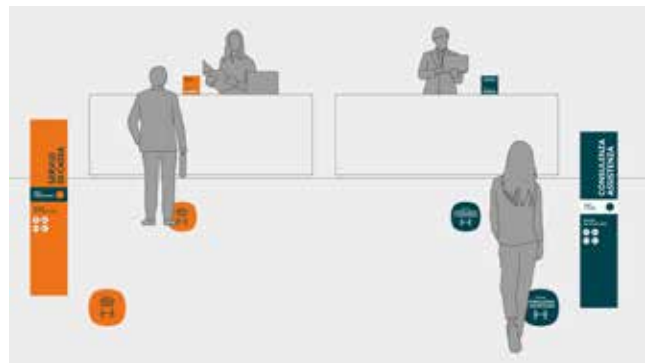
completely redefined, communication has been revised in new interactive and customisable ways and cash operations have taken on new forms.

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.

Safe Branch Project

The pandemic has changed the regulations, behaviors and manners in which BPER Banca customers interact with physical spaces. It therefore became necessary to put coordinated actions in place that, in addition to image, would take care of the impact on the customer experience in the branch. A system was therefore introduced which includes communication tools and supports adaptable to the different branch formats and with modular interventions tailored to the different branch clusters. The project was carried out in full respect of the safety of employees, to provide access to the branch and services without issues both for those who have to carry out cash operations and for those who request consultancy appointments.

Safe Branch Signage



4.4 Privacy and data protection

In 2020, 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, adopting a specific Data Protection Policy and the relative procedures. It has also appointed the Group Data Protection Officer who, in carrying out his activities, uses the support of the Privacy and Data Protection Office.

The DPO is 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, in compliance with the principle of "privacy by design", the office and the DPO are involved in project consultancy, the outsourcing of functions and systems, the approval of a new commercial offer and website monitoring (privacy and cookie policies).

The activities of 2020 involved all the Group companies and resulted in the assessment of the risks of protecting data and the fundamental freedoms of the data subjects, the management of requests for the exercise of individual rights, personnel training, the management of contracts for personal data processing in order to correctly summarise responsibilities both in relation to the various companies of the banking Group, and more generally relative to relations with third parties. The Data Governance regulations indicate the roles of Data Security applied at Group level. 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.

Audits are conducted each year by external companies to verify the general security status, in application of and compliance with the Data Protection Policy.

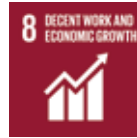
To confirm the high level of attention that the Group places on these issues, at the end of 2020, 7,426 users had received privacy training at Group level. The courses were carried out online in collaboration with a main Training School and covered the New Privacy Regulations and the application of the Regulations to everyday life.

In 2020, the BPER Group received five complaints regarding violation of customer privacy.



A woman with curly hair, wearing a maroon jacket and orange pants, is holding a white electric vehicle charging cable. She is standing next to a white electric car at a charging station. The background is a lush green park with trees and grass. The text "5. Growth of a green and ethical portfolio" is overlaid in white, bold font, with a horizontal line underneath it.

5. Growth 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 organization 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 a Group Regulation (“Regolamento di Gruppo del processo di sviluppo e approvazione dell’offerta commerciale”) which refers 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 Social Responsibility strategy.

The Group banks have adapted to Italian 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 operating lawfully, demonstrate their long-term intention to operate in the market, rather than basing their operations on short-term speculation.

In 2020, the Group banks recorded 1,181 requests for financing by counterparties with lawfulness rating. The lawfulness rating did not provide benefits in only one case, where the creditworthiness assessment of the counterparty judged as inadequate prevailed. All of the approved requests benefited from improved economic conditions and, in 776 cases, of a reduction in decision times as well.

5.2 Ethical products and services

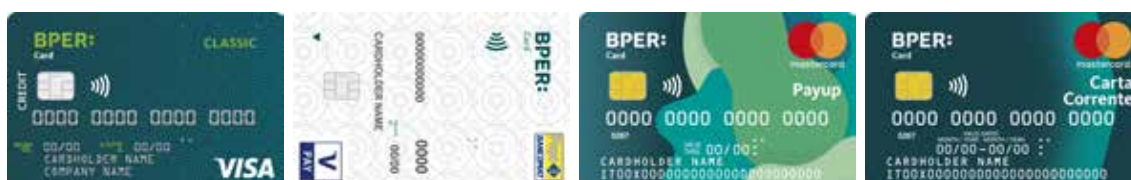
The Group's attention is focused on the development of products which, in addition to allowing true accessibility with a view to financial inclusion, also have a strongly innovative nature.

There are a number of products with significant social impacts. For example, 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 leases. The main products are described in the following paragraphs.

Moreover, thanks to the multi-channel orientation, the Group's banks offer visually impaired and blind customers specific tools for carrying out online financial transactions, bank transfers and telephone top-ups. In fact, within the internet banking MSITE (the application for access via mobile devices), specific software (screen readers) can "read" the information that appears on the monitor or display, and can describe it using voice synthesis. 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.

As of June 2019, the BPER Group is the first banking group in Italy to issue payment cards with Braille , useful for recognising the different types of cards: credit cards (marked by the letter "C"), debit cards (marked by the letter "B") and prepaid cards (marked by the 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 Ipovedenti) 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.

BENVENUTO IN BANCA [Welcome to the bank]

BPER Banca also confirmed its commitment to the ABI project "Benvenuto in banca" in 2020: an initiative that aims to improve the social inclusion of the weakest groups.

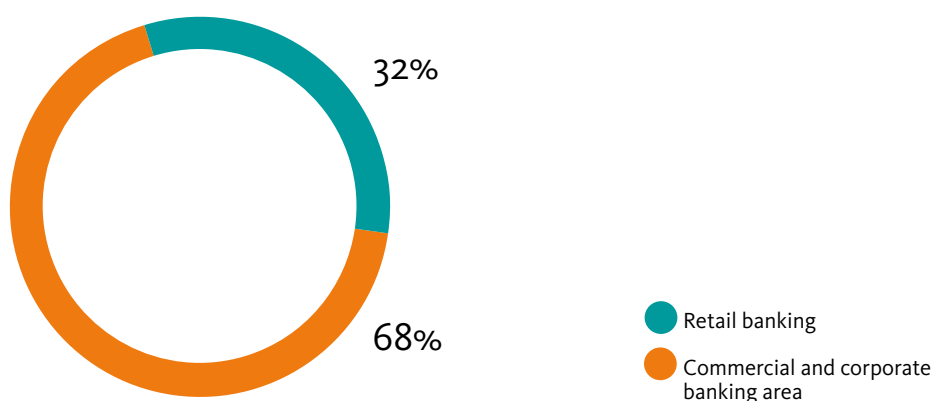
In the Transparency section of the Group's banks' websites, the ABI Guide on the main banking products and services aimed at the weakest groups and immigrants is published, available in ten languages.

The significant increase in options from which customers may choose, 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 purposes^{24,25}

	Unit of measurement	31.12.2019		31.12.2020	
		Total	%	Total	%
Retail banking	no. transactions	828		64,654	
	Disbursed value (million €)	49.6	16	1,120.1	32
Commercial and corporate banking area	no. transactions	1,642		10,182	
	Disbursed value (million €)	268.1	84	2,396.9	68
Total	Disbursed value (million €)	317.7		3,517.0	



²⁴ The data refer to BPER Banca, Banco di Sardegna, Bibanca and Sardaleasing products.

²⁵ 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 2020, ethical products with social purposes for the Retail Banking area and Commercial and Corporate banking area respectively accounted for 5,97% and 7,64% of the Group's total.

The considerable increase in transactions and the value disbursed compared to 2019 is mainly due to the allocation of credit lines to address the Covid-19 health emergency in accordance with the provisions of the Decree-Laws issued ad hoc in 2020.

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. In this perspective, 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 borrowers, 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.

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.

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.

Microcredito Imprese loans disbursed by BPER Banca and Banco di Sardegna - ENM²⁶

	No. of transactions 2018	Amounts disbursed 2018 (€)	No. of transactions 2019	Amounts disbursed 2019 (€)	No. of transactions 2020	Amounts disbursed 2020 (€)
BPER Banca	329	7,672,326	428	9,866,000	184	4,340,000
Banco di Sardegna	163	3,881,103	291	7,228,000	214	5,380,000
Cassa di Risparmio di Bra	2	40,000	1	25,000		
Cassa di Risparmio di Saluzzo	-	-	9	2,872,000		
Grand total	494	11,593,429	729	19,991,000	398	9,720,000

²⁶ The 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. As of 2020, following the merger into BPER Banca, BPER Banca's data also include those of Cassa di Risparmio di Bra and Cassa di Risparmio di Saluzzo.

The decline highlighted by the 2020 data is undoubtedly related both to the trend of a sharp slowdown in the creation of new small businesses (to which microcredit is mainly directed) and to the preference for a simpler financing instrument, such as SME Impact Fast Forward 30k financing, guaranteed 100% by the MCC Guarantee Fund.

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.

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.

COVID-19 Products²⁷

To counteract the negative effects of the pandemic on the real economy, the Group has activated a series of measures in favour of families and companies with specific products and services, in addition to transposing and implementing the provisions of the relevant Italian Ministerial Decrees and in compliance with the EBA guidelines.

FIN PMI - COVID

In order to implement the innovations introduced by the Liquidity Decree of 2020, BPER Banca has activated two new financing products for companies, exclusively intended for granting new finance (excluding consolidation) assisted by the Guarantee of the Central Guarantee Fund of MCC (Banca del Mezzogiorno-Mediocredito Centrale):

1. FINPMI COVID 800k 90%
2. FINPMI COVID 90%

These products comply with the requirements of duration (maximum 6 years) and amount that allow using the Temporary Aid Framework and therefore do not undermine the "de minimis" regime.

These new products can only establish the granting of new finance to companies, and it is under no circumstances possible to consolidate/renew operations already in place.

The duration of the financing under FINPMI COVID 800k 90% and FINPMI COVID 90% was set at a maximum of 72 months.

Short-term credit lines with MCC guarantee

Until 2019, BPER Banca combined the Guarantee of the Central Guarantee Fund only with credit lines characterised by a medium-long term profile; during 2020, it decided to extend the possibility of obtaining the direct Guarantee of the Central Guarantee Fund also to short-term credit lines.

The intention is to expand the type of financing that can access this important guarantee form as much as possible, which allows the Bank less capital absorption and provisions and the company greater economic benefits in terms of financing conditions and access to credit.

FIN PMI Impact Fast Forward 30k

Still with the aim of expanding the type of financing with access to the Guarantee issued by the Central Guarantee Fund of Banca del Mezzogiorno-MedioCredito Centrale as much as possible, and thanks to the new legislative measures adopted to limit the economic crisis, BPER Banca introduced a new type of financing in 2020 with the following characteristics:

²⁷ For more information on the credit lines allocated by the Liquidity Decree, please refer to the dedicated Annex.

- it is 100% assisted by the Guarantee issued by the Central Guarantee Fund of Banca del Mezzogiorno-MedioCredito Centrale
- is of limited amount, that is, up to 30,000 euros.

FIN PMI Impact Fast Forward 30k is regulated pursuant to Letter M), art. 13 of Italian Legislative Decree no. 23/2020 (Liquidity Decree) and is intended for SMEs, artisans, professionals or those who generally carry out a business activity, including natural persons with a VAT number who exercise arts and professions for which registration in a recognised Register or Professional Order is not envisaged, as well as insurance agents, insurance subagents and brokers, professional associations and associations among professionals, as long as the activity of these subjects has been affected by the health emergency.

Coronavirus Enterprises

With regard to financial support with a shorter time profile, support for companies' financial needs following the Coronavirus emergency was introduced in 2020 in the form of a company loan lasting 18 months for up to a maximum amount of 1 million euros.

In addition to and as an alternative to the Corporate Loan, the possibility has been introduced for companies to obtain temporary current account credit.

During this period of the greatest health and economic-financial emergency, therefore, the Bank has seen to interventions that have successfully offered important provisional but timely support of companies' financial needs and which have been followed by more structured financial interventions characterised by a longer time span.

SACE Covid-19

New medium-term financing, guaranteed by the SACE guarantee, have been introduced for companies affected by the Covid-19 epidemic. This introduction has the provisions of Italian Legislative Decree no. 23 of 8 April 2020 to thank, according to which SACE was authorised to issue Guarantees, which benefit from the counter-guarantee of the State, for financing to companies based in Italy and affected by the Covid-19 epidemic.

The new financing covered by the SACE Guarantee ("SACE COVID-19"), lasting between two and six years, is intended to cover the financial needs arising from:

- investments (excluding acquisitions of corporate shareholdings)
- lease or rental fees of business units
- personnel costs
- working capital

exclusively for production plants and entrepreneurial activities located in Italy, with the beneficiary company's commitment to maintain the substantial part of its production in Italy.

The financing can also be allocated, to an extent not exceeding 20% of the amount disbursed, to the payment of loan instalments which are due or expiring in the emergency period, i.e., from 1 March to 31 December 2020, for which repayment had become objectively impossible as a result of the spread of the Covid-19 epidemic.

This form of financing was not intended for restructuring/refinancing/consolidation operations, even partial, of other outstanding exposures.

Moratoriums for financing in place

Art. 56 (Law 27/2020 - pursuant to Italian Legislative Decree Cura Italia)

Micro, small and medium-sized enterprises which have self-certified that they have suffered, on a temporary basis, liquidity shortages as a direct consequence of Covid-19, were able to request in 2020, also from BPER Banca:

- the maintenance until 31 January 2021 of revocation credit facilities and loans granted against advances on loans existing on 29 February 2020 or, if higher, on 17 March 2020
- the extension of non-installment loans due before 31 January 2021
- the suspension of instalments of loans or leasing fees with expiry until 31 January 2021 (31 March 2021 for the tourism sector), choosing between the suspension of the entire instalment or the sole capital share.

These important concessions, which took the form of a moratorium on loans and credit facilities already granted, were intended for micro, small and medium-sized enterprises (including self-employed workers and freelancers with VAT numbers) and applied exclusively to the financial support obtained (i.e., stipulated/perfected) by companies before 17 March 2020 (date of entry into force of the "Cura Italia" Decree).

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 basic account is offered and established pursuant to Articles 126-noviesdecies et seq. of Italian Legislative Decree no. 385/1993 (TUB) and the related implementing decree (MEF Decree no. 70/2018). 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 organizations and social enterprises.

In general, it is dedicated to third sector organizations 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 organizations. It has the same conditions as the Third Sector Account dedicated to for-profit organizations but is exempt from payment of the stamp duty.

Specific products 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.

Insurance policies

Auto insurance policy with black box

Arca Motor Box is the technological device that enriches the “Tutto Tondo” auto insurance policy by Arca Assicurazioni. Depending on the kit chosen, the customer has many services available: they can count on 24/7 assistance, find their car more easily in the event of theft, objectively reconstruct the dynamics of an accident and defend themselves in the event of attempted fraud or fines. They can also take advantage of innovative telematic services that also allow savings on the cost of the policy. The objective is to offer the customer more protection, safety and assistance at the wheel.

New Acuore health policy

In 2020, the new Acuore policy developed together with Arca Assicurazioni was offered to customers, making BPER Banca even closer to the health needs of the moment. Acuore was awarded the “Future Bancassurance Awards 2020” for its innovative features and in particular for prevention services diversified by age.

The policy confirms and expands the prevention services already provided by the previous generation of health products, offers modular coverage and a tariff scheme aligned with the best market standards, as well as digitally providing services through apps, the web and a memo-health service.

Lastly, the policy includes a guarantee of coverage for epidemics declared as such by the WHO and therefore also for Covid-19 cases.

Concessions for customers related to the Covid-19 emergency

With the support of partner company Arca Assicurazioni, some free policy extensions have been made available to customers:

- “Insieme alle Imprese” [Together with Companies], an initiative aimed at supporting the safe restart of economic activities. For policies protecting the activity of small businesses, artisans and merchants signed from 1 October 2020, Arca Assicurazioni offered free coverage until 31 December 2020, with a daily allowance in case of Covid-19 positivity and a lump sum compensation in the most serious cases
- free extension of guarantees for the health policies Orizzonte Salute and Insalute. The daily allowance was also introduced for the case of quarantine at home following a positive Covid-19 test.

Other products

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

This 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 45 years of age who:

- are residents in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily or in one of the municipalities of the central Italy earthquake area (i.e., the territories of the municipalities of Lazio, Marche and Umbria referred to in Annexes 1, 2 and 2-bis of Italian Decree-Law no. 189 of 17 October 2016, converted, with amendments, by Law no. 229 of 15 December 2016) upon submitting the financing 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.

To cover the investment, a capital contribution of 50% is envisaged (35% for applications submitted to Invitalia by the company until 18 July 2020) and subsidised financing for the remaining 50% (65% for applications submitted to Invitalia by the company until 18 July 2020), with a fixed rate repayment in 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 from its beginning.

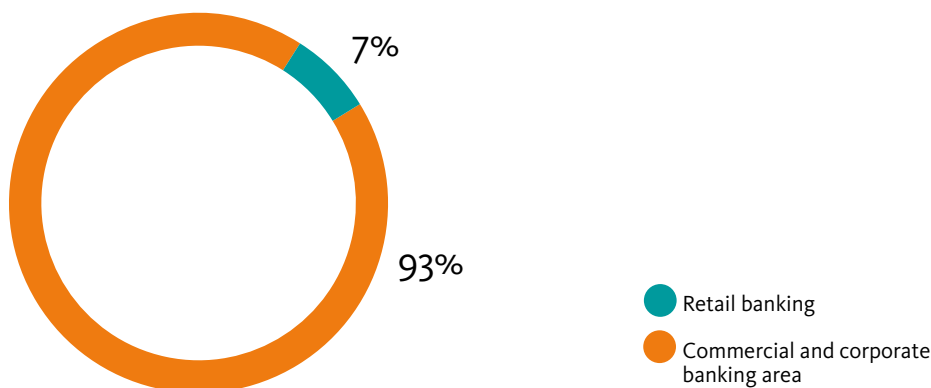
Italian Decree Law no. 34 of 19 May 2020, the so-called Relaunch Decree, also confirmed an additional non-repayable contribution of Euro 15,000 for individual companies and professional activities carried out individually and an additional non-repayable contribution of Euro 10,000 for each shareholder, up to a maximum of Euro 40,000 for companies benefiting from the Resto al Sud measure.

5.2.2 Products and services for environmental purposes

As part of their commitment to reducing environmental impacts, the Group's banks offer a series of specific financing products for investments, households and businesses, in the use of renewable energy, energy saving, circular economy and sustainability choices in general.

Products and services for environmental purposes²⁸

	Unit of measurement	31.12.2019		31.12.2020	
		Total	%	Total	%
Retail banking	no. transactions	61		175	
	Disbursed value (million €)	1.5	3	4.0	7
Commercial and corporate banking area	no. transactions	114		100	
	Disbursed value (million €)	53.0	97	52.0	93
Total	Disbursed value (million €)	54.5		56.0	



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.).

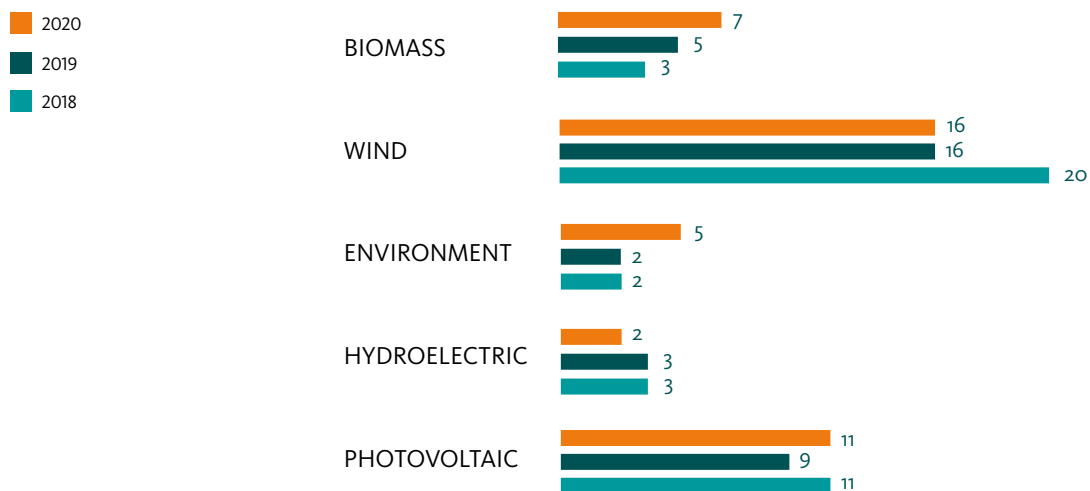
The distinctive element of project finance is to allow the implementation of projects of typically collective interest by bearing a large part of the cost thanks to medium-long term financing formulas, based essentially on the assessment of the individual projects' ability to support themselves.

As at 31/12/2020, the BPER Group held an outstanding project finance portfolio relating to environmental projects for a residual debt of approximately Euro 302 million (of which approximately 10 million euros ex-Unipol Banca and approximately Euro 26.5 million BdS), which includes 41 transactions (of which six ex-Unipol Banca and two BdS).

The trend of the year was affected by the negative effects of the pandemic on the start of new projects and on the slowdown and postponement of others during the start-up phase.

²⁸ It should be noted 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 2020, ethical products with environmental purposes for the Retail Banking area and Commercial and Corporate banking area respectively accounted for 0.02% and 0.17% of the Group's total. The data refer to BPER Banca, Banco di Sardegna, Bibanca and Sardaleasing products.

Number of existing project financing contracts



NUMBER OF TRANSACTIONS AS AT 31/12/20	41
RESIDUAL DEBT AS AT 31/12/20	302 MILLION €
AMOUNT DISBURSED IN 2020	38 MILLION €



The new new Photovoltaic Park of BPER Banca's Services Centre in Modena

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 may use on an exclusive basis until 31/12/2021. 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.

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. For commercial purposes the project has been renamed BPER LIFE4ENERGY.

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).

In recent years, 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 2019, the Group also 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.

In the same context, at the end of 2020 the Group organised Euro 31.5 million pooled financing for the construction of a barge for the distribution of LNG as naval fuel that will be operational in the Tyrrhenian High from 2023. The funding will benefit from SACE's guarantee through the new Green New Deal product specifically designed to support projects with a strong positive environmental impact.

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

The BPER Group has joined the European pilot project for energy efficiency interventions, and has created new lines of green financing for private individuals. Financed with the European Funds of Horizon 2020, the project 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. The programme involves dozens of stakeholders and banks, as well as several public institutions and companies specialised in the energy and real estate sectors.

The objective is the creation of 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, BEI 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).

During 2020, the “third phase” of the project relating to the creation of products in line with what was defined by the working group for green mortgages was activated. The activities have been severely slowed down by the health emergency.

The Bank's offer consists of two types of loans: mortgages and personal loans.

The Green Mortgage is reserved for customers who purchase eco-friendly properties in energy classes A and B. The Personal Loans are instead for those who want to install renewable energy systems, thermohydraulic systems or thermal insulation, or buy electric or hybrid cars, scooters and electric bikes or latest-generation appliances.

Its objective is to improve the energy efficiency of one's home, making it both ecological and sustainable, or acquire other ecosustainable instruments.

Home and business policies: extension of the earthquake guarantee

The earthquake guarantee that can be chosen by customers within various policies to protect their house and business has been improved in terms of costs and guarantees provided, thanks to tariffs based on a municipal and no longer provincial basis, the application of criteria independent of the type of construction and having raised the limits to cover damages up to the reconstruction value

The specific social role of insurance is also put in place in the provision of this type of coverage at a more competitive rate, hand in hand with the state support system.

Greenpay - Eco-friendly cards

The BPER Group has launched a project to issue payment cards made of recycled materials. The first cards will be issued when replacing cards for new customers as part of the acquisition of Intesa San Paolo's business unit. All cards will then gradually be produced with recycled materials.

Using recycled PVC allows us to:

- reuse existing materials, rather than extracting new material for the production of a new card
- reduce CO₂ emissions, fossil fuel extraction and the amount of plastic that ends up in the ocean.

The cards' accompanying materials are also produced in recycled material (100% for card carriers and 67% for envelopes).

FINANCING FOR THE CIRCULAR ECONOMY: SUPPORT FOR PRODUCTIVE CONVERSION FOR BETTER RE-SOURCE USE

BPER Banca is a “Circular Economy lending bank”, part of the incentive that promotes the conversion of production activities towards an economy model that maintains the value of products, materials and resources for as long as possible and minimises the production of waste. With a budget of Euro 217 million, the measure was activated by the Ministry of Economic Development and is managed by Invitalia.

The Fund supports industrial research and experimental development aimed at the creation or improvement of products, processes or services.

“Circular Economy” is dedicated to all companies of any size that carry out industrial and agro-industrial services, provide services to industry and research centres, to public and private research organizations as co-proponents in joint projects; about half is earmarked for projects carried out in the South.

In support of the transition to the circular economy, BPER Banca has also adhered to Italian Decree Law no. 76 of 16/7/2020 "Urgent measures for simplification and digital innovation" (so-called Simplifications Decree), converted into Law no. 120 of 11 September 2020, which introduced the possibility for SACE to issue guarantees to support financing related to “Green New Deal” projects, specifically aimed at:

- a) facilitating the transition to a clean and circular economy and integrating production cycles with low-emission technologies for the production of sustainable goods and services
- b) accelerating the transition to sustainable and intelligent mobility, with particular reference to projects to promote the advent of automated multimodal mobility, capable of reducing pollution and pollutant emissions, including through the development of intelligent traffic management systems made possible by digitisation.

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 2020.

The commitment that this main sector demanded from the banking world was burdensome due to the emergency, in addition to the difficulties caused by the Covid-19 pandemic emergency, of natural disasters and phytopathologies that have seriously compromised the business results of many agricultural companies. In close collaboration with local and national authorities, we have therefore arranged the activation of ceilings and specific initiatives that meet the 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

The themes of sustainable development, corporate social responsibility and ethical finance have become strategic in the choices of investors who are increasingly interested in green and sustainable products. As a result, the main players in the financial sector are increasing their offer and commitments related to sustainable finance. In fact, the number of managers increased in 2020 which, in addition to financial performance, integrate the analysis of environmental, social and governance factors within their investment processes.

Investments owned

As at 31/12/2020, the Group held a total financial portfolio of Euro 24,521,872,944, partly characterised by ESG criteria, according to the values and percentages shown in the table.

	Total	%
Portfolio with ESG Score	828,793,522	3.38
Ethics Portfolio	393,354,468	1.60
Green Bonds	357,044,169	1.46
Sustainability Bonds	108,958,794	0.44
Social Bonds	334,426,366	1.36

More specifically:

- “Portfolio with ESG Score”: BPER and the Group companies rely on external Data Providers with the aim of identifying an ESG rating for each investment and being able to have a specific analysis for environmental, social and governance issues (e.g., ESG scores of the main information providers). More specifically, it includes Social Bonds, Green Bonds, Sustainability Bonds and Etica Sgr equity funds and equity investments weighted for an "ESG scoring".
- Ethics Portfolio: amounts to Euro 393,354,468, equal to 1.60% (+41% compared to 2019) of the total portfolio invested; includes Green Bonds, equity investments weighted for an "ESG scoring", Etica Sgr equity funds, equity investments in Etica Sgr and Banca Etica

As evidence of its commitment to ethical investments, the Group's objective is to increase SRI investments in the “Ethics Portfolio” by an additional 20% by the end of 2021.

An ESG investment policy is also being drafted.

FONDO SI

BPER Banca has joined Fondo Si 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 has joined the initiative by subscribing Euro 1 million.

Social Bond

On 25 March 2021, BPER Banca successfully completed the placement of the first issue of Social Bonds (Senior Preferred) intended for institutional investors for an amount of Euro 500 million and a maturity of six years. Issued as part of a recently published Environmental, Social and Sustainability Bond Framework (the "Framework") and based on the Euro six billion EMTN programme, the bond will finance a selected portfolio of SMEs to which disbursements have been granted which are covered by the public guarantee established in the Liquidity Decree to deal with the Covid-19 emergency. In the Sustainability Report, BPER Banca will publish a section dedicated to the allocation of the proceeds of the issue. Outlining the framework for assessing the impact of the Bank's sustainability and ethical practices, the Framework has been integrated into the company strategy with the aim of achieving a complete alignment of stakeholders' interests and defining the scope and methods of intervention on the ESG Bond market. It should also be noted that BPER Banca has obtained a certification for its Framework, provided by Institutional Shareholder Services companies group (ISS), as an independent entity with competence in environmental, social and sustainability matters: Second Party Opinion (SPO). Both documents are available on the Bank's website at: <https://istituzionale.bper.it/investor-relations/obbligazioni-e-prospetti/esg-framework>.

The issue attracted strong market interest, with demand exceeding Euro 1.25 billion from over 110 institutional investors. This has reduced the spread from the initial level of +200 bps above the five-year Mid Swap to the final level of +175 bps.

The offer of ESG investments

In line with the growing interest of investors in sustainability issues, during 2020 BPER Banca further strengthened the dissemination process on sustainability issues launched in 2019, producing new editorials for assistance and training on the products subject to "Advisory Tips" consultancy, prepared by the Optima SIM Advisory Office (about six new Tips dedicated to the range of sustainable-ESG products). To complement the editorial plan, a short video for commercial networks called "ESG in times of crisis" was created in July 2020 in partnership with JPMorgan Asset Management, which assesses whether ESG products showed greater resilience in countering the volatility that occurred in the financial markets in March-April 2020 due to the economic slowdown linked to lockdowns to limit the spread of the Covid-19 virus.

During the year, the Group increased the number of products with ESG characteristics from 40 (funds and SICAVs) in 2019 to 61 products placed in 2020, broken down by sales channel and type of asset class. The distinction by specific sales channel catalogue includes 13 products for offers exclusively dedicated to financial consultants, 29 products for the offer through the banking channel and 19 products for the offer both through the banking channel and through financial consultants. The distinction by type of asset class includes the following products: one for Absolute Total Return management, 32 for Share management, 19 for Balanced management, two dedicated to Commodities, seven Monetary/Bond products. Thanks to the increase in the number of products with ESG characteristics placed and the intensification of the internal training path, the net income for ESG products increased from Euro 366 million in 2019 to Euro 636 million in 2020, while the stock under management in sectors identified as ESG at 31/12/2020 is Euro 2,177 million, compared to 1,602 million in 2019.

ARCA SGR

In 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 Fondi refined the ESG rating model developed internally, also including assessments relating to so-called “Disputes” in the model. At the same time, the Sgr has begun the distribution of investment solutions aimed at facilitating the gradual entry into balanced portfolios with a strong ESG orientation and a flexible product focused on environmental issues. Two pre-existing UCIs of a shareholding nature (Arca Azioni America and Arca Azioni Far East) have also been transformed into products with clear ESG connotations, simultaneously inserting them into the regulation dedicated to open Arca funds inspired by sustainability criteria (Arca ESG Leaders System).

During 2021, the ESG range will be further enriched through the launch of four editions of a Target Date fund with a “Green” orientation, transforming the European Stock Fund into an ESG product and introducing a new balanced Product (Arca Oxygen Plus) that will aim to minimise the carbon footprint of the investment.

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 Etica Sgr funds in the country. Banca Etica is currently the only Italian group entirely dedicated to ethical finance.

Banca Etica

Banca Etica has been operating throughout the country for 20 years: originally created to offer financial services to third-sector companies, today it works for different types of social enterprises as well as for families and private citizens. Banca Etica collects the savings of responsible organizations and citizens and uses them entirely to finance projects aimed at collective well-being. Today Banca Etica has 45,000 shareholders and 77 million in share capital, a savings collection of over Euro two billion and financing for over one billion in favour of initiatives of organizations, families and businesses in the fields of social cooperation and innovation, international cooperation, culture and quality of life, environmental protection, responsible tourism, organic farming, right to housing, legality. In the Impact Report, Banca Etica measures the social and environmental improvements achieved thanks to the loans granted.

For more information: www.bancaetica.it/i-nostri-numeri

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.

Following the health emergency, which led to an economic and social emergency, managing the pandemic's effects has become one of the themes with which Etica Sgr engages with companies. To give a few examples, Etica Sgr closely follows pharmaceutical companies in relation to the sharing of data and patents to facilitate access to vaccines also in developing countries. Or in the clothing sector, it dialogues with companies so that they prioritize occupational safety and do not penalize suppliers in countries with delays caused by the pandemic. During 2020, Etica Sgr's engagement activity involved dialogue with over 200 international companies (addressing almost 700 questions on ESG issues to managers) and participation in the meetings of 45 companies (voting on more than 500 items on agendas).

The funds of Etica Sgr aim to achieve financial results and have an impact in environmental, social and governance terms. Currently in its fourth edition, the Impact Report is the tool with which the company measures the impact of the securities selection activity with respect to the reference market or benchmark (MSCI World index in Euro) and the engagement activity – specifically dialogue – carried out with the companies in which our funds are invested.



A man with short dark hair and glasses, wearing a light blue button-down shirt and jeans, is smiling and looking towards the left. He is standing in a modern office environment with large windows and contemporary furniture. The background is slightly blurred, showing a desk with a laptop and other office equipment.

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 organization in recent years, constant attention has continued to be paid to Human Resources, especially with projects that enhance and develop professional and personal skills. In fact, the various merger and acquisition operations, both those already completed over the years and those in progress, offer an important and vital opportunity to combine professionalism and experience: the Group therefore works to enhance this diversity, to strengthen its effect both in terms of engaging the people involved and in terms of performance effectiveness.

For the merger project of the former UBI Banca branches, in compliance with regulatory and contractual constraints, starting from the end of September 2020, intense activities of dialogue and exchange were carried out with the aim of highlighting common points and organizational and management differences in order best welcome over 5,000 new colleagues. In particular, a focus was placed on enhancing their experience and expertise in order to ensure the continuity of the professional paths undertaken. This unprecedented operation also involves an extraordinary mobilization aimed at creating structured mentoring, training and support plans which, starting in February 2021, will involve about 3,000 BPER colleagues both physically and remotely for a planned period of over 12 weeks.

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 personnel, with a view to controlling management costs also by setting up contracts that allow for more flexible and timely responses to operating needs and company improvement.

Employees by contract type

	31.12.2018		31.12.2019		31.12.2020	
	M	F	M	F	M	F
On temporary contract	3	1	12	10	8	5
On permanent contract	6,517	5,084	7,683	6,084	7,269	5,835
Apprenticeship	17	26	26	23	46	40
Total internal employees by gender	6,537	5,111	7,721	6,117	7,323	5,880
Of which part-time employees	1%	19%	1%	19%	1%	19%
Total internal employees	11,648		13,838		13,203	
Temporary workers	128	185	72	128	62	102
Self-employed workers	2	1	4	1	4	3
Internships	3	5	11	4	6	5
Total workforce by gender	6,670	5,302	7,808	6,250	7,395	5,990
Total workforce	11,972		14,058		13,385	

In 2020, the BPER Group counted on a workforce of over 13,000 people, 99.3% of which employed under permanent contracts and 9% under part-time contracts.

The reduction of more than 600 units compared to 2019 was mostly determined by the reductions related to the Business Plan for Solidarity Fund and incentivised leaving.

The Group is constantly evolving and this dynamic, apart from being organizational, 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



	2018		2019		2020	
	M	F	M	F	M	F
New hires by age range						
<30	32	30	47	34	115	98
30-50	44	35	59	39	91	89
>50	2	-	8	1	7	2
Terminations by age range						
<30	7	2	6	5	13	10
30-50	49	30	51	35	35	20
>50	66	27	179	70	565	394

In 2020, 402 new employees joined the BPER Group, almost doubling compared 2019, 47% of which female and 53% male. A high percentage, equal to 53% of newly hired staff, belonged to the younger age groups (<30 years). The incoming turnover rate was 3.0%, while the outgoing turnover rate was 7.9%.

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 it.

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" department to facilitate staff mobility. However, its focus for some time now has shifted from individuals, which is at times necessary, to activities.

The experimentation of so-called hub working which began in 2019 underwent a necessary acceleration and mutation at the beginning of 2020 towards the adoption of remote working by virtue of the emergency situation. It is currently evolving towards a structured, organised and regulated form of agile work. Although in an unforeseen and unpredictable context due to Covid-19, the Group has provided all colleagues information and training tools useful for managing and governing these new remote working methods, reducing the inevitable initial disorientation as much as possible. This has also made it possible to contain the negative effects on company performance, accelerating reflections on new organizational and management methods.

For more information, please refer to the dedicated Annex.

The notice period to trade unions for organizational changes is 50 days for group and company reorganizations, pursuant to articles 21 and 17 of the National Collective Labor Agreement of 31/03/2015, renewed on 19/12/2019.

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 remote working.

6.2 Enhancing the value of employees

6.2.1 Training and growth of employees

The BPER Group places great attention on training and continuing professional development. The training provided in 2020, 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 delivery of the 2020 training plan was strongly conditioned by the lockdown caused by the Covid-19 virus. Until 23 February, the training initiatives were provided in the manner and content planned, focusing on the development of managerial, behavioral, regulatory and technical skills.

All in-person initiatives were suspended at the end of February, making it impossible to implement the training plan as originally planned. Since then, we have therefore focused on offering all colleagues the opportunity to take advantage of online training, not only from their workstation but also from home, through their personal devices, introducing emergency smart learning. For this reason, an agreement was signed with Abiformazione that allowed all 14,000 Group resources to access the Profinanza e-Learning platform, also remotely. Two training courses were uploaded on this platform, the first dedicated to network personnel (duration 30 hours), the second to central office personnel (duration 30.5 hours), both concerning legislative and regulatory issues such as anti-money laundering, privacy and Madz, in addition to cybersecurity.

In addition, the digital content of the Mifid and Ivass certification paths lasting 30 hours each has been developed to require less time than in previous years, so as to allow the over 7,000 colleagues who must maintain these certifications to be able to also complete the paths during the lockdown period.

At the same time, digital training content was made available and webinars were organised for office and branch managers and collaborators on how to organise their work remotely.

In the second half of 2020, the catalogue initiatives initially designed for on-site use were appropriately redesigned and provided in webinar mode.

Lastly, the new online training platform BLearning was released in December, replacing the previously used platform, Plateau. The new platform is available to colleagues throughout the banking Group and is also accessible from home with their own personal tools. It contains all the digital courses for bank personnel.

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.

Significant attention in 2020 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.

Total hours of training provided

Category	2018			2019 ²⁹			2020		
	M	F	Total	M	F	Total	M	F	Total
Executives	8,443	882	9,324	13,193	1,407	14,600	5,652	1,049	6,701
Managers	152,899	72,952	225,851	187,965	86,788	274,753	132,005	56,276	188,281
Professional staff	191,571	206,357	397,928	239,690	267,083	506,773	170,597	203,018	373,615
Total	352,913	280,190	633,103	440,848	355,278	796,126	308,253	260,343	568,597

In 2020, over 560,000 hours of staff training were provided, a decreasing trend compared to previous years. The number of average hours per employee is 43.

The delivery of the 2020 training plan was strongly conditioned by the lockdown caused by the pandemic, which led to the suspension of all the initiatives in place.

The Training Office therefore worked to allow personnel to take advantage of online courses from home as well, using their own personal devices, and to redesign classroom courses into webinars that could be followed both from the office and from home.

However, there was a reduction in training hours for the following reasons: not all training initiatives were transformed into webinars (the transformation activity will continue throughout 2021), the courses in webinar mode generally have a shorter duration than the courses provided in classrooms and the Mifid and Ivass maintenance paths were partially merged; for employees holding both qualifications, the total time went from 60 to 40 hours.

Average training hours provided

Category	2018	2019 ²⁹	2020
Executives	42	55	25
Managers	60	58	43
Professional staff	52	57	44
Total	54	58	43



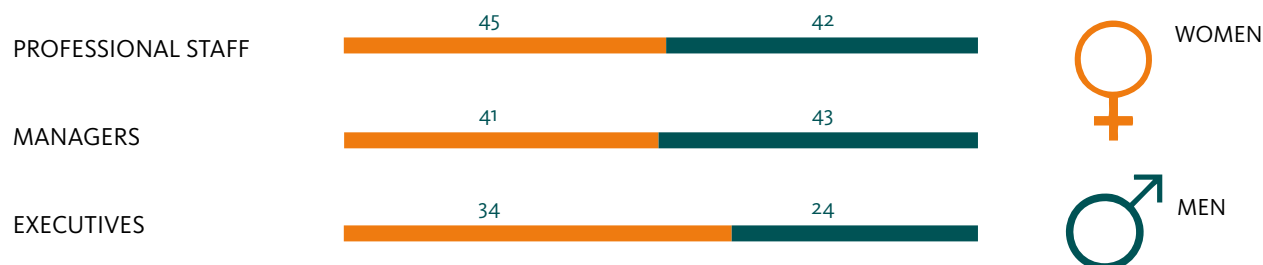
TOTAL TRAINING HOURS

568,597

AVERAGE TRAINING HOURS PER EMPLOYEE

43

Average training hours provided by gender and category in 2020



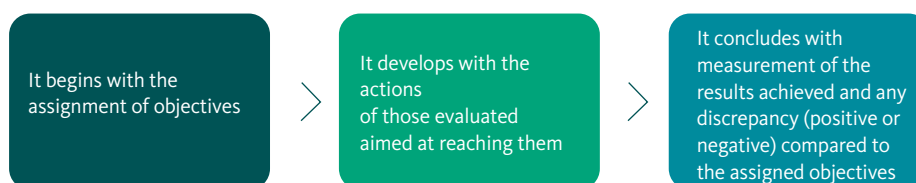
²⁹ Following improvement of the reporting system, the 2019 data have been restated compared to those published in the previous Sustainability Report. For the previously published data, refer to the 2019 Sustainability Report, in the Sustainability section of the web site <https://istituzionale.bper.it/>.

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

Category	2019			2020		
	M	F	Total	M	F	Total
Executives	45	2	47	88	24	112
Managers	375	254	629	581	241	822
Professional staff	461	562	1,023	611	740	1,351
Total	881	818	1,699	1,280	1,005	2,285

6.2.2 Assessment and development of skills

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



The process involves an evaluated party (employee working in the department), an evaluator (usually the head of the department) and a supervisor (usually the hierarchical superior of 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). Evaluations are a right granted to workers by their contract: the simple evaluation at BPER attributable to a "contractual minimum" is also enriched by dynamics aimed at enhancing the resource.

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

- coping with sudden vacant positions or organizational 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 behavioral) 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.

The attention paid to the resources and the dialogue that the company nourishes from their recruitment to their exit is also confirmed by the number of interviews that Management carries out each year; in 2020, 2,054 evaluations were performed and they accompanied people in their most significant passages in terms of management.

Percentage of employees receiving regular performance evaluations³⁰

Category	2018		2019		2020	
	M	F	M	F	M	F
Executives	100%	95%	96%	100%	96%	100%
Managers	93%	91%	98%	98%	98%	97%
Professional staff	93%	88%	96%	94%	94%	92%
Total	94%	89%	97%	95%	96%	94%

Promotions³¹

Category	2018		2019		2020	
	M	F	M	F	M	F
From managers to executives	2	-	10	1	15	9
From professional staff to managers	71	22	88	59	81	40
Within professional staff	503	550	424	405	252	269
Within managers	140	68	120	47	170	71
Within executives	1	-	7	-	19	3

With reference to career advancements in 2020, a total of 929 promotions were recorded, falling compared to the previous year. Some 56% of career advancements took place within the professional staff categories.

The important Group managerial development experience that involved Executives throughout 2019 (exempla project), was extended to middle management with key positions in 2020 (exemplaz). The objective of the project is twofold:

1. to provide the participating managers with tools for mapping their managerial efficacy and offer them highly useful enhancement activities for addressing increasingly complex and evolving professional scenarios;
2. to accelerate the managerial growth of female personnel in line with the "A pari merito" project in the field of gender diversity and inclusion.

A total of 687 middle managers were invited to participate in examplaz, of which 339 were women (49.3%) and 348 men (50.7%), depending on the roles held. 600 colleagues decided to participate, of whom 283 women (47.2%) and 317 men (52.8%) and this massive participation highlighted the strong interest and involvement in the project. All the participants received diagnostic skill and potential activities through assessment sessions. A personalised feedback interview was held for each employee, in which feedback on the results was given and awareness was raised regarding their managerial skills. This awareness is a fundamental condition for activating the targeted development paths envisaged in the second design phase that will be launched in 2021.

³⁰ 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.

³¹ The 2019 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 thus joined 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 behavior 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 behaviors consistent with the Code of Ethics and with the regulations and provisions in force.

Also in 2020, through the 2020 Report on Remuneration Policy and Remuneration paid, constant attention is confirmed in relation to communication, information and transparency in order to increase shareholder awareness regarding remuneration and incentive systems and the focus on the issues of sustainability in its broadest sense, as well as diversity. In continuity with the virtuous path undertaken in recent years, there has been a constant commitment to structuring remuneration policies aligned with company strategies in order to ensure a close correlation and coherence between remuneration, the results achieved and the sustainability of the initiatives carried out both with regard to prudent risk management and compliance with regulatory requirements.

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 innovations introduced and contained in the 2020 Report on Remuneration Policy and Remuneration paid concern:

- the inclusion in a specific section of the themes concerning the application of the new provisions on "Transparency of banking and financial operations and services. Correctness of relations between intermediaries and customers";
- the adaptation of the Report to what is already implemented in the national legislation of the Shareholder Rights Directive II (SRD II) aimed at strengthening shareholder engagement and facilitating the exercise of their rights;
- the possibility of raising the ratio between variable and fixed remuneration up to 2:1 for some specific professional chains and business segments as well as, exceptionally, in cases of incentives to leave;
- the introduction of a different materiality threshold in the disbursement of bonuses, in line with current regulatory developments;
- the evolution of MBO systems in line with market best practices and in compliance with the changed regulatory framework, alongside strict control over their application. The primary objective is the refinement of the structure and perimeter, with a strong focus on key figures or areas of the Bank with strong added value, consistent with the Business Plan.

Social and environmental sustainability objectives were included in the qualitative assessment of the Chief Executive Officer and General Manager and of 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 financial instruments serving incentive systems was confirmed for 2020: in particular, the use of virtual shares (Phantom Stock) for payment of part of the bonus resulting from the short-term incentive system is confirmed, as well as the use of BPER shares for the payment of bonuses in relation to the 2019-2021 Long Term Incentive Plan.

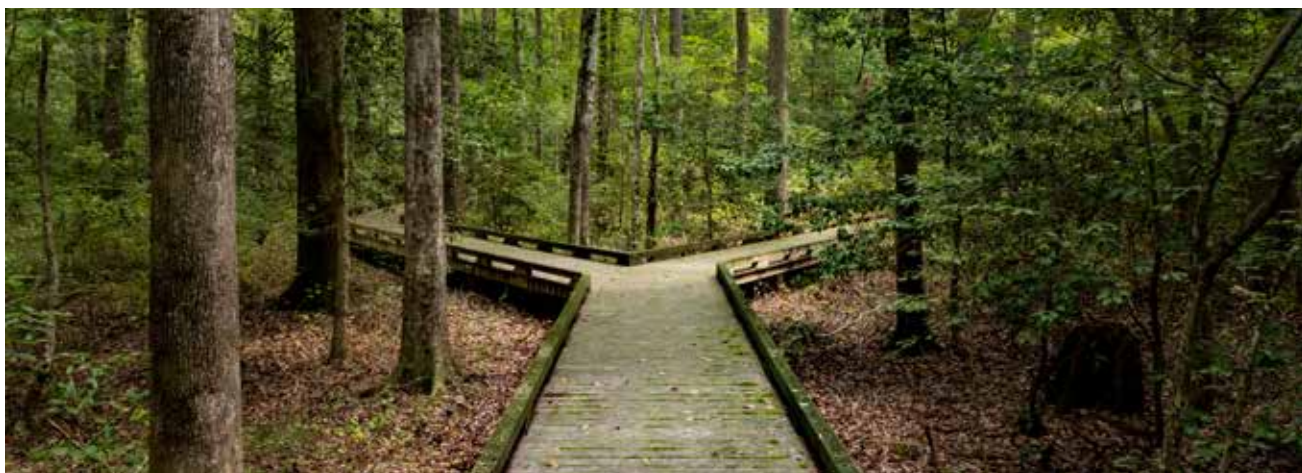
All the interventions were carried out to continue to improve the remuneration policy and incentive systems, with a view to a strong focus on personnel policies, the enhancement of the Bank and the protection of customers and investors, attentive to changes in the overall regulatory framework.

The commitment on the communication front, with the aim of offering increasingly complete, usable and transparent information, was confirmed for 2020, 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;
- 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;
- graphic representation of the correlation between gross profit 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 and General Manager.

In relation to the health emergency resulting from the Covid-19 epidemic, the CEO and 38 members of the Group's Top Management have waived part of the Bonus accrued with reference to the 2019 financial year. These quotas have been allocated to donations in support of charitable initiatives related to the health emergency (Uniti oltre le attese - see the dedicated Annex).

In this situation of general uncertainty, there were several communications published by the European and Italian supervisors aimed at recommending prudence in the definition of variable remuneration for 2020, with particular reference to the most relevant personnel. With this in mind, the BPER Group has also opted for a reduction in the pools allocated to annual incentive systems in order to make the overall levels of variable remuneration (bonus pools) sustainable and simultaneously maintain the incentive value of the systems themselves.



6.3 Corporate identity and internal communication

Internal communication played a central role in engaging employees in 2020, promoting corporate culture and values and supporting the organization and business.

In the context of the Covid-19 emergency, in particular, internal communication acted to widely disseminate provisions and information and to raise awareness among Group personnel to adopt correct behaviors and minimise risks through various ad hoc initiatives. The "Vicini in Smart Working" campaign is especially noteworthy, which accompanied the widespread adoption of agile working methods, with a particular focus on the aspects of safety, collaboration, trust and accountability of employees. The appreciation and effectiveness of the solutions activated were monitored through periodic surveys.

Communication and engagement campaigns were developed in the field of sustainability, equal opportunities and professional development during the year. "A pari merito" is the initiative that aims to reach the 15% quota of women managers by 2021 and whose manifesto includes an action programme focusing on professional development, work-life balance and social commitment. With "exempla", we wanted to share the Group's leadership model by defining the behavioral skills that managers and future managers must have in order to work best today and in the near future. "Piantamola" is the BPER Banca campaign that promoted energy savings and environmental sustainability. It ended with the awarding of the branches that obtained the most significant reduction in energy consumption.

During 2020, internal communication also activated communication initiatives in favour of the employees of CR Bra and CR Saluzzo, the banks which merged into the BPER Banca Group.

In the last quarter, warming up and coaching activities began for the personnel who will join BPER in 2021 following the acquisition of the UBI and ISP business branches.

6.4 Diversity and enhancement of female talent

The BPER Group recognises the value of diversity as the key resource for innovation, productivity and growth of the organization. Some activities for the recognition, support and enhancement of gender diversity have long become cyclical, which have seen the introduction of inclusion issues in both training and development courses aimed at management and management policies.

As already indicated in the previous chapter, during 2020 the first part of the management development project reserved for middle management was carried out (exempla2), with one of its priority objectives being supporting and accelerating the managerial empowerment of women. The target of candidates was defined on the basis of transparent organizational criteria, differentiated according to the male and female population to achieve a numerical gender balance. Therefore, 339 women were invited to participate, or 49.3% of the reference group, and 283 colleagues, or 47.2% of those participating, decided to join. This first phase of mapping through skill assessment tools will be followed by the implementation of development activities aimed at expanding and enriching these managerial skills in 2021.

In 2020, the formalisation of the policy for the enhancement of diversity was also initiated, a programmatic tool with which the BPER Group favours the culture and internal processes necessary for the creation of an inclusive environment able to enhance the professional contribution of all, without differences.

In particular, the policy's objective is to develop a clear approach in terms of active values and practices, stimulate a collaborative and open working environment and foster diversity, in particular gender diversity. The Policy was approved by the BoD on 16 March 2021.

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:

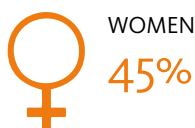
- stay updated on the latest company news and read the Group's daily press review
- acquire all of the information needed to best prepare them for their return to work
- join the team coaching path which has been tailored for them.

BPER Banca continues to be an ordinary member of "Valore D", the first association of large corporations in Italy created to support female leadership in business. In 2019, BPER also joined "Carta Donne in banca: valorizzare la diversità di genere", an instrument promoted by ABI (Italian Banking Association) to support the commitment of banking companies for equal opportunities.

In the same year, the "A Pari Merito" project was included in the Business Plan, aimed at defining a business strategy more focused on enhancing and supporting women in the process of professional growth and career.

As part of "A Pari Merito", listening and analysis activities continue through surveys and workshops aimed at bringing out new focuses on which to guide future initiatives. The company population is balanced in terms of male and female presence, with 55% of men and 45% 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

	2019**	2020
Executives		
Base salary	0.69	0.67
Total remuneration*	0.68	0.62
Managers		
Base salary	0.92	0.92
Total remuneration	0.91	0.91
Professional staff		
Base salary	0.99	0.99
Total remuneration	0.97	0.98

*Total remuneration includes "one off" variable quotas relating to previous years, intended for Executives (men) from incorporated banks.
 ** Following improvement of the reporting system, the 2019 data relating to total remuneration have been restated compared to those published in the previous Sustainability Report. For the previously published data, refer to the 2019 Sustainability Report, in the Sustainability section of the web site <https://istituzionale.bper.it/>

Within the BPER Group, there is substantial gender equality in the ratio between the average value of basic salaries and the total remuneration of women and men employees with regard to 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

2020 was strongly affected by the Covid-19 health emergency and therefore the welfare plan was also affected by this pandemic.

During 2020, the welfare plan was expanded with services that supported personnel in addressing the situation, as in the case of the possibility of using welfare credit, in accordance with current regulations, to request the reimbursement of expenses incurred for the purchase of computers for the distance learning activity of children, or thanks to the attention of the partner UniSalute, with which health coverage guarantees were extended in order to provide daily allowances in cases of home quarantine for compulsory isolation, in addition to granting one day of paid leave for all employees in addition to the provisions of the national legislation. In addition, the catering service of the company canteen was implemented through the activation of the lunch box takeaway service upon reservation, which accompanied the classic catering activity.

The **Welfare Plan of the BPER Group**³³ consists of:

- benefits offered by the company for which the company bears the cost, including the supplementary pension fund³⁴, supplementary pension³⁵ established according to the defined contribution scheme to which the employee also contributes, health and dental policy, long-term care, coverage for accident risks, meal vouchers (which changed from paper to electronic during 2020), gift vouchers and personnel conditions;
- benefits provided by the company that the employee can purchase for themselves or their family using the so-called Welfare Credit (consisting of the company bonus allocated by the employee to welfare and other welfare payments) such as reimbursement of family education and assistance expenses, supplementary health backpacks, payments to the pension fund for themselves or their dependents, reimbursement of public transport passes, purchase of shopping vouchers and petrol, vouchers for recreational, sports, cultural activities, etc.

Each employee can consult the value of the benefits offered by the company through the My Total Welfare page on the company welfare portal.

Sustainable Mobility Activities

The Sustainable Mobility Area has been created within the Welfare Plan in order to combine the well-being of our people with attention to the environment of the cities where they live and work, grouping together information, initiatives and agreements relating to mobility.

The following are present in the area:

- an intercompany car pooling platform for sharing cars between multiple people on the home - work - home commute;
- an area reserved for Mobility Management activities, including Piani Spostamenti Casa Lavoro (PSCL), presented to the Municipalities of Modena and Bologna, which group together the mobility initiatives of the BPER Group Bank and employees working in the city of Modena and in Piazza della Costituzione in Bologna;
- an area reserved for agreements relating to mobility.

During 2020, following the health emergency, we went beyond the "Agile work - Hub working" project and, in compliance with the regulatory provisions, agile work (emergency remote work) was activated, which allowed over 8,000 employees to work remotely from their residence or home while reducing the mobility of people and physical presences in the various organizational units.

At the same time, a daily company shuttle service was activated from the Modena Railway Station to the Service Centre in Modena, while the Modena/Bologna/Ferrara connections for facilitating the movements of those living

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

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

³⁵As at 31/12/20: the average percentage of employees assigned to the pension fund is 2.25%; the average percentage of payment by the company is 3.60%; membership is voluntary, 96% of employees are enrolled in the pension fund.

outside Modena who use public transport in order to limit urban traffic into and out of the city were suspended due to a lack of necessity.

Always with a vision aimed at preserving the environment around us and the health of employees and citizens, two additional electric car charging stations were installed inside the new covered parking lot with photovoltaic panels at the Service Centre in Modena.

In order to spread the culture of bicycles and to encourage their use for commuting to and from work, bicycle assistance and repair kits are available at the reception areas of the buildings with the highest number of employees, and a bicycle depot is also available in Via San Carlo.

Nati per leggere (Born to read)

BPER Banca supports Nati per Leggere (NpL), the National Programme that promotes reading in the family from the first months of a child's life.

BPER Banca supports Nati per Leggere in seven Regions with local projects that strengthen relationships between paediatricians, libraries, volunteers and parents. Some 20,000 books are expected to be donated to newborns in three years.

During 2020, the company decided to donate a book to new mothers and fathers as a gesture of best wishes, but above all as an invitation to read together with their baby from the first months of their lives. Reading together promotes the development of language, enriches it, builds the foundations for reading and writing and improves emotional and relational skills.

The book chosen for this project is "Guarda che faccia!" [Look at that face!], as the first contact and exploration book for babies only a few months old.

“TOP EMPLOYERS ITALIA 2021”: BPER BANCA ALWAYS AMONG THE BEST EMPLOYERS

BPER Banca also confirms for 2021 the “Top Employer Italia” certification for 2020 data: this is attested by the Top Employers Institute which every year identifies companies that offer excellent working conditions to their staff, identify and develop the best talents and constantly strive to optimise their management and organizational processes.

The Top Employer certification is further confirmation of the Group’s commitment in the HR sector to enhance its personnel. In recent years, the Group has invested in structured business processes and has deliberately focused on various issues, including social and environmental sustainability, work-life balance and diversity, welfare, areas of fundamental importance for the BPER Banca 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 well-being 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 (also referred to as the DVR).

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 (See Chapter C2 of the BPER Banca Risk Assessment Document (DVR)).

In 2020, further “extraordinary” revisions were made to the Risk Assessment Document, due to the arrival of the Sars-Cov-2 virus pandemic, also known as Covid-19, which from February onwards led to numerous changes in the workplace for all national companies.

Therefore, in 2020 it was not possible to carry out safety and security risk assessment inspections due to restrictions on the movement of people throughout the country in order to limit the spread of the virus.

From the beginning of the emergency, all the activities indicated in the various DPCMs, in the official documents of the Ministry of Health and in the recommendations of the health authority (including international ones) as well as in the local ordinances, aimed at limiting the risk for customers, were undertaken. The protocols signed by the trade association and trade unions were applied and additional provisions were made at the level of “best practices” to protect the health of employees and customers.

A table was immediately activated to oversee the health emergency (so-called “Consultation Committee”), aimed at monitoring the development of 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.

From the first phase, precautions were taken to reduce the presence of customers in branches (service bookings, limited access, etc.). The BPER Banca Group was the first financial institution to introduce masks and (temporarily, in some regions) gloves for customers as well as for employees, as well as providing plexiglass screens for front office workstations.

To deal with the health emergency, the BPER Banca Group implemented a series of solutions to protect the health of its resources and secure their operations through the activation of working methods that allowed, especially in the first phase of the emergency, a strong reduction in physical presences in the workplace: activation of a significant number of workstations in “emergency remote working” mode, shifts in organizational units, the closure of some branches, modification of opening hours to the public and limiting customer access to premises. The information provided to all personnel related to the introduction or modification of the safety measures adopted took place effectively and promptly through FAQs on the company intranet or by mass e-mail. For more information, please refer to the dedicated Annex.

The System for the management of health and safety issues, described in the DVR, 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 organizational 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 organizational procedures and responsibilities and assigning specific tasks to each department and employee, in the overall risk prevention organization 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 2019 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 behavior 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 delegates in question are the COO, the CHRO and the Managers of the following services: Building and Facility Management, Organization Department, Cost and Supply Chain Management, Security Office.

All 13,203 Group employees (100%) are covered by the Occupational Health and Safety System, as well as the 164 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 2020, 39 accidents were recorded. The total accident rate – reported as a frequency index - was 1.98.



RECORDABLE WORK-RELATED INJURY RATE OF BPER GROUP

1.98

Health and Safety indicators of the BPER Group

Employees

Injuries	2019	2020
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	59	39
Hours worked	19,154,425	19,703,911

Employees

Rates ³⁷	2019	2020
Fatality rate as a result of work-related injury	-	-
Rate of high consequence work-related injuries (excluding fatalities)	-	-
Rate of recordable work-related injuries	3.08	1.98

It should be noted that, of the total recordable accidents of 2020 relating to employees, approximately 67% is attributable to traumatic accidents related to falls and slips.

In 2020 there were no deaths due to accidents of temporary workers at work, nor serious and recordable accidents at work.

In addition, in 2020 there were two cases of occupational disease in relation to employees 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 measures by the prevention managers and their departments. 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.

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

³⁷ The rates shown in the tables are calculated as follows:

- Fatality rate as a result of work-related injury = (no. of fatalities due to injuries at work/total number of hours worked) * 1,000,000
- Rate of high consequence work-related injuries (excluding fatalities) = (No. of high-consequence work-related injuries (excluding fatalities) /Total number of hours worked) * 1,000,000.
- Rate of recordable work-related injuries = (no. of recorded workplace injuries/total no. hours worked) * 1,000,000.

The courses held in 2020 were those required by the 2016 State-Regions agreement and those specific to the risks managed in the emergency management plans. Specifically - limited to the first two months of the year only because the declaration of the national state of emergency prevented their continuation - they concerned: General training of Officers, Special training of Officers, Fire Officers for site 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.

2020 saw the further implementation of anti-theft procedures and technologies, thanks to a specific risk assessment. In 2021, 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 2020, 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.

Active since 2016, the service 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 their ability to face and overcome a difficult situation.

From the beginning of the Covid-19 virus emergency, the company has adopted a psychological support service dedicated to all workers through a dedicated email address advertised on the BLink intranet, with which occupational psychologists can be contacted who will call the people in question to provide psychological support. The service guarantees confidentiality.

6.7 Human rights and protection of workers' rights

The company has always based its personnel management procedures on full respect for the rights of workers as provided for by law, by the National Collective Labor Agreement and by company regulations. Appropriate actions are 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 2020 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).

2020 was inevitably complicated by the persistence of the Covid-19 emergency, which absorbed a significant part of the Group's management capacity, also due to the very rapid activation, together with the structures of the COO area, of the "emergency remote working" mode that involved over 8,000 people, mainly colleagues from the centre and semi-centre. The positive impact on management was made possible by the significant organizational and technological investment supported by the Company. Within the network, some branches were temporarily closed, alternating openings and shifts were used, as well as limiting customer access, with the mitigation of issues through appointment planning activities and promoting the use of remote alternatives in smart-banking mode. In addition, the cases of contagion and quarantine of colleagues were constantly monitored, both to indicate the company's proximity to personnel, and to support the colleagues who monitored the activities, ensuring the continuity of service to customers.

6.8 Labor 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 organizations 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 organizations, or to their representatives.

There were no hours of strike related to labor disputes during 2020.

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

On the subject of Trade and Labor 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.

To deal with the Covid-19 health emergency, the Group implemented a series of solutions to protect the health of resources and secure their operation through the activation of working methods that allowed, especially in the first emergency phase, a strong reduction in physical presence in the workplace: activation of a significant number of workstations in emergency remote working mode, the purchase of platforms to allow the use of training activities from home (so-called smart learning), shifts in organizational units and the closure of some branches.

Furthermore, the Group prepared, also in light of the suspension of teaching/educational activities throughout the country, a package of paid and unpaid leave for all Group employees; for some categories of employees (parents with children under 14 years of age, immunosuppressed employees, parents with disabled children, pregnant women not on maternity leave), the Group created a ceiling for ad hoc leave.

However, the company's attention remained very high even during the so-called "second wave" of the health emergency, during which the use of remote working methods was still significant and the Group made partly paid leave available to employees with specific cases (employees with children under 14 years of age, employees with disabled children, pregnant employees not on maternity leave, cohabiting family members of immunosuppressed persons).

6.9 Performance indicators

Distribution of employees by professional category and gender

Category	2018			2019			2020		
	M	F	Total	M	F	Total	M	F	Total
Executives	203	20	223	241	23	264	233	31	264
Managers	2,564	1,194	3,758	3,226	1,480	4,706	3,045	1,359	4,404
Professional staff	3,770	3,897	7,667	4,254	4,614	8,868	4,043	4,492	8,535
Total	6,537	5,111	11,648	7,721	6,117	13,838	7,321	5,882	13,203

Distribution of employees by professional category and gender

Category	2018			2019			2020		
	M	F	Total	M	F	Total	M	F	Total
Executives	2%	0%	2%	2%	0%	2%	2%	0%	2%
Managers	22%	10%	32%	23%	11%	34%	23%	10%	33%
Professional staff	32%	34%	66%	31%	33%	64%	31%	34%	65%
Total	56%	44%	100%	56%	44%	100%	55%	45%	100%

Distribution of employees by gender

Geographical area	2018		2019		2020	
	M	F	M	F	M	F
North	3,238	2,615	3,956	3,248	3,782	3,142
Centre	318	262	599	486	575	480
Islands	1,274	1,345	1,392	1,429	1,279	1,308
South	1,694	882	1,761	945	1,672	939
Outside Italy	13	7	13	9	13	13
Total	6,537	5,111	7,721	6,117	7,321	5,882

Distribution of employees by company function and gender³⁸

Company function	2018		2019		2020	
	M	F	M	F	M	F
Distribution	3,681	3,358	4,355	3,953	3,943	3,720
Business unit	1,264	711	1,571	887	1,664	972
Staff	530	407	600	501	565	476
Operational services	1,035	603	1,176	731	1,126	697
Other	27	32	19	45	23	17
Total	6,537	5,111	7,721	6,117	7,321	5,882

³⁸ The business functions are composed as follows: Distribution: branches and other distribution channels; Business Units: finance, credit, commercial, market surveillance; Staff: human resources, organization, strategic planning, legal and general affairs, internal audit, risk management, compliance, communication, marketing; Operational services: administration and control, information systems, logistics.

Diversity of the workforce

	31.12.2018	31.12.2019	31.12.2020
Executives			
Non-Italian citizenship	-	-	1
Belonging to protected categories	4	5	6
Managers			
Non-Italian citizenship	-	14	12
Belonging to protected categories	192	219	199
Professional staff			
Non-Italian citizenship	-	32	24
Belonging to protected categories	663	774	693

Total number and rates of new employee hires and employee turnover by gender and region³⁹

	2018				2019				2020			
	New hires		Terminations		New hires		Terminations		New hires		Terminations	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
North	105	2	102	2	142	2	193	3	195	3	446	6
Men	55	2	71	2	92	2	128	3	109	3	274	7
Women	50	2	31	1	50	2	65	2	86	3	172	5
Centre	5	1	6	1	4	0	23	2	10	1	37	4
Men	5	2	5	2	2	0	15	3	8	1	29	5
Women	-	0	1	0	2	0	8	2	2	0	8	2
South	8	0	37	1	6	0	57	2	28	1	149	6
Men	4	0	30	2	4	0	46	3	15	1	116	7
Women	4	0	7	1	2	0	11	1	13	1	33	4
Islands	22	1	35	1	33	1	72	3	166	6	404	16
Men	12	1	16	1	15	1	46	3	81	6	194	15
Women	10	1	19	1	18	1	26	2	85	7	210	16
Outside Italy	3	15	1	5	3	14	1	5	3	12	1	4
Men	2	15	-	0	1	8	1	8	-	0	-	0
Women	1	14	1	14	2	22	-	0	3	23	1	8
Total	143	1	181	2	188	1	346	3	402	3	1,037	8
Men	78	1	122	2	114	1	236	3	213	3	613	8
Women	65	1	59	1	74	1	110	2	189	3	424	7

³⁹ The percentages reported within the table are the result of the ratio with total number of employees at 31 December.

Total number and rates of new employee hires and employee turnover by age group⁴⁰

	2018				2019				2020			
	New hires		Terminations		New hires		Terminations		New hires		Terminations	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Total	143	1	181	2	188	1	346	3	402	3	1,037	8
< 30 years	62	26	9	4	81	28	11	4	213	57	23	6
30 - 50 years	79	1	79	1	98	1	86	1	180	2	55	1
> 50 years	2	0	93	2	9	0	249	4	9	0	959	19

Distribution of employees by professional category and age

	2018				2019				2020			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	45	178	223	-	52	212	264	-	62	202	264
Managers	-	1,578	2,180	3,758	4	2,162	2,597	4,763	3	2,027	2,374	4,404
Professional staff	239	4,934	2,494	7,667	284	5,736	2,791	8,811	369	5,686	2,480	8,535
Total	239	6,557	4,852	11,648	288	7,950	5,600	13,838	372	7,775	5,056	13,203

Percentage distribution of employees by professional category and age

	2018				2019				2020			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	0%	2%	2%	0%	0%	2%	2%	0%	0%	2%	2%
Managers	0%	14%	19%	32%	0%	16%	19%	34%	0%	15%	18%	33%
Professional staff	2%	42%	21%	66%	2%	41%	20%	64%	3%	43%	19%	65%
Total	2%	56%	42%	100%	2%	57%	40%	100%	3%	59%	38%	100%

Number of terminations by reason

	2018		2019		2020	
	M	F	M	F	M	F
Reductions from Business Plan	8	6	67	39	522	372
-of which solidarity fund	1	4	32	21	272	237
-of which leaving with incentives	7	2	35	18	250	135
Voluntary resignations	65	32	54	40	46	26
End of contract	3	2	7	3	9	10
Retirement	23	8	93	22	13	8
Other	22	12	13	8	23	8
Total	121	60	234	112	613	424

⁴⁰The percentages reported within the table are the result of the ratio with total number of employees subdivided by age group.

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

Number of employees and rate	Men	Women	Total
Employees who took parental leave in 2020	3	240	243
Of which returned and still employed in 2020*	3	122	125
Return to work rate as at 31/12/2020	100%	100%	100%
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%
Of which returned and still employed in 2020*	1	204	205
Work retention rate as at 31/12/2020	100%	100%	100%

* The difference between returning employees and those on leave is made up of employees whose parental leave is still in progress as at 31 December. There were no cases of resignation upon return to work or in the following 12 months.

Number of employees who received leaves

	2018	2019	2020
Compulsory and optional parental leave (including breast-feeding) and child care	872	889	1,193
Study	50	68	89
Other	9,587	10,393	13,323
Total	10,509	11,350	14,605





7. Environmental impacts

7.



The adoption of the Paris Agreement on Climate Change and the United Nations 2030 Agenda for Sustainable Development (2015) have relaunched the activity of governments for a transition to more circular, low-carbon economies. With the Green Deal, Europe sets the goal of becoming the first carbon-neutral continent by 2050. The financial sector has a key role to play in this context, as set out in the European Commission's Action Plan to finance sustainable growth.

In fact, the above-mentioned Action Plan aims to redirect financial flows towards sustainable investments, to systematically integrate sustainability into risk management and to strengthen transparency and long-term vision.

The Green Deal roadmap is very ambitious and envisages several legislative actions. In particular on 4 March 2020, the proposal for a European climate law was launched in order to ensure that Europe becomes carbon neutral by 2050, as well as a Public Consultation (closed in June 2020), the results of which contributed to the preparation of the communication published on 9 December 2020 on the European Climate Pact, an initiative that invites people, communities and organizations to participate in climate action and contribute to building a greener Europe. Within the framework of the European Green Deal, the Climate Pact provides a space where everyone can share information, express themselves and act to cope with the climate crisis, joining a growing European climate movement useful in transforming political commitment into a legal obligation, as well as in stimulating investment.

Obviously, this changing scenario gives new impetus to a financial system that thus becomes a fundamental instrument to support the Union's activities and commitments for the 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 at the forefront in this path of transition, and it is especially 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 at an advanced stage of implementation. 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 ESG investments 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.

Therefore, new risks and new opportunities. BPER Banca must seize these opportunities in order to build shared value in its territories.

In fact, the Bank has the increasing wish to be a partner for its customers by providing solutions as well as 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.

The role of the financial industry is crucial today, 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" and in the BPER Group's Sustainability Policy approved on 25 February 2021.

In 2020, as in 2019, no sanctions were incurred for non-respect of the regulations and laws on environmental issues, nor did we receive any complaints.

7.1 Environmental risks

With regard to the implementation of Europe's objectives described in the previous paragraph, the European Banking Authority (EBA) was tasked with assessing how to integrate environmental, social and governance risks in the three pillars of prudential supervision in various areas. On this basis, the EBA published an action plan on sustainable finance and a Discussion Paper on integrating environmental, social and governance risks into the regulatory and supervisory framework.

As also indicated in the "Guide to Climate and Environmental Risks", for the ECB the transition to a circular and low-carbon economy entails both risks and opportunities for the entire economic system and for financial institutions, while physical damage caused by climate change and environmental degradation can have a significant impact on the real economy and the financial sector.

This is underlined by the fact that the ECB identified climate risks as one of the main risk factors in the Single Supervisory Mechanism (SSM) risk map for the euro area banking system for the second consecutive year.

This is why the credit institutions will have to frame climate and environmental risks as part of a strategic, comprehensive and forward-looking approach.

At the beginning of 2020, BPER Banca began a process of acquiring information useful for managing environmental risks. Specifically, a scenario analysis was conducted, which is a useful 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 provide an initial high-level assessment of the direct impact of transition risks on the corporate portfolio.

In fact, the scenario analysis evaluates a range of hypothetical results considering a variety of plausible alternative future states (scenarios) based on a given set of hypotheses and constraints; the Task Force on Climate-related Financial Disclosure (TCFD) recommends the use of a scenario analysis precisely in order to assess the risks related to climate change. In particular, it is necessary to evaluate both scenarios in line with the objectives of the Paris Agreement and alternative scenarios such as "business-as-usual" (BAU) scenarios in which a strong increase in temperatures is assumed, and scenarios of physical and transition climate risk in which the assumptions of the "business-as-usual" scenario are significantly altered.

Scenario analysis is therefore an important and useful tool for an organization to assess the potential business implications of climate-related risks and to inform stakeholders on how the organization is positioning itself in light of these risks.

Three different scenarios were considered:

- 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
- 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
- "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°C, with the goal of achieving a complete neutrality profile in 2070 (Europe in 2050).

Based on sectoral data, the results of the study confirmed 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.

This information has been useful in the definition of credit policy guidelines at the level of the annual forecast (short term), which have taken into account environmental issues, in particular by carrying out an assessment on climate, environmental and sustainability risks through the “penalisation” of those intensive coal industries such as “extractive activities” (out), “petroleum products” (out), “gas/electricity” (out), “transport and storage” (out), “steel” (neutral) and “plastic” (neutral), focusing instead on the growth of “green financing” and “technological innovation”, transversal to the economic sectors, which should ensure greater competitiveness of the beneficiary companies (“IN” sectors).

This study was accompanied by research on the resilience of the main corporate customers of the BPER Group on the issue of climate change, which was re-proposed in 2020 and which showed that 72% draw up a Sustainability Report (84% certified), 47% are subject to ESG ratings and 67% are actively engaged in the fight against climate change.

In addition, in order to respond more comprehensively to the expectations contained in the ECB Guidelines on the management of environmental risks, an in-depth information study on the impact of physical and transition risks on credit and investment portfolios (extraction as at 31/12/2020) was initiated through the following projects:

- Assessment of the carbon footprint of credit and investment portfolios with risk class analysis by sector
- Scenario Analysis on the loan portfolio to estimate the investment potential needed by the sectors with the greatest transition risk to adapt to two different scenarios: Business as usual and Paris Agreement, and assessment of the impact on the portfolio compared to the additional debt space by sector
- Estimation of the physical risk on both the credit portfolio and collateral properties.

Loan portfolio carbon footprint (BPER Banca, Banco di Sardegna, Bibanca, Sardaleasing)

The analysis involved the entire scope of the bank's corporate customers; a sectoral taxonomy was used that identified 18 significant sectors starting from two official databases for the estimation of the intensity of carbon dioxide emissions, in order to increase the analysis granularity:

- ISPRA, the official Italian database for sharing emission data with the European Union
- European Union Emissions Trading System Data from EU Transaction Log, official European register for the ETS sectors⁴¹.

Subsequently, an assessment of the emission intensities in the taxonomy sectors in Italy was carried out, relating them to the relevance of exposure in the BPER Group portfolio⁴².

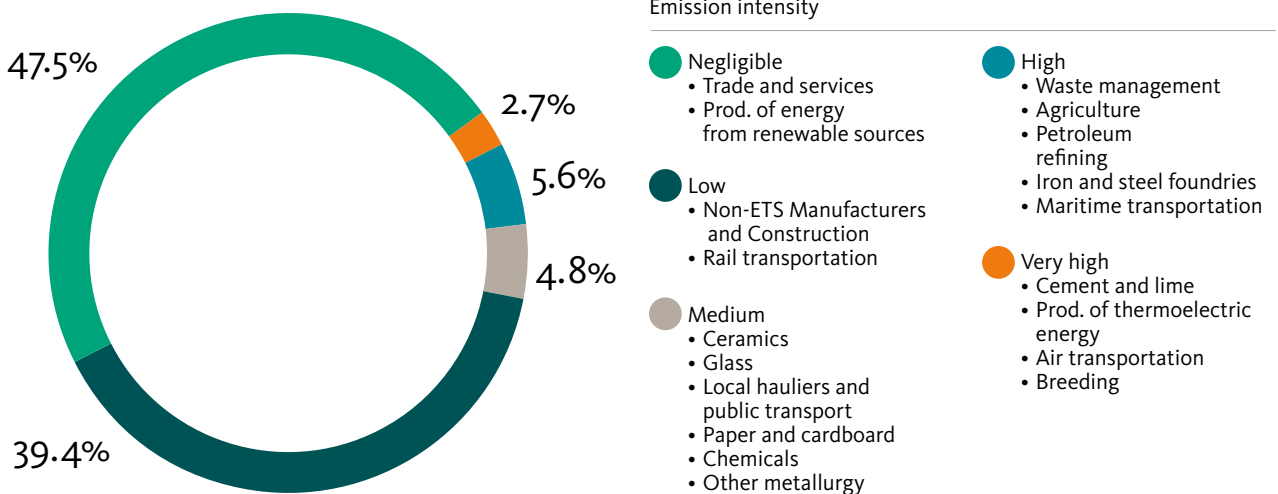
⁴¹Sectors included in the Emission Trading Scheme (ETS), explicitly mentioned in Annex 1 of Directive 87 of the European Union and for which the European Union Registry specifically records emissions each year.

⁴²Processes on Financial Statements with closing date 31/12/2018 or later, total active and inactive portfolio, excluding BPER real estate and financial companies February 2021

Macro Sector	Sector	Emission intensity cluster	% BPER portfolio exposure
Energy	Production of electricity	-	1.9
	• From thermoelectric sources	Very high	0.5
	• From renewable sources (%)	Negligible	1.4
	Petroleum refining	High	0.4
ETS Industry	Iron and steel foundries	High	0.3
	Glass (flat and hollow)	Medium	0.3
	Cement and lime	Very high	0
	Ceramics	Medium	1.2
	Paper and cardboard	Medium	0.7
	Basic chemicals	Medium	0.2
	Other metallurgy	Medium	0.4
Non-ETS Industry	Non-ETS Manufacturers and Construction	Low	39.3
	• Of which electromechanical	Low	5.5
	• Of which construction	Low	9.4
Transportation	Local hauliers and public transport	Medium	2.1
	Rail transportation	Low	0.1
	Maritime transportation	High	0.6
	Air transportation	Very high	0
Other sectors	Agriculture	High	3
	Breeding	Very high	2.2
	Waste management	High	1.2
Other	Emissions not attributable to production sectors	Not attributable to production sectors	Not attributable to production sectors
	• Of which from fleet of circulating vehicles		
	• Of which from buildings		

Exposure of the BPER Portfolio compared to emission intensity clusters

Exclusion of real estate and financial companies



The exposure associated with "Very High" and "High" intensity sectors is 8.3%; including real estate and financial companies, which have near-zero emissions, the exposure drops to 6.3%.

As indicated, the estimation of the carbon footprint was made starting from the emission intensity indicators at the sector level, re-proportioning the emissions on the companies in the portfolio through the total assets of the companies' balance sheets.

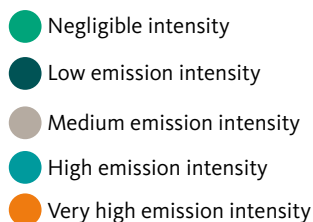
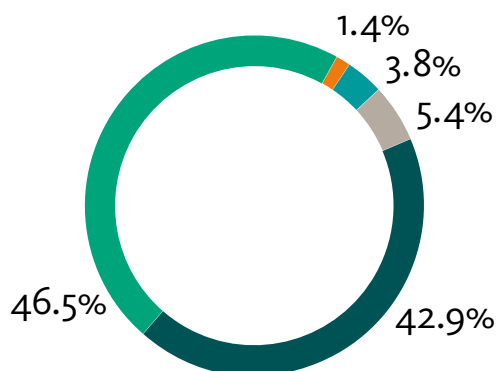
Total tCO₂e attributed to the analysed loan portfolio (Capital company with financial debts valued): 1,690,100

1,690,100 tCO₂e = 0.39% of the Italian System (427.5 million tCO₂e)

By comparing the BPER Group portfolio (limited to capital companies) with the Market⁴³, we can see that the exposure associated with "Very High" and "High" intensity sectors of the Group (5.2%) is lower than the Market (6.6%). In fact, the "Very High" range has lower exposure than the market thanks to the high share of renewable energy compared to thermoelectric energy and the greater exposure to breeding compared to the market does not neutralise the positive effect of renewable energy. It should also be noted that the lower exposure in the "negligible" range is linked to a higher propensity for financing in manufacturing sectors than in services and trade.

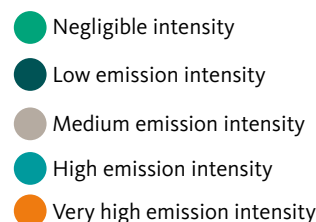
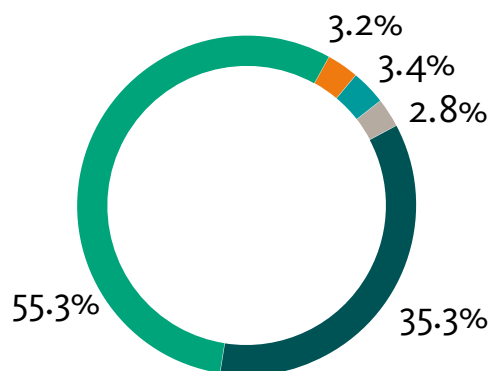
BPER Portfolio Distribution

Capital company



Market Distribution

Capital company



⁴³Market data: source Cerved, financial statements with closing date 31/12/2018 or later, total active and inactive portfolio, excluding real estate and financial companies.

Carbon footprint of the securities portfolio

In the securities portfolio, companies attributable to production sectors are equivalent to 1.9% of the total portfolio. Of this component, “Very High” emission intensity is 0.04% (cement and lime sector) and “High” is 13.7% (energy, maritime transport and steel sectors).

The transition risk on the portfolio is therefore assessed as very low.

Scenario analysis

Scenario analysis is “a process to identify and assess the potential implications of a range of possible future conditions in a context of deep uncertainty. The scenario is a hypothetical construction, and does not aim to provide precise forecasts, but represents a tool to assess the impact of current trends on the business, strategies and performance of a company or financial institution. From a methodological point of view, the scenario analysis can be quantitative, and therefore exploit econometric and statistical models, or qualitative, relying in this case on descriptive analyses”.⁴⁴ In this undoubtedly very broad context, it was chosen to focus the analysis on a point considered strategic not only for an impact assessment but also for the development of growth strategies consistent with sustainability from both an environmental and an economic and financial point of view.

As indicated, the scenarios used were Business as usual (BAU) and that relating to the Paris Agreement in relation to the current Italian regulatory framework and the forecasts for 2030.

- BAU scenario targets (current policies): emission reduction by 2030 of about 40% compared to 2005 divided between ETS and non-ETS sectors; share of energy produced from renewable sources in gross domestic consumption of electricity equal to 38.7%; - 44.7% of ETS emissions compared to 2005; - 25.8% of ETS emissions compared to 2005
- Italian targets for compliance with the Paris Agreement (PNIEC 2019): reduction of emissions by 2030 by about 43.5% compared to 2005 divided between ETS and non-ETS sectors; share of energy produced from renewable sources in gross domestic consumption of electricity equal to 55%; - 55.9% of ETS emissions compared to 2005; - 34.6% of ETS emissions compared to 2005.

In December 2020, the European Council approved a more challenging goal that establishes a 55% reduction in emissions compared to the 1990 levels. However, the new objective has yet to be incorporated into the National Energy and Climate Plans.

Overall, these objectives require significant investment, many of which are borne by companies operating in the sectors with the highest emission impact. The scenario analysis carried out aims to provide support for the assessment of the impact of emission reduction targets on the investments that will be necessary for companies in the BPER portfolio and on the estimation of the economic and financial “sustainability” of the investments themselves.

The analysis was then structured following these steps:

1. Definition of a sectoral taxonomy based on the intensity of emission levels
2. Application of the taxonomy to the BPER business portfolio and estimation of the emissions of the BPER business portfolio by sector
3. Definition of two emission reduction scenarios and consequent reduction targets for companies in the portfolio
4. Estimation of the investments needed to achieve the reduction
5. Estimation of additional debt spaces in conditions of maximum security and degree of coverage with respect to investment requirements.

First, the energy efficiency technologies adopted by each macro-sector impacted by regulatory tightening were identified, then the efficiency costs for each kWh saved (euro/kWh), for each technology for each macro-sector were estimated.

⁴⁴ TCFD - Task Force on climate-related financial disclosure-June 2017.

This covered 45.5% of the exposures in the BPER portfolio, excluding:

- 46.1% with negligible emissions, for which no emission reduction targets were defined
- 5.2% on livestock and agriculture, for which no emission reduction targets were defined
- 2.8% on transport: investments envisaged by PNIEC do not concern investments in production facilities (e.g., the gradual adoption of biofuels is envisaged for air transport)
- 0.4% on petroleum refining: targets are not linked to emission reductions, but to production conversion (hydrogen and biofuels).

Additional investment potential for regulatory and climate change adaptation in maximum financial security has therefore been estimated at around Euro 2.5 billion by 2030.

Physical risk assessments of the credit portfolio

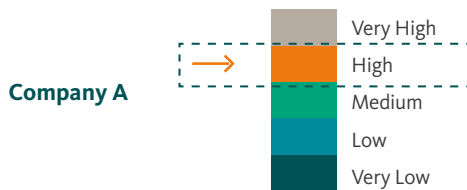
The first step was the identification of the physical risk index at the census cell level; this type of risk includes: Hydraulic Risk Index (ISPRA data), Landslide Risk Index (ISPRA data) and Seismic Risk Index (INGV, National Institute of Geophysics and Volcanology).

Of the companies in the portfolio, the geolocation of the assets was identified, in turn assessed on the basis of the type and role (offices, plants, warehouses, etc.), and a synthetic risk was calculated for each company.

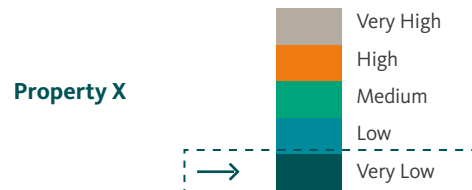
1. Territory risk

2. Evaluation of companies in the portfolio

Assignment of a summary risk score per individual company



3. Evaluation of collateral properties

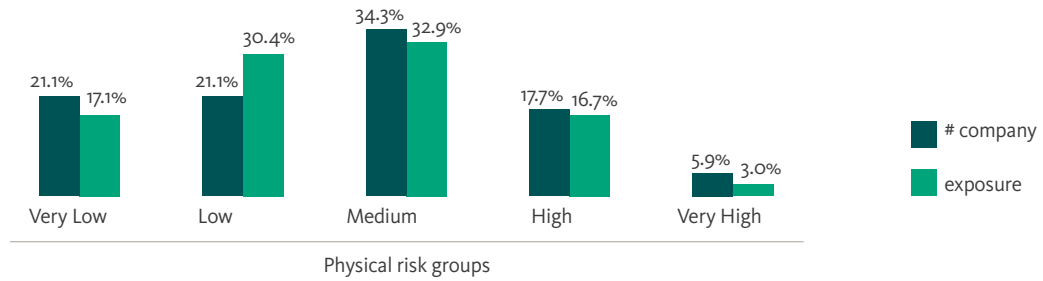


4. Definition of the bank portfolio risk profile

Overall evaluation of the bank portfolio risk profile

"Physical" risk assessment of company assets (distribution % company portfolio/exposure by risk score)

Distribution % number of companies vs exposure



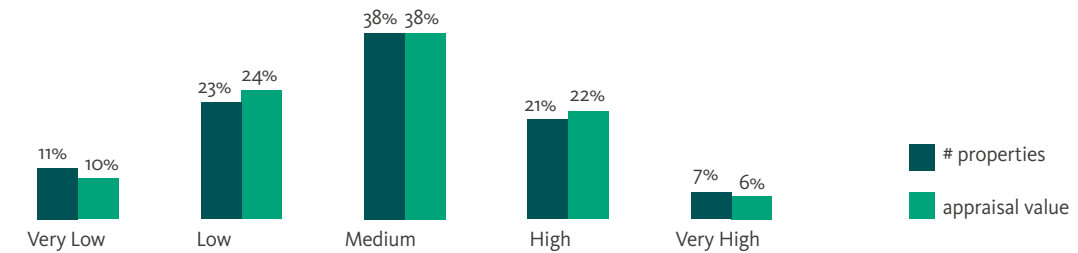
The assets exposed to "Very High" and "High" physical risk are 19.7% of the total.

Physical risk assessment of collateral properties

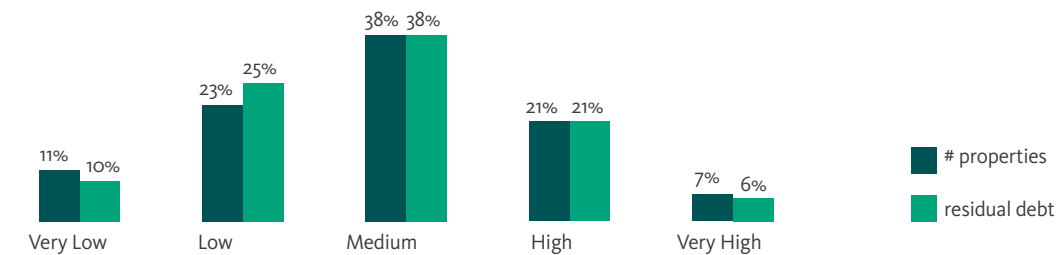
For each collateral property, the geolocation was identified and a synthetic risk was calculated.

"Physical" risk assessment of properties (distribution % company portfolio/exposure by risk score)

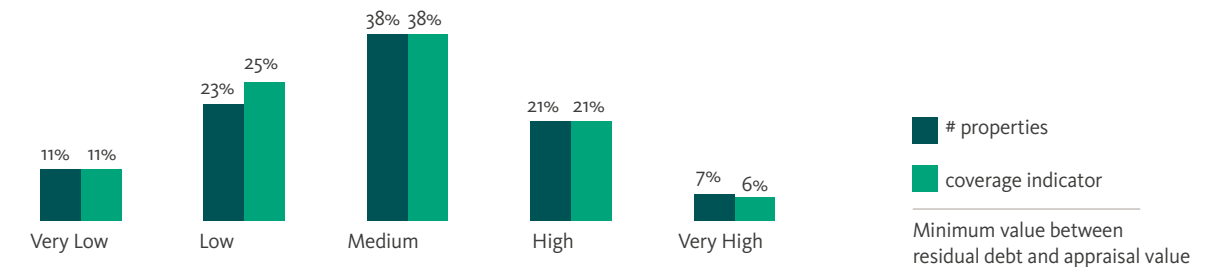
Distribution % collateral properties vs appraisal value



Distribution % collateral properties vs residual debt value



Distribution % collateral properties vs coverage indicator value



7.2 Management of direct environmental impact

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 and digitalisation of services
- 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 to reduce 10% of consumption compared to the 2016 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 then included among its Business Plan projects the “BPER Banca for the environment” project, which consists of two different streams:

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 lastly achieve ongoing improvement.

2. **Sustainable mobility:** implementation of activities to help employees reduce the impact of both internal and home-work commuting in terms of well-being, cost and environment.

The 2020-21 Sustainability Plan was also approved in 2020 which, although focused on indirect impacts, identifies important objectives in the field of digitalisation of services.

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 2020, amounting to 96%. Of the remaining 4% - office paper and advertising material - approximately 76% 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 initiatives for the reduction of paper consumption are listed below⁴⁵:

- “Edicola Digitale”: substitution of subscriptions of magazines and paper newspapers with those 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 digitalisation procedure made it possible to avoid processing by the external service with consequent savings in paper which is not sent. In 2020, all the F24 tax forms were dematerialised (a total of 873,932 forms) a decrease of about 25% equal to a reduction in the use of 2,621,796 sheets of paper⁴⁶ (13.1 t)
- online BPER CARD statement: 44% of credit card statements (262,556 accounts) are domiciled by email. This allows a paper saving of 2,625,560⁴⁷ sheets of paper for a total 13.1 t

⁴⁵ A4 size sheets weighing 4.99 g were considered for estimating the paper saved.

- replacement of communications via ordinary mail with certified email
- 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 79.5 tonnes in 2020. Use of the FEA also reduces toner consumption. The data for paper saved thanks to the FEA for 2020 is down (-12.4%), as it was affected by the lockdown periods due to Covid-19
- rationalisation of postal charges⁴⁸

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.

QUALIFIED ELECTRONIC SIGNATURE (FEQ) PROJECT

BPER Banca has transformed the Covid-19 challenge into an opportunity to progress digitally.

In fact during 2020, an innovative digital signature project was launched that will allow customers to sign documents and contracts in "paperless" mode even remotely; the project is an objective of the 2020-21 Sustainability Plan.

The FEQ is the result of an electronic procedure, called validation, which guarantees the authenticity, integrity and full legal validity of electronic documents.

The benefits of the new digital signature are therefore evident:

- the method is perfectly functioning both on bank premises and remotely, allowing the customer to operate remotely using only their smartphone
- in terms of environmental impacts, there is an aim to further extend the number of digitally signed documents with a significant reduction in paper consumption; an additional advantage for the environment is connected to the possibility for the customer to obtain services without having to leave their home, eliminating the production of CO₂ required for the customer to physically come to the branch
- the FEQ signature allows the customer to speed up the signing process by applying all their necessary signatures simply by entering a single "one-time password" code.

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 and less dispersion of volatile substances.

To date, these printers have been installed in all central offices and Regional Divisions of the Parent Company.

The 2020 target is the rationalisation of the printing fleet of the UBI subsidiaries which have been acquired and the replacement with new energy-saving network printers, with Blue Angel RAL-UZ 205 certification.

⁴⁶ An average of three sheets per form was considered for calculating the sheets of paper.

⁴⁷ An estimated amount of 10 sheets saved per account.

⁴⁸ 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 purchased

	2018	2019	2020
Total amount of office paper used (Kg)	1,141,049	1,122,307	1,014,383
of which solely FSC certified paper (Kg)	39,825	56,204	34,861
of which solely FSC certified paper (%)	4%	5%	3%
of which recycled paper (Kg)	1,061,554	1,044,460	968,291
of which recycled paper (%)	93%	93%	96%
of which paper with other certifications excluding FSC (Kg)	39,670	21,219	10,812
of which paper with other certifications excluding FSC (%)	4%	2%	1%



RECYCLED PAPER

95.5%

CERTIFIED PAPER

4.5%

REDUCED PAPER CONSUMPTION

106 t

thanks to the advanced electronic signature and F24 dematerialisation and online BPER CARD account statements

7.2.1 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. All the new offices set up in 2020 were equipped with containers for separate collection, in continuity with the project already started the previous year. With regard to the pre-existing offices, this implementation has not yet been completed due to the slowdowns caused by the pandemic.

The use of the aforementioned containers, together with the elimination of the bins, drastically reduces the production of undifferentiated waste.

We are currently completing the purchase of a management service on a dedicated IT application to make the controls and tracking of disposal more effective in compliance with Italian Legislative Decree 152/2006, in addition to the assignment to a supplier as "intermediary" pursuant to art. 183 letter L of the aforementioned decree.

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

Waste by disposal method - 2020

Disposal method	Unit of measure	Hazardous	Non-hazardous	Total
Recycle	t	5.9	4008.9	4014.8
Composting	t	-	-	-
Energy recovery	t	-	8.2	8.2
Incineration	t	-	-	-
Landfill	t	-	3.0	3.0
Deposit on site	t	-	4.6	4.6
Other	t	0.4	0.6	1.0
Total	t	6.3	4025.3	4031.6

Paper waste
sent for recovery



→ 100%

7.2.2 Energy consumption

The 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 are committed to enhancing the use of video conferencing, activities that increased dramatically in 2020 due to the travel ban caused by the coronavirus pandemic.

In 2020, the BPER Group's fleet consisted of 201 cars for company use, including 10 vans and 1 camper van (equipped as an emergency branch), and 345 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)⁵⁰

		2018	2019	2020
Business use	Diesel oil	7,046	6,493	3,100
	Gasoline	1,251	893	587
	LPG	127	59	48
	Methane	434	279	11
Mixed business-personal use	Diesel oil	10,360	12,541	9,868
	Gasoline	154	361	327
	LPG	-	5	-
	Methane	-	-	-

The sharp decrease in consumption is due to the pandemic period, characterised by a massive use of remote working and a travel ban.

Sustainable mobility

The main activities of 2020 are indicated in paragraph 6.5, in the section "Sustainable Mobility Activities". The consolidation of the 2019 car pooling project, which involved 6.67% of employees (a figure diluted by the merger with Unipol Banca) slowed down due to the Covid-19 pandemic and the consequent increase in remote working. While car pooling made it possible to avoid the emission of approximately 10 t of CO₂ into the atmosphere in 2019, nonetheless 6.4t of CO₂ were spared in 2020.

In 2020, the relationship with DKV Euro Service was consolidated for the use of the DKV CLIMATE FUEL CARD, an eco-sustainable card which certifies that the vehicle fleet travels completely at zero impact: in fact, for every litre purchased, BPER Banca, Optima SIM and BPER Credit Management invest an additional contribution in environmental protection projects certified by myclimate.

⁵⁰ Sources of conversion factors: "Guidelines on application in the bank of the GRI (Global Reporting Initiative) environmental standards" published by ABI Lab in December 2020, January 2020 for 2019 data and December 2018 for 2018 data.

It should be noted that for mixed personal-business use cars, 70% of total consumption was considered, as specified by the ABI Lab guidelines published in December 2020.

DKV Euro Service and myclimate provide certification that states the total offsetting of CO₂ emissions. The non-profit organization myclimate is one of the main providers of offsetting measures and satisfies the most stringent standards (CDM, Gold Standard, Plan Vivo).

In 2020, all fuel consumption was managed through the supplier DKV. Obviously, consumption has decreased considerably (due to remote working and the travel ban) and the offset emissions amounted to 1,102.8 t CO₂.

Electricity and thermal energy consumption

Total energy consumption (electricity and heat) of the BPER Group for 2020 was down by 7% compared to 2019 and was 336,946 GJ, 73% of which relating to renewable energy sources. In addition, 99% 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.

 → 1,103 t CO₂ deriving from the use of fuels offset with myclimate

Energy consumption⁵¹

GJ	2018	2019	2020
Heating	81,298	84,903	75,909
of which natural gas	78,332	81,798	73,210
of which diesel oil	2,123	2,283	1,692
of which propane air	843	822	1,007
Electricity purchased	238,427	247,135	242,150
of which from renewable sources	210,945	219,597	238,996
Electricity self-produced	1,864	1,952	2,171
of which from renewable sources	1,864	1,952	2,171
Renewable electricity produced and sold/fed into the grid	280	268	347
District heating	7,290	6,848	3,121
of which non-renewable	3,374	2,874	-
Non-renewable fuel consumption by car fleet	19,373	20,631	13,942
Total energy consumption	347,972	361,201	336,946
% renewable over total	62%	62%	73%

⁵¹ Sources of conversion factors: "Guidelines on application in the bank of the GRI (Global Reporting Initiative) environmental standards" published by ABI Lab in December 2020, January 2020 and December 2018 for the 2019 and 2018 data.

Energy intensity⁵²

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	2018	2019	2020
Total energy consumption	GJ	347,972	361,201	336,946
Total sqm	sqm	717,478	745,598	739,885
Energy intensity per employee	GJ/man	29.9	26.1	25.5
Energy intensity per sqm	GJ/sqm	0.48	0.48	0.46

Production of renewable energy

The Group companies (BPER Banca and Modena Terminal) have installed 11 photovoltaic systems; the main one was completed at the end of 2020 and will therefore start producing energy from January 2021.

Renewable energy systems in 2020

Type	Company	Installed power (kWp)	kWh produced
FTV System – Modena	BPER Banca	112	109,394
FTV System - Carpi	BPER Banca	10	10,511
FTV System – Modena	BPER Banca	5	3,370
FTV System – Modena	BPER Banca	6	6,251
FTV System - Pianoro	BPER Banca	19	22,817
FTV System - Vignola	BPER Banca	10	11,686
FTV System - Bra	BPER Banca	20	15,880
FTV System - Bra	BPER Banca	20	21,857
FTV System - Campogalliano (2 units)	Modena Terminal	604	401,220
FTV System – Modena	BPER Banca	855	-
Total		1,660	602,986

In 2020, the BPER Group produced 602,986 kWh of renewable energy through its systems, rising by 11% compared with the previous year. Instead, the installed power has more than doubled.

Renewable energy systems as at 31/12/2020

	Unit of measure	31.12.2018	31.12.2019	31.12.2020
BPER Group	Number of systems	no.	9	9
	Installed power	kWp	538	537
	Production	kWh	517,691	542,177
				602,986

⁵² Total sqm: total gross sqm of BPER Group's properties.

Energy intensity per employee: calculated on the number of employees at 31 December 2020.

Photovoltaic
systems



BPER Banca inaugurated a Photovoltaic Park in December which, with 2,312 panels and 855 kW of power, is one of the largest ever built in Modena. It will give a strong boost to the ability of the BPER Group to produce renewable energy, with immediate positive impacts on emission reduction and air quality (NOx not emitted annually 1,618 kg).

It is a modular pergola under which Bank employees can park their vehicles (690 total spots, of which 302 are covered); according to project estimates, it will be able to produce over 1 million kWh per year with an annual reduction in emissions of 321 tons of CO₂.

In addition to this system, the Modena Terminal was also commissioned in 2020, which brings the total installed power increase to almost 1 GWp.

7.2.3 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.

Following this monitoring activity, various activities were identified in 2018 and the respective 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 stands at around 630,000 kWh/year
- implementation or integration of a control and monitoring system (BEMS) in the 13 Management Centres: currently being completed
- conditioning and modification of the layout of the data centre room of the Modena Service Centre: currently being completed
- 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 behavior 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
- construction of a photovoltaic self-production system with a nominal power of 855 kW: once completed, the reduction in consumption will be reached starting in the first quarter of 2021.

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 initiative involved all branches with annual consumption $\geq 25,000$ kWh; again in 2019, the Bank implemented the fourth phase of the project (concluded in October), expanding it to 25 other branches whose results were detected starting from 2020.

These larger projects are combined with the initiatives undertaken by other Group companies on lighting efficiency and waste reduction. Overall, in 2018, the BPER Group reduced its consumption by 4,384.2 MWh, in 2019 by 3,156.6 MWh and in 2020 by 2,947.63 MWh.

The decrease in consumption caused by the pandemic period also weighs on the figure relating to the kWh saved.

Personnel awareness

Before the lockdown period began in 2020, BPER Banca participated in some awareness events including "M'illumino di meno" involving the colleagues who had participated in the intervention to raise staff awareness on energy savings entitled "Piantiamola" in 2019, which had allowed to save almost 1 Gwh.

2020 also saw the emergence of an area dedicated to sustainability issues within the corporate intranet, useful for spreading the culture of sustainability among all colleagues.

Other projects could not be activated due to the pandemic.

BPER Banca Plastic Free

About **8 million tons of plastic** end up in the ocean every year - the equivalent of unloading a garbage truck every minute. Looking at the phenomenon from an economic perspective, it has been estimated that the future cost of removing plastic accumulated in the environment exceeds the cost of preventing its dispersal (in Europe the estimate is **Euro 630 million per year**). Currently, the economic estimate of the environmental impact caused by plastic packaging amounts to **Euro 35 billion** (source: Ellen MacArthur Foundation, The new plastics economy 2016).

For this reason, today more than ever, it is essential to commit to reducing plastic. BPER has always been attentive to environmental issues, and has therefore chosen not to remain indifferent, confirming its commitment. Several projects have been implemented: one internally, one supporting research and one impacting payment instruments. First of all, at the end of 2020 **each of the Group's colleagues received a branded bottle**, a valid substitute for plastic bottles.

With the contribution of all colleagues, the use of half-litre bottles is expected to be reduced by **more than 2.5 million** less bottles each year.



The BPER Group has launched a project to issue payment cards made of recycled plastic, which will be distributed starting in 2021 (for more details, see Chapter 5).

7.2.4 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.

The decrease in all the Scopes is due to the massive use of remote working in the pandemic period, which led to a decrease in consumption related to heating, fuels and, above all, a strong reduction in travel and transfers.

In particular, there was a significant reduction in Scope 2 - Market based emissions following an increase in the purchase of electricity and thermal energy from renewable sources.

Scope 1

	2018	2019	2020
Total Scope 1 (t CO₂e)	7,589	8,387	7,845

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 December 2020, January 2020 and December 2018, respectively for the 2019 and 2018 data.

Scope 2

	2018	2019 ⁵³	2020
Total Scope 2 (t CO ₂ e) electricity purchased - Location Based	21,364	21,794	20,041
Total Scope 2 (t CO ₂ e) thermal energy purchased - Location Based	206	355	181
Total Scope 2 (t CO₂e) - Location Based	21,570	22,149	20,222
Total Scope 2 (t CO ₂ e) electricity purchased - Market Based	3,664	3,725	408
Total Scope 2 (t CO ₂ e) thermal energy purchased - Market Based	206	355	-
Total Scope 2 (t CO₂e) - Market Based	3,870	4,081	408

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 296,5 gCO₂/kWh for 2020, 316 gCO₂/kWh for 2019, 321 gCO₂/kWh for 2018). Emission factor source for the three-year period: 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, respectively for the for 2019 and 2018 data.

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 the Group companies and the electricity supplier (e.g., purchase of Guarantees of Origin), the emission factor related to the national "residual mix" was used for Italy which is equal to 466 gCO₂/kWh for 2020, 487 gCO₂e/kWh for 2019 and 480 gCO₂e/kWh for 2018 (Source: European Residual Mixes 2019, 2018 and 2017, AIB).

Scope 3⁵⁴

	2018	2019	2020
Aeroplanes (t CO ₂ e)	354	610	97
Trains (t CO ₂ e)	103	181	26
Purchased paper (t CO ₂ e)	920	904	758
Total Scope 3 (t CO₂e)	1,377	1,695	881

⁵³ Following an improvement process of the reporting system, the 2019 Total Scope 2 (t CO₂e) thermal energy purchased - Location and Market-based data have been restated compared to those published in the previous Sustainability Report. For the previously published data, refer to the 2019 Sustainability Report, in the Sustainability section of the web site <https://istituzionale.bper.it/>

⁵⁴ Source of emission factors: "UK Government GHG conversion factors for company reporting, 2020" for 2020 data, 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 2020 had a 37% impact on the Group's emissions related to refrigerant gases (439 kg out of total 1189 kg). The increase in gases in 2020 is due to the replacement of several plants of the former Unipol Banca branches acquired in 2019.

Emissions from climate-altering gases ⁵⁵

Type of Gas	2018		2019		2020	
	t	tCO ₂ e	t	tCO ₂ e	t	tCO ₂ e
R-22	-	-	-	-	0.12	210
R-407C	0.19	337	0.18	316	0.44	780
R-404A	-	-	-	-	-	-
R-410-A	0.17	347	0.28	593	0.19	406
R-422D	0.03	93	-	-	-	-
R-427A	0.16	342	0.32	684	0.42	898
R-507A	0.06	239	0.06	239	-	-
Ammonia	0.05	-	-	-	-	-
R-417A	-	-	0.01	19	-	-
R32	-	-	0.001	1	-	-
R-407F	-	-	-	-	0.02	35
Total	0.66	1,358	0.85	1,853	1.19	2,329

Emission intensity

	2018	2019	2020
Scope 1 + Scope 2 Location-based			
Emission intensity per sqm (t CO ₂ e/sqm)	0.04	0.04	0.04
Emission intensity per employee (t CO ₂ e/person)	2.5	2.19	2.13
Scope 1 + Scope 2 Market-based			
Emission intensity per sqm (t CO ₂ e/sqm)	0.02	0.02	0.01
Emission intensity per employee (t CO ₂ e/person)	0.98	0.89	0.63

⁵⁵ Source of emission factors: "IPCC 4th Assessment Report, 2007" Refrigerants Environmental Data (Linde) for the 2020, 2019 and 2018 data.

Emissions saved

Emissions saved 2018

Method	Quantity	tCO ₂ e saved
Energy saving (in kWh)	4,152,260	1,993
Reduction in paper consumption (in t)	1,207	973
Electricity purchased from renewable sources (in kWh)	58,595,906	28,126
Electricity self-produced from renewable sources (in kWh)	517,691	249
Total		31,341

Emissions saved 2019


Method	Quantity	tCO ₂ e saved
Energy saving (in kWh)	3,156,560	1,537
Reduction in paper consumption (in t)	108	86
Electricity purchased from renewable sources (in kWh)	60,999,150	29,707
Electricity self-produced from renewable sources (in kWh)	542,177	264
Total		31,594

Emissions saved 2020⁵⁶

Method	Quantity	tCO ₂ e saved
Energy saving (in kWh)	2,947,626	1,374
Reduction in paper consumption (in t) ⁵⁷	106	78
Electricity purchased from renewable sources (in kWh)	66,387,747	30,937
Electricity self-produced from renewable sources (in kWh)	602,986	281
Total		32,670

In 2020, 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 32,670 t of CO₂e.

If we also add the emissions offset by DKV Climate (1,103 t CO₂) and the emissions offset through the planting of a BPER forest with Treedom.com (75 t CO₂), the total emissions not released or offset is equal to 33,848 t CO₂, which is equivalent to planting about 48,354 trees⁵⁸. 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 48 hectares (approximately 68 football pitches).



→ 33,848 t CO₂ avoided = CO₂ absorbed by 48,354 trees

⁵⁶ 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, 2020" (739,396 kg CO₂e).

⁵⁷ For the calculation of the paper reduction, the paper reduction resulting from the F24 dematerialisation, the paper reduction due to the use of the Advanced Electronic Signature (FEA) and the savings obtained from the dematerialisation of BPER CARD statements were considered.

⁵⁸ An average of 700 kg of CO₂ absorbed by a tree in 10 years was used for the calculation.

BPER:
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8. Relations with the --- community

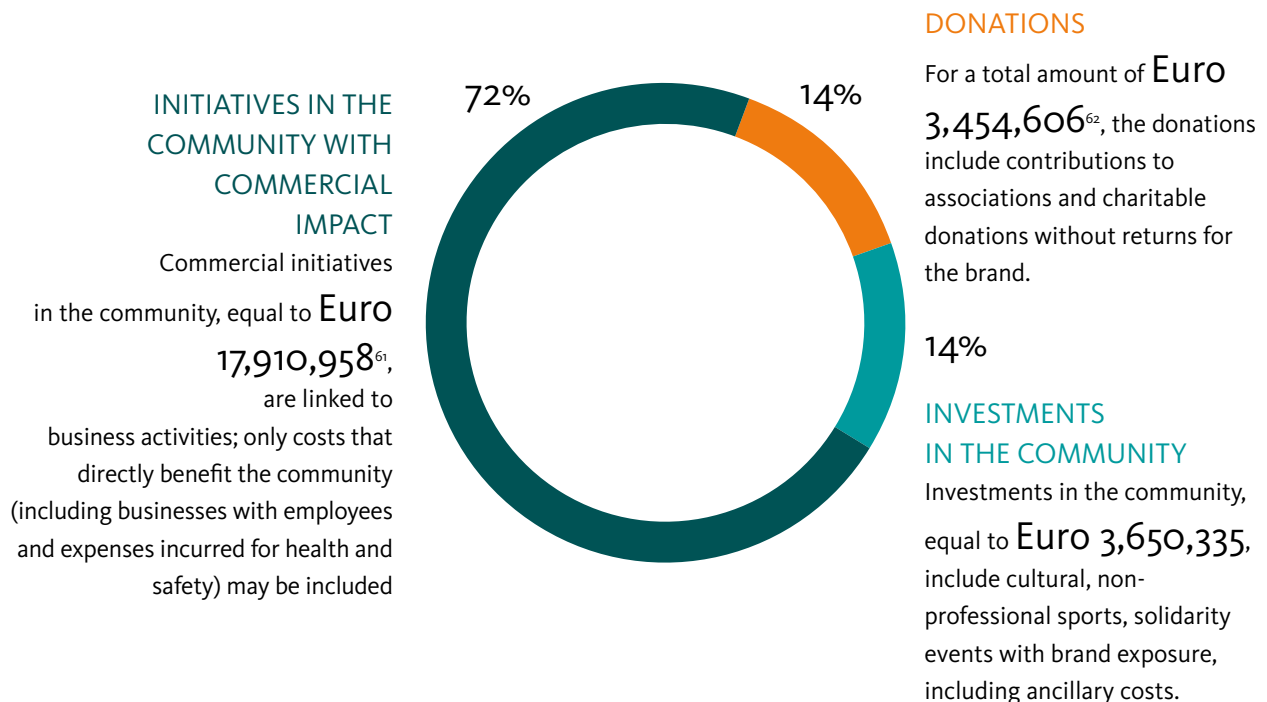
8.



The BPER Group is committed to the enhancement of its presence in the territories also through partnership initiatives, sponsorships and donations; the activities supported favour those areas most attributable to the Group's system of values such as welfare, development of cultural realities 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 organizations and associations ⁵⁹among which: Global Compact Network Italia, Impronta Etica, Sodalitas Foundation, Foundation for Financial Education and Savings (FEduF), Forum for Sustainable Finance, CSR Manager Network, Association for CSR of Modena Valore D, 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 organizations engaged in different social areas; however, this does not adequately explain what is actually being done by the Group. For this reason, in 2020 also, the Group decided to describe and catalogue the several projects implemented by using the London Benchmarking Group⁶⁰ 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.



⁵⁹ 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 they are located.

⁶⁰ Reference is made to the updated version of the LBG Framework

⁶¹ An increase of 686% compared to 2019. The figure also integrates the huge health and safety expenses to counter the Covid-19 emergency

⁶² An increase of 102% compared to 2019. The 2020 donations figure includes the contributions of the "Unite oltre le attese" solidarity initiative. For information, please refer to the dedicated Annex.

Relations with the community (Euro)

	2018	2019	2020
Donations	1,401,474	1,710,483	3,454,606
Investments in the community	3,440,878	3,841,313	3,650,335
Commercial initiatives in the community	982,282	2,279,119	17,910,958
Total	5,824,634	7,830,915	25,015,899

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 2020.

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”



BPER Banca's commitment to the community with which it interacts is based on this statement.

A commitment that is articulated into concrete projects for the social development of the territories and in donations decided upon and disbursed according to a logic of inclusion and support.

Over the last three years, many scientific, welfare and social initiatives have benefited from the donation of funds, and the number of bodies benefiting makes it difficult to list all the activities supported.

The Group companies identify the activities to be supported and the contributions, in compliance with the "Group Regulations on the process of institutional promotion and donations". They are always assigned on the basis of the different needs expressed by the Regional Divisions in the relative territories in relation to the following areas: education, health and welfare, cultural and artistic, tourism, amateur sports, ecclesiastical and others.

With regard to the most significant donations, the Parent Company requires an assessment/approval by the Executive Committee. The donations were managed differently in 2020 due to the emergency with the "Unite oltre le attese" internal fundraising initiative. For more information, please refer to the dedicated Annex.

Donations in the social field were of particular importance.

The most significant initiatives include the contribution offered from 2020 and for three years to the Foundation Hospice Modena – Dignità per la vita Cristina Pivetti Onlus, for the construction of a local hospice.

Furthermore, the Group has made important contributions to deserving secondary school students in unfavourable economic situations, allocating scholarships in their favour for many years now. 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.

It should be noted that in compliance with the provisions of the Code of Ethics, no donations were made to political parties or representatives.

UNITI OLTRE LE ATTESE

The internal fundraising initiative aimed at countering the effects of Coronavirus in various areas and involving employees, managers and directors of the Group's banks and companies demonstrated the Bank's particular attention to social issues, with particular regard to students and new poverty.

In fact, to cope with the educational emergency caused by the closure of schools, an important collaborative effort was activated with the Regional School Offices aimed at identifying the institutions still requiring aid to help families without PCs, tablets and/or internet connection in order to ensure the normal conduct of distance learning lessons. In doing so, the Group donated funds to about 160 schools in 19 regions, for the purchase of about 2,000 tablets or PCs.

The territorial needs were identified thanks to the collaboration with the Regional Divisions, which provided assistance in selecting associations and bodies active in the social and welfare field to reach the real situations of need in the country in a widespread manner. More details on the "Unite oltre le attese" initiative can be found in the Annex dedicated to the description of the management of the health emergency, to which reference is made for further information.

"BPER SUPPORT"

In 2020, BPER Banca maintained support for the activities of the Empori Solidali present throughout Italy through the "Unite oltre le attese" initiative, selected with the contribution of the Regional 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 Empori supported in 2020 were:

- Idea Solidale Piccola Bottega della Solidarietà in Milan
- Emporio Solidale Dora in Reggio Emilia
- Emporio Portobello in Modena
- Emporio Solidale Beverara 129 in Bologna
- Emporio Solidale Il Mantello in Ferrara
- Emporio della solidarietà in Forlì
- Emporio Solidale in Cervia
- Emporio della solidarietà Caritas in Ancona
- Emporio della Solidarietà in Macerata
- Stazione Alimentare Emporio in Lanciano
- Emporio Marconi in Rome
- Emporio della Solidarietà Il Buon Samaritano in Prato
- Cooperativa sociale Il Sentiero in Teggiano in Salerno
- Emporio Solidale i 5 pani in Crotone
- Emporio della solidarietà Don Giacomelli in Verona
- Emporio della Solidarietà in Lecce
- Borgo Solidale La Cambusa in Genoa

CROWDFUNDING FOR THE THIRD SECTOR

The Parent Company adopted a new model of support for associations in the Third Sector committed to involving young people in education, culture and the environment, through the promotion of the third crowdfunding call on the "Produzioni dal Basso" platform. The five associations selected managed to reach their crowdfunding goal by collecting 25% of the project budget. BPER Banca then co-financed the remaining 75%, up to a maximum amount of Euro 11,250 per association, also thanks to the funds of the "Unite oltre le attese" initiative, thus allowing the start of the activities of the identified projects. A description of the five 2020 projects is provided below.



"Sound Report" of the Paduan association Pop Economix aims to bring the basic techniques of journalism and podcasting to Italian schools, allowing students to experiment with them first-hand through an independent production, also participating in a large national competition.



The social cooperative Ecos-Med of Messina with the project "Fondo Teatro. Essere consci del meraviglioso", which involves families in an area of the city subject to educational poverty. They organise theatrical activities such as writing workshops or shows for all ages.



The Portofranco Association of Milan for the project "ONE STEP CLOSER - Insieme per l'emergenza educativa". The project directly addresses students as "victims" of the difficult health emergency period, helping them with innovative tools and with the support of tutors to continue their studies and react to this difficult moment.



The "Lumen Hero" project of the social cooperative New Server involves the redevelopment of land confiscated from the Camorra near Monte Ofelio, in the province of Caserta; an evocative and stimulating naturalistic scenario where youth suffering from Multiple Sclerosis will be involved in outdoor games.



The aim of the project "Bologna Block by Block" of the Bologna association Verso is to encourage the participation of youth in the creation of a new everyday life accessible to all by redefining the architectural spaces of the city, also through the format of the popular video game Minecraft.

8.1.2 Investments in the community

The Group's wide-ranging engagement in the community focuses on different areas of intervention.

Culture

The BPER Group has always worked with the firm belief that inclusion and the reduction of social inequalities also require the widespread organization of cultural events open to citizens and accessible to all.

It is important to firstly 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 cultural and literary field, it is worth mentioning the important activity of the Parent Company in support of Awards of national and international importance such as, just to name a few, the Strega Award and its various articulations (Strega Ragazze e Ragazzi Award, Strega Giovani Award, Strega Europeo Award), the Silent Book Contest, the Estense Award, the Laudomia Bonanni Poetry Award, the Flaiano Award, the Virginia Reiter Award for young actresses, the Giuseppe Bertolucci Award for theatre and music, the Caccuri Award dedicated to essays and the National Giancarlo Dosi Award and Junior Scientific Disclosure Video Contest.

BPER sponsorship is complemented by initiatives aimed especially at young people, such as awards and competitions for schools combined with the Strega Ragazze e Ragazzi Award or the Junior Silent Book Contest, thanks to which juries of young readers are set up, as well as Comix Games, the national competition for language play for lower and upper secondary schools designed by Comix (Franco Cosimo Panini Editore).

Over the years the hashtag #LaBancaCheSaLeggere has been coined, which today has become more than a slogan and represents the Bank's ability to promote not only the dissemination of culture, but also to read and interpret the realities in which it operates. This context also includes 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 and not only (more than 150,000 annual visitors in 11 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.

Throughout the period of the health emergency, the Bank revised its proposal, transferring the meetings to be held via streaming on social channels, managing not to interrupt the relationship with those who love reading and increasing the number of viewers who were able to follow the broadcast events at home. In 2019, to celebrate the tenth anniversary of the Event, the celebratory book "Ten Years of Passions 2009-2019" was created, offered free of charge to the public.

There is also a library in the BPER Banca Forum Monzani in Modena which is open to the public and belongs to the network of municipal libraries. In 2020, the library had to suspend its activities due to the health emergency.

Actions supporting culture also include book presentations proposed in collaboration with Librerie.coop Ambassadors of Bologna.

The development and dissemination of culture also includes participation in events known at national and local level that in 2020 saw their offer for the public also move to digital channels. Examples include:

- Ravenna Festival
- Parma Italian Capital of Culture 2020 + 2021
- Festival Filosofia di Modena, "Machines – Human and artificial intelligence"
- IMAGinACTION, international festival of music video clips
- Giffoni Film Festival, for children and youth
- Ischia Film Festival
- Literature and Signs Festival, New Generation Festival of Mantua
- Salerno Literature Festival

In the cultural field, there has been strong support for Italian cinema in a particularly difficult year for this sector, through the form of tax credit financing or through sponsorships. Some examples are the film dedicated to Pantani, *Il Caso Pantani - L'omicidio di un Campione*, and *Nilde Iotti, Il Tempo delle donne*, the film that recounts the life of an important contemporary female figure. The initiatives promoted by the bank also include the Docu-film "Un giorno nella vita" created by Carlo Lucarelli to commemorate the 40th anniversary of the massacre at the train station in Bologna.

Significant contributions were made to art through support for the following exhibitions: “Divine and Avanguardie, le donne nell'arte russa” at Palazzo Reale and “L'immagine subtracta” at the Museo del Novecento in Milan, the exhibition “Van Gogh, Monet, Degas – The Mellon Collection of French Art from the Virginian Museum of Fine Art” and “I Macchiaioli. Capolavori dell'Italia che risorge” at Palazzo Zabarella in Padua.

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, which were transferred to digital channels in 2020. As part of the same 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. In the field of promoting journalistic skills, other initiatives and awards are promoted, such as the Guido Polidoro Journalist Award.

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, also on digital platforms.

BPER BANCA FOR THE COMMUNITY

The business plan project “BPER Banca per la Comunità” is the most concrete representation of the level of attention that the Bank devotes to the development of an inclusive society that can eliminate inequalities and cultural exclusion. The main lines of the project's development are highlighted below.



Nati per Leggere

Nati per leggere (Born to read)

BPER has embraced the Nati per Leggere (Born to Read) project which for over 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 more than 20,000 children in seven Italian regions located mainly in the Centre-South will receive a book from their paediatrician allowing families to be involved in reading education projects also through a specific monitoring activity. Due to the slowdowns caused by the pandemic, this project will be further developed in the coming years.

Sognalib(e)ro

The Parent Company supported the third 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. The success of the prize is also due to the meetings with the author organised with the prisons involved. In October 2020, a meeting was held via streaming with the three authors competing for the Prize (Gianrico Carofiglio, Valeria Parrella and Maria Attanasio) which connected prisoners from 14 prisons live.

The drama training course for the prisoners of the correctional institutions of the Province of Modena continued to be supported with the same goal.

#LaBancaCheSaLeggere

BPER Banca per la Comunità was also created with the aim of offering cultural events mainly for youth, stimulating them through meetings to present novels for boys and girls. This is why some events from the Events Forum Festival dedicated to an audience of students and young readers have been included in the broad framework of #LaBancaCheSaLeggere.

The financial education projects which are also part of BPER Banca for the Community, “Tarabaralla. Il tesoro del bruco baronessa” and “Un passo verso il futuro” will be described below.

Other projects

- Promotion of amateur sports activities through support to sports associations and clubs, as well as national sports events mainly involving young audiences. The most significant include:
- Virtus Basketball Bologna Youth Sector
- Modena Volley - Summer Camps
- Robur Costa Ravenna Volley - youth sector
- Polymyrun, running race of the Polytechnic Institute of Milan
- Giro d'Italia U23
- Crotone Sailing Circle
- 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 2020 volume is entitled "La Ferrari nel cuore. Mauro Forghieri".

"La Galleria. Collezione e Archivio Storico"

In 2017, the BPER Banca headquarters launched "La Galleria. Collezione e Archivio Storico", a cultural project of the Bank to enhance, protect, preserve and make the artistic and archival heritage of the Institute usable by all. BPER Banca's "La Galleria" dynamically addressed the situation resulting from the health emergency, which also forced the cultural sector to suspend and slow down its activities. The idea to create video-projects that allowed to continue offering the contents of the exhibitions scheduled for 2020 to the public was fundamental. Video-stories were created that proposed virtual tours of the exhibition "Jules Van Biesbroeck. L'anima delle cose", inaugurated in December 2019, and "La prospettiva dell'effimero. Antonio Joli e la scene per angolo", created in collaboration with Luca Peruzzi and the Civic Museums of Modena on the occasion of "Festival filosofia".

The works exhibited at "La Galleria" were recounted through short videos that immerse the viewer in the details of the pictorial masterpieces of the BPER Banca collection.

BPER Banca's Historical Archive participated in the important Archivissima Festival through the creation of a podcast and video dedicated to the notebook "Le Signorine della Banca Popolare di Modena". The new notebook of the Historical Archive was published on the occasion of the Week of Business Culture: edited by Chiara Pulini, it is called "Ti nasce vicino. Dalla réclame ai social media", and is dedicated to the evolution of the Bank's communication and advertising from 1867 to the present day.

Thanks to the various initiatives carried out by "La Galleria", collaborations have been established and relations with associations, schools, universities, private individuals and tourist organizations have been consolidated.

All the contents and information related to "La Galleria" can be consulted on the website lagalleriabper.it and the Instagram page @lagalleriabper.

Support to the community - Banco di Sardegna

During 2020, Banco di Sardegna renewed its commitment to the community with initiatives dedicated especially to youth in both the cultural and educational fields and sports. For example, the initiative "Il Basket in Classe", created with the aim of offering families with children attending primary and lower secondary schools 1,000 tickets for home matches of Dinamo Banco di Sardegna, involved the youngest children in a lottery promoted through the social networks of the local basketball team during the lockdown period.

In August, the Time to Children initiative was dedicated to little ones at the behest of the Bank, the Time in Jazz association and Paolo Fresu to create, as part of the Berchidda Festival, recreational and educational paths in the musical field tailored to children.

The Bank also confirmed its support for the La Nuov@Scuola project of the newspaper La Nuova Sardegna, which

promotes reading newspapers in secondary school classes on the island to stimulate the critical sense of students and actively involve them in writing the newspaper. The project also involves bringing young people closer to the world of work through meetings with Sardinian companies. The project continued during the school closures with online initiatives, and culminated in a live streaming meeting with the students which was focused on the activities of a credit institution.

As in previous years, the Banco di Sardegna participated in the ABI initiative "Invito a Palazzo" with the involvement of the students of Sassari Arts Secondary School, who made a video of the virtual visit to the halls of our building in Sassari. The bank also renewed two scholarships for promising students of the Sassari Conservatory who have brilliantly obtained their diploma and can continue their studies in prestigious institutions abroad.

Finally, an agreement was signed with the University of Sassari for the establishment of a three-year scholarship, entirely financed by Banco di Sardegna, for a PhD in "Economics, Management and Quantitative Methods for Data Analysis", an international training and research course carried out together with the University of Bordeaux.

Support to the community - Arca SGR

In 2020 Arca responded to the appeal of the Municipality of Milan to reduce the digital divide during the Covid-19 pandemic, providing two schools in Milan with computers and tablets.

In favour of the local community, support continued for VIDAS, a non-profit, non-partisan and non-denominational association created to offer complete and free assistance to sick adults and children suffering from incurable or terminal diseases: during 2020, support for VIDAS materialised in an event associated with a fundraising campaign and a payroll giving programme.

Financial Education

Over 100,000 young people were involved in financial education in 2020.



"Tarabaralla. Il tesoro del bruco baronessa"

The financial education project for families, "Tarabaralla, Il tesoro del bruco baronessa" was created in 2019 thanks to the collaboration with Carthusia Edizioni. It gave rise to an illustrated book to raise awareness among children of the value of things and the importance of "setting money aside" to achieve their dreams, as well as to talk about the value of friendship and solidarity. In 2020, the project was further developed during the period of the pandemic.

After the first physically-held meetings of animated readings carried out at the beginning of the year in theatres and branches, two videos were made and published online and also used for cultural review platforms to allow families to experience the narration of the illustrated book through the music and animation of the book's author, Elisabetta Garilli and her Atelier. The drawings and video animations are by the illustrator Valeria Petrone.

During the summer and the first period of autumn, outdoor meetings were held with families in many suggestive locations, including cloisters, butterfly houses, city parks, seaside establishments, sea shores and the like, allowing the donation of the illustrated book to many children.

In December, moreover, due to the impossibility of holding the Bank's traditional Concerto degli Auguri, a live web of the musical show adopted from the book for 31 Italian paediatricians and related voluntary associations was proposed, offering over 1,000 children and families throughout Italy the opportunity to enliven their stay in the hospital in a fun way for an afternoon.

In addition to the financial education project for families, the bank's commitment towards schools also continued.



The GRANDE! project

For the fifth year, BPER Banca confirmed its commitment in primary schools with the initiative GRANDE!

1,500 Italian classes in their third, fourth and fifth year of primary school once again joined the GRANDE! project. “Un’economia che abbraccia tutti” for a total of about 32,000 students who, led by their teachers, have embarked on a journey to learn about the most important economic principles. Un’economia che abbraccia tutti is an extra-curricular educational programme that allows students to familiarise themselves with the concepts that underlie the most important economic theories.

In the special portal available only for schools - grande.bper.it - teachers and students can watch educational cartoons and upload their projects.

For adults, instead, a section of bper.it focuses on the topic of financial education and provides content and useful advice for parents who wish to teach their children to be economically aware.



Un passo verso il futuro (A step towards the future)

“Un passo verso il futuro” (A step towards the future) is a completely free initiative created in collaboration with CivicaMente and dedicated to students in lower and upper secondary schools. It is designed according to the needs of the two different school levels: an educational path on a web platform to raise awareness of a broader concept of finance that, in addition to the more purely economic notions, includes the themes of ethics, sustainability and saving the planet’s resources. 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. In this perspective, in the 2020/2021 school year, the course was enriched with two complete lessons, one for each school level, to promote reflections on civic education and financial education as a fundamental part of a process of personal and social growth.



Teen! Project

Again in 2020, the Bank showed interest in the world of adolescents with the Teen! project created with the aim of helping teenagers cultivate their talents and passions, with useful tips for an informed use of social media. In fact, teenagers are increasingly exposed and many of their passions are shared on social media; for this reason it is important to provide them with useful tools so that they can use them with awareness and responsibility.

The website teenspace.it and Instagram page [@teenspaceofficial](https://www.instagram.com/teenspaceofficial) are the virtual spaces that host the testimonials of influencers, reviews of the books of the Strega Award or other snippets. Moreover, Instagram is the social network that allows teenagers to speak with their own language on the channel they use the most. Economy is discreetly introduced on teenspace.it with posts that explain, for example, how to use payment cards or how to best use soft skills. 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 behavioral economics continued.

In October, financial education month, the Bank collaborated with FEduF to participate in the Festival of Sustainable Development promoted by Asvis, involving six classes of secondary schools in two challenges on issues of economic citizenship and sustainability. All the classes received prizes for their participation.

In addition, in the 2019/2020 school year, the School/work alternation project was launched (PCTO), which allowed secondary school classes to challenge each other in the creation of a business plan. The meetings were held by employees of the Parent Company, specially trained to support the students. In the last edition, about ten classes were followed by the Bank as Tutor and were able to complete the course "Che Impresa ragazzi!", despite the school closure imposed by the pandemic.

Financial education on social media and in the branch

The Bank seizes the opportunities of its proprietary channels to disseminate financial education topics.

In 2020, in particular, the role of physical channels in favour of virtual spaces was reviewed.

The Cicala and Formica events then turned into video snippets with entomologist Gianumberto Accinelli, who explained the soft skills of the WHO. The video snippets were disseminated on the site and promoted on social media, with DEMs and with all the other proprietary channels.

The section dedicated to economic issues continued on the Facebook page, as well as on Instagram, and in the Teen! channel dedicated to teenagers, addressing topics that promote the spread of a culture of citizenship and awareness in economic choices.

Projects supporting environmental protection

BPER Banca is committed to supporting various projects in favour of environmental protection, focusing also on raising awareness in new generations.

As part of the Green Social Festival organised in Bologna, the Bank promoted the photographic competition "Sei il cambiamento che vorresti vedere?" (Are you the change you'd like to see?) which asked participants to interpret environmental sustainability with a photograph in order to raise public awareness about more responsible behavior. Three girls aged between 18 and 20 won the competition and demonstrated the great ability of the younger generations to deal with environmental issues with ease and awareness. Each of the winners was given a tree by the Bank, planted with the collaboration of Treedom, while the winner coming in first was assigned a personalised prepaid card with the photo she took.

Like every year, BPER Banca joined "M'illumino di Meno". The signs of the Modena Service Centre and 140 branches throughout the country were turned off on the occasion. In compliance with the proposed theme, the Bank wished to award 100 employees of the ten branches that obtained the highest energy savings in the context of the "Piantamola" internal contest by giving each one a tree, which will be planted on the Campania land of "Libera terra" confiscated from the mafia. This will allow the creation of a new forest whose development, thanks to the partnership with the Treedom web platform, can be monitored through geolocation.



The events supported also include the 2020/21 edition of the Junior Scientific Disclosure Video Contest, promoting environmental sustainability issues with youth. This year the call, which attracted the support of many schools, plans to discuss the issue of the energy cycle applied to sustainable mobility.

The Bank also participated in the implementation of the project "Sustainable investments for climate" prepared by the Forum for Sustainable Finance (FFS), of which the Parent Company is a Supporting Partner, aimed at furthering the role that sustainable finance can play in achieving the internationally identified sustainable development goals. The result of the Project was the publication of an informative and operational manual, which was publicly presented on the occasion of the ninth edition of the Sustainable and Responsible Investment Week (SRI 2020 Week).

Two projects have been implemented relating to reduction of the use of plastic, one internal with the involvement of employees, the other supporting research. The first project, "BPER Plastic Free", included the delivery of a branded bottle to each of the Group's colleagues at the end of 2020 as a valid substitute for plastic bottles and with a reduction of more than 2.5 million units used each year; the second project is called "Ricircola" and is a circular economy initiative that aims to improve the management of end-of-life plastic food trays through the integration and accountability of all actors in the supply chain and above all with the direct involvement of the consumer. Conceived and coordinated by the Interdepartmental Research Centre for Renewable Sources of Environment, Sea and Energy (CIRI FRAME) of Alma Mater Studiorum – University of Bologna, the research project aimed to experiment with the sustainability of plastic through the direct involvement of every consumer, all called to do their part. Amadori, Apofruit, BPER Banca, Conad, Ilip and Hera, insieme per l'ambiente collaborate and support the initiative.

In autumn 2020, in three Conad stores in Romagna, consumers had the opportunity to choose two products with innovative packaging and to actively participate in the first circular economy experiment applied to plastic food trays.

In particular, with the purchase of the products marked with the RICIRCOLA symbol, Amadori chicken breast (400 g) and Solarelli – Apofruit seedless green grapes (500 g), the customer was asked to return the empty plastic tray to the collection points set up in the participating supermarkets after having consumed the product. This commitment was recognised with a refund of Euro 20 cents for each tray returned. The collected material, made by Ilip in PET, was then delivered through special management by Hera to the recovery plant of the manufacturer itself, thus closing the cycle. The recycled plastic was then reused to produce other trays. BPER Banca sponsored the entire project.

One of the objectives was to disseminate the awareness that plastic, with particular reference to packaging, is no longer to be considered waste after its use, but a resource to be recovered and from which to create other value.

During 2020, also due to the health emergency, some programmes related to sustainability education that were held in parks throughout the country were suspended.

8.1.3 Commercial initiatives in the community

This category of the “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 2020, as well as spending on health and safety.

It is important to note that only innovative products and 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 organizational 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.

Finally, as per the 2020-21 Sustainability Plan, the calculation of the SROI (Social Return on Investment) was initiated on two of the main projects with a positive social impact: the financial education paths and the series “Events Forum-Meetings with the author”, already described in this chapter.

8.1.5 Assessment of synergy among projects: Youth target

110,735 total young people involved in Group activities (+41%)



359,793 total young people involved in supported projects



470,528 total youth involved

The number of young people involved in initiatives sponsored by the Group was affected by the suspension of many collective activities due to the pandemic, while the involvement in financial education initiatives was favoured by the possibility of carrying the activities out remotely.

8.2 Responsibility in controversial sectors

8.2.1 Weapons policy

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”, today updated as Group Policy. With this Policy, a self-regulation was adopted that defines which collection or financing operations to consider eligible.

In defining the Policy, the Group sought the correct balance among certain general values, such as:

- promotion of human rights and peace
- respect for peoples’ and nations’ right to defence and security
- respect for freedom of enterprise and economic initiative (including of arms manufacturers) within the framework of the rules of the law.

The Group’s banks and financial companies may therefore be included in the Annual Reports prepared by the Presidency of the Council pursuant to Italian Law no. 185/90, albeit within the limits established by the Policy, in order to monitor the risk that the goods or services exported are destined for subjects other than democratic governments or those which violate human rights.

The Policy also regulates other types of transactions and cases, such as equity investments, loans, current account or investment relationships.

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, including financing relations. This annual report is published, together with the Policy, on the institutional website (Sustainability Area/Our commitment/Arms policy).

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 and recently updated



the Handbook “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 created in collaboration with the non-profit cooperative “Centro sociale Papa Giovanni XXIII” in Reggio Emilia and with ATS (Health Protection Agency) in Bergamo.

As a concrete sign of its commitment in this regard, BPER Banca has decided to inhibit credit cards issued by the Group for payment transactions at establishments or websites that have been classified in the “gambling” product category. 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 organizations. 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.

GAP can also affect minors; therefore, the Bank promotes education and prevention campaigns in schools, which however were not implemented this year due to the stop imposed by the current pandemic.

8.2.3 Gold trade

Gold trade is among the services the Bank offers customers.

BPER Banca only markets gold ingots produced by refineries that have international certifications attesting compliance with due diligence practices with their suppliers and registered on the London Good Delivery list, internationally recognised as the market standard.

This ensures that the metal sold is Conflict Free and complies with the regulations and codes of conduct prepared by the main associations in the sector (LBMA, RJC) and international bodies (OECD); it also ensures that the suppliers have the tools to control and evaluate the gold purchasing chains, in order to combat possible forms of crime both of a geopolitical-financial nature (anti-money laundering, corruption, terrorist financing) and related to the abuse of human rights, genocide, the exploitation of child labor or crimes against the environment.



A nighttime photograph of the BPER Gruppo building. The building's facade is illuminated with various colors, including a prominent red light on the right side and a green light on the left. The sky is a deep blue. The text 'BPER: Gruppo' is prominently displayed at the top left in a large, white, sans-serif font.

BPER:
Gruppo

Annex I
Covid-19
EMERGENCY

From the very start of the emergency, the BPER Banca Group handled the situation with immediate responses, adopting initiatives to contain risks, protect the health of employees and customers, guarantee operational continuity of critical processes and implement measures to support the economy for individuals and companies, protecting its stakeholders.

A table was immediately activated to oversee the health emergency (so-called "Consultation Committee"), aimed at monitoring the development of 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.

Already at the start of 2020, the first measures 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.

The provision of services continued without interruption, thanks to the use and enhancement of remote work. Branch processes were also aligned and refined during the year to effectively manage any temporary closures, minimising any inconvenience for customers.

Business Continuity plans were consistently updated to ensure the continuity of essential services in pandemic scenarios.

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

Interventions to protect human resources

To deal with the health emergency, the BPER Banca Group implemented a series of solutions to protect the health of its employees and secure their operations through the activation of working methods that allowed, especially in the first phase of the emergency, a strong reduction in physical presences in the workplace, also through the activation of a significant number of workstations in "emergency remote working" mode. In particular, the following activities were implemented: workers who had IT equipment deemed adequate by the company to work remotely were able to provide services from their home, with the prior authorisation of the head of the organizational unit who, progressively and in line with the reduction of the risk of contagion, defined the use of agile work based on the needs of office coverage; platforms were purchased to allow the use of training activities from home (so-called smart learning); shifts were identified in organizational units, the closure of some branches was decided, opening hours to the public were modified and customer access to premises was limited.

In the central part of the year, access to branches was only allowed by appointment for all consultancy services, while for cash services customers were able to enter branches without an appointment exclusively in a 1 to 1 ratio with the cashier and limited to opening hours in

the morning, in line with the time-by-time protocols defined at national level by ABI and the Trade Unions.

In the last part of the year (from 16 November 2020), with the advent of the second wave of the health emergency, the branches were once again accessible by appointment, with cash services provided in the morning and consultancy and assistance services provided in the morning and afternoon.

During the first phase of the emergency and in light of the suspension of teaching/educational activities throughout the country, the Group also provided a package of paid and unpaid leave for all Group employees; furthermore, for some categories (parents with children under 14 years of age, immunosuppressed employees, parents with disabled children, pregnant women not on maternity leave), the Group created a ceiling for ad hoc leave.

To this end, the agreement to access the benefits of the industry Solidarity Fund was signed with the Trade Unions in order to address the periods of suspension/reduction of work in the first phase of the emergency and the agreement through which the Group provided additional paid and unpaid leave during the second phase, in favour of all employees, always with particular attention to specific categories of employees. The application of certain measures lasted until 30 September 2020.

Faced with the resurgence of the virus in the second part of the year, the company therefore maintained a strong focus on its employees, intensifying the use of the levers that had already been activated (emergency remote working, partially paid leave for employees covered by specific cases).

The information to all personnel related to the introduction or modification of the safety measures adopted took place effectively and promptly through FAQs on the company intranet or by mass e-mail.

Travel for work reasons was strictly limited exclusively to cases of need and subject to the authorisation of the head of the organizational unit. Meetings were held almost exclusively in video-conference mode. The hygienic and sanitary measures in place within branches and central offices were further strengthened. In addition, a professional psychological telephone support service was maintained and health insurance coverage was extended to protect employees.

In parallel with all the initiatives described, regular contact was maintained between the Head of the Prevention and Protection Service (RSPP) and the Worker Safety Representatives (RLS) to facilitate the exchange of information on Covid-19 throughout the country.

The collaboration between the RSPP and the Human Resources Management function aimed at ensuring the operational continuity of the Organizational Units affected by coronavirus disease cases was constant and fruitful.

Interventions to protect customers and the public

From the beginning of the emergency, all the activities indicated in the various DPCMs, in the official documents of the Ministry of Health and in the recommendations of the health authority (including international ones) as well as in the local ordinances, aimed at limiting the risk for customers, were undertaken. The protocols signed by the trade association and trade unions were applied and additional provisions were made at the level of “best practices” and for customers.

In fact, from the first phase, precautions were taken to reduce the presence of customers in branches (service bookings, limited access,, etc.). The BPER Banca Group was among the first financial institutions to introduce masks and (temporarily, in some regions) gloves for customers as well as for employees, as well as providing plexiglass screens for front office workstations.

Sanitising gel for frequent hand sanitisation was made available to customers in all branches and in company locations open to the public.

Sanitisation of all customer contact points (handles, push-button panels, waiting chairs and sofas, etc.) was carried out daily, according to the standards suggested by the Ministry of Health.

Customers were also continuously informed through window stickers applied outside and inside the company's premises. Information systems were adopted outside the premises to distinguish entry and exit routes, in addition to providing the most widespread publicity on the methods of booking and assistance of the services offered in the branch.

For more information, please refer to Chapter 4 of this Sustainability Report.

Support for the economy

To counteract the negative effects of Covid-19 on the real economy, the Group activated a series of measures in favour of families and companies, in addition to transposing and implementing the relevant Italian Ministerial Decrees and in compliance with the EBA guidelines, such as forms of suspension of instalment loans for different conditions, including loss of employment or lack of liquidity due to the emergency, as well as the disbursement of loans for the advance of the CIG - Cassa Integrazione Guadagni (Temporary Unemployment Compensation) or based on the provisions of the “Liquidity” Decree.

More specifically, as at 31 December 2020, the BPER Banca Group had disbursed⁶²:

- moratoriums on over 62,000 loans, in line with the requirements defined by the Decree-Law or by the category agreements relating to private counterparties, for a gross provision of Euro 3.97 billion;
- moratoriums on over 38,000 corporate loans, in line with the requirements defined by the Decree-Law or by the category agreements pertaining to Companies counterparties, for a residual debt of over Euro 7.01 billion.

At the same time, even before the publication of the Liquidity Decree, the “BPER Banca per l'Italia” initiative was launched with the establishment of two credit lines of Euro 100 million

⁶² The amounts indicated are from management sources.

(for individuals, freelancers, artisans and merchants) and Euro 1 billion (intended for companies to meet short- or medium-term liquidity and financing needs). In order to favour companies in difficulty, the Group strengthened its commitment to ensure that requesting customers could have access to the SME Guarantee Fund and other loans with public guarantees. At 31 December 2020, over Euro 3.5 billion of loans guaranteed by the State were disbursed to companies.

For more information, please refer to Chapter 5 of this Sustainability Report.

Support to companies and to the regions

In order to strengthen its commitment to combat Covid-19, in the very first phase of the emergency the BPER Group made an initial allocation for charitable disbursements of about Euro 1 million, mainly dedicated to healthcare facilities for the purchase of pulmonary ventilators and other equipment.

Subsequently, the Parent Company promoted an internal fundraising initiative called "Unite oltre le attese" which involved Directors, Top Management and employees. The contribution of all the Group's members made it possible to raise about Euro 1,200,000, an amount then doubled by the Bank and comprehensively intended to finance various structures operating in different areas:

- 14% to support healthcare
- 20% to support scientific research
- 20% educational emergency
- 21% to the fund to support the families of healthcare workers who died from the virus
- 25% to combat new poverty.

In collaboration with the local authorities, the recipients of the sums were defined with the aim of supporting personal and healthcare facilities, as well as supporting the world of school, favouring the participation of disadvantaged families in distance learning in the 19 regions where the Bank is present; ample support was also given to solidarity emporiums and soup kitchens to combat new poverty.

The scientific research projects selected by the Bank's General Management aim to offer healthcare and solutions to Covid-19. The establishment of an Onlus Trust by BPER Trust Company was also initiated, which will ensure agile intervention for other emergencies and which will primarily be responsible for creating a fund for the families of deceased nurses.

Furthermore, as a sign of unity, hope and courage, BPER Banca lit the "luci della ripresa" (the lights of recovery), lighting up several of its major locations with the colours of the Italian flag, including Modena, Bologna, Matera, Sassari and Lanciano.

For more information, please refer to Chapter 8 of this Sustainability Report.

This document considers Consob's Reminder no. 1/21 of 16-2-2021 on the information to be provided by "companies that publish 2020 Non-Financial Statements" regarding the impact of the Covid-19 pandemic.




























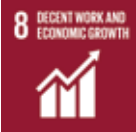















Objectives



Report on 2020 objectives and identification of 2021 objectives

(B): BPER Banca objectives

Percent achieved:  100%  75%  50%  25%  0% New objective: 

Topic	2019-2021 Objectives	%	SDGs
Governance	To define an operational control model to manage the anti-corruption issue		
	To monitor ESG issues and aspects directly related to the size of the RAF, also in line with regulatory sector developments		
	To collaborate in the definition of an ESG Compliance Program, in order to oversee the effective integration of factors in the group's policies and processes		
	To continue the development process of the ESG risk management framework in line with the regulatory provisions and initiatives on the subject that will be carried out by the Group as a whole		
Relations with the Community and Human Rights	To review the Guidelines on Arms		
	To support the Community with structured Financial Education projects for families and schools		
	To report on the “social impacts” of the projects supported by the Bank (B)		
	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)		

<p>Suppliers</p>	<p>To complete a vendor rating model</p> <p>To launch a sustainability rating project for the 200 main suppliers</p>	 	  
<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 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>As part of the exemplaz management development project, to implement paths dedicated to strengthening women’s leadership</p> <p>Activities to support more sustainable mobility</p> <p>To draw up and approve a Diversity Policy</p> <p>Project to define the Diversity & Inclusion purpose</p> <p>New Work Life Balance</p>	         	  

<p>Customers</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>To develop branded content with focus on financial education, behavioral skills and 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>Procedures for acquiring tax credits, including Superbonus 110%</p> <p>To strengthen the offer of ESG investment products, with a view to sustainable savings</p> <p>To define and integrate ESG credit policies in credit policies and in processes</p>	<p></p> <p></p> <p></p> <p>Stopped due to Covid-19</p> <p></p> <p></p> <p></p> <p></p> <p></p> <p></p> <p></p> <p></p> <p></p>	<p></p> <p></p> <p></p> <p></p> <p></p> <p></p>
<p>Financial market</p>	<p>To increase the SRI portfolio of the Parent Company by a further 20% compared to 2019</p> <p>To increase the SRI portfolio of the Parent Company by a further 20% compared to 2020</p> <p>To define an ESG Investment Policy to be applied to the property portfolio</p> <p>Definition of a framework for structuring Bonds in the ESG field</p> <p>Placement of a Social Bond</p> <p>To obtain the Standard Ethics Rating and achieve EE rating (B)</p>	<p></p> <p></p> <p></p> <p></p> <p></p> <p></p>	<p></p> <p></p>

Environment

To implement or integrate the control and monitoring system (BEMS) on the other 13 executive offices (B)

To achieve greater efficiency in Data Centres (B)

To implement energy savings measures in offices and branches (B)

To expand the Group's photovoltaic park

To implement an application for administrative management of the provisions connected to the disposal of special waste (B)

To launch activities for the reduction of paper consumption (B)

To implement the FEQ (Qualified Electronic Signature) to increase the digitalisation of processes both in-branch and remotely

To rationalise new branch printers and replace them with more efficient printers (B)

To convert the supply of the former UBI Banca branches that will be acquired during 2021 to renewable electricity

To implement an Environmental Management system

To launch activities aimed at raising employee awareness with regard to paper saving

To implement real estate rationalisation



Stopped due to Covid-19



Modena, 22 March 2021

To our stakeholders

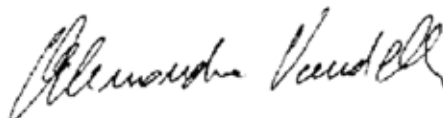
I am pleased to confirm that BPER Banca reaffirms its support for the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this year's Communication on Progress, we report our actions aimed at continuously improving the integration of the Global Compact and its Ten Principles into the strategy, culture and daily operations of our company. We are also committed to sharing this information with our stakeholders through our primary communication channels.

Sincerely,

Alessandro Vandelli

CEO, BPER Banca



GRI Content Index

GRI Standard	Indicator description	Pages/Notes	Omissions
GRI 102: GENERAL STANDARD DISCLOSURES			
ORGANIZATIONAL PROFILE			
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	102-5 Ownership and legal form	10-13	
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	102-8 Information on employees and other workers	106-107; 124-127	
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	102-17 Mechanisms for advice and concerns about ethics	39-54; 66-68	
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	102-21 Consulting stakeholders on economic, environmental, and social topics	50-51	
	102-22 Composition of the highest governance body and its committees	28-32	
	102-24 Nominating and selecting the highest governance body	28-29	
	102-25 Conflicts of interest	32	
	102-27 Collective knowledge of highest governance body	28-30	
	102-28 Evaluating the highest governance body's performance	71; 113-114	
	102-29 Identifying and managing economic, environmental, and social impacts	36-37; 168-171	
	102-30 Effectiveness of risk management processes	28-29; 32-34; 36-38	
	102-31 Review of economic, environmental, and social topics	51-55 During 2020, the Board of Directors, including its internal board committees, dealt with sustainability topics at least every 2 months	
	102-35 Remuneration policies	113-114	

STAKEHOLDER ENGAGEMENT			
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	102-41 Collective bargaining agreements	100% of employees are covered by collective bargaining agreements	
	102-42 Identifying and selecting stakeholders	50-51	
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	102-47 List of material topics	53-55	
	102-48 Restatements of information	6; 60; 110; 147; 116	
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	102-50 Reporting period	5	
	102-51 Date of most recent report	5	
	102-52 Reporting cycle	The drafting frequency of the Non-Financial Statement is annual	
	102-53 Contact point for questions regarding the report	7	
	102-54 Claims of reporting in accordance with the GRI Standards	5	
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	102-56 External assurance	185-187	
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	103-2 The management approach and its components	60-61	
	103-3 Evaluation of the management approach	55; 60	
GRI 201: Economic Performance (version 2016)	201-1 Direct economic value generated and distributed	60-61	
	201-2 Financial implications and other risks and opportunities due to climate change	131-137	
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GRI 202: Market presence (version 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 labor agreement and is the same regardless of gender	
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	103-2 The management approach and its components	39-43	
	103-3 Evaluation of the management approach	39-43; 55	
GRI 205: Anti-corruption (version 2016)	205-1 Operations assessed for risks related to corruption	41-42	
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GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	42-43	
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GRI 206: Anti-competitive behavior (version 2016)	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	43	
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	103-2 The management approach and its components	62-63	
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	207-2 Tax governance, control and risk management	62-63	
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	207-4 Country-by-country reporting	63	
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GRI 301: Materials (version 2016)	301-1 Materials used by weight or volume	138-140	
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	103-2 The management approach and its components	142-146	
	103-3 Evaluation of the management approach	55; 142-146	
GRI 302: Energy (version 2016)	302-1 Energy consumption within the organization	142-144	
	302-3 Energy intensity	144	
	302-4 Reduction of energy consumption	145-146	
EMISSIONS			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	147-149	
	103-3 Evaluation of the management approach	55; 147-149	
GRI 305: Emissions (version 2016)	305-1 Direct (Scope 1) GHG emissions	147	
	305-2 Energy indirect (Scope 2) GHG emissions	147	
	305-3 Other indirect (Scope 3) GHG emissions	134; 147	Scope 3 emissions include the emissions generated by business travel with other means (rail and air transport) and emissions from paper consumption
	305-4 GHG emissions intensity	148	
	305-5 Reduction of GHG emissions	149	
WASTE			

GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	140-141	
	103-3 Evaluation of the management approach	55; 140-141	
Waste (version 2016)	306-2 Waste by type and disposal method	141	
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	131	
	103-3 Evaluation of the management approach	55; 131	
Environmental compliance (version 2016)	307-1 Non-compliance with environmental laws and regulations	131	
SOCIAL SERIES			
EMPLOYMENT			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	106-108; 115	
	103-3 Evaluation of the management approach	55; 106-108; 115	
GRI 401: Employment (version 2016)	401-1 New employee hires and employee turnover	107; 125-126	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	117-118	
	401-3 Parental leave	127	
LABOR/MANAGEMENT RELATIONS			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	123	
	103-3 Evaluation of the management approach	55; 123	
GRI 402: Labor/Management Relations (version 2016)	402-1 Minimum notice periods regarding operational changes	108	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	118-122	
	103-3 Evaluation of the management approach	55; 118-122	
Occupational health and safety (version 2018)	403-1 Occupational health and safety management system	118-121	
	403-2 Hazard identification, risk assessment and incident investigation	118-121	
	403-3 Occupational health services	118-121	
	403-4 Worker participation, consultation, and communication on occupational health and safety	118-121	
	403-5 Worker training on occupational health and safety	122	
	403-6 Promotion of worker health	122	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	118-121	
	403-8 Workers covered by an occupational health and safety management system	120-121	
	403-9 Work-related injuries	121	
	403-10 Work-related ill health	121	
TRAINING AND EDUCATION			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	109-112	
	103-3 Evaluation of the management approach	55; 109-112	
GRI 404: Training and education (version 2016)	404-1 Average hours of training per year per employee	110	
	404-2 Programs for upgrading employee skills and transition assistance programmes	111	
	404-3 Percentage of employees receiving regular performance and career development reviews	112	
DIVERSITY AND EQUAL OPPORTUNITY			

GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	115-116	
	103-3 Evaluation of the management approach	55; 115-116	
GRI 405: Diversity and equal opportunity (version 2016)	405-1 Diversity of governance bodies and employees	31-32; 124-127	
	405-2 Ratio of basic salary and remuneration of women to men	116	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
GRI 103: Management approach (version 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	27; 122-123	
	103-3 Evaluation of the management approach	55; 122-123	
GRI 407: Freedom of Association and Collective Bargaining (version 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 (version 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	27; 43	
	103-3 Evaluation of the management approach	27; 43; 55	
GRI 408: Child labor (version 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 (version 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	27; 43	
	103-3 Evaluation of the management approach	27; 43; 55	
GRI 409: Forced or compulsory labor (version 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 (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	152-163	
	103-3 Evaluation of the management approach	55; 152-163	
GRI 413: Local Communities (version 2016)	413-2 Operations with significant actual and potential negative impacts on local communities	153	
Specific Sector Indicators - G4	FS 14 Initiatives to improve access to financial services for disadvantaged individuals	85-86	
PUBLIC POLICY			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	123	
	103-3 Evaluation of the management approach	55; 123	
GRI 415: Public policy (version 2016)	415-1 Political contributions	123	
MARKETING AND LABELING			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	77-81	
	103-3 Evaluation of the management approach	55; 77-80	
GRI 417: Marketing and Labeling (version 2016)	417-1 Requirements for product and service information and labeling	100% of banking and financial products is subjected to stringent communication rules defined by the different supervisory authorities and respected by the BPER Banca Group	
	417-2 Incidents of non-compliance concerning product and service information and labeling	In 2020 there were no verified cases of non-compliance relating to product and service information and labeling	

	417-3 Incidents of non-compliance concerning marketing communications	In 2020, there were no verified cases 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	77-78	
	ex FS 16 Initiatives to enhance financial literacy by type of beneficiary	87	
CUSTOMER PRIVACY			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	81	
	103-3 Evaluation of the management approach	55; 81	
GRI 418: Customer privacy (version 2016)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	81	
SOCIOECONOMIC COMPLIANCE			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	77-79	
	103-3 Evaluation of the management approach	55; 77-79	
GRI 419: Socioeconomic compliance (version 2016)	419-1 Non-compliance with laws and regulations in the social and economic area	In 2020, there were no verified cases of non-compliance with laws and regulations in the social and economic area	
PRODUCTS PORTFOLIO			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	84-100	
	103-3 Evaluation of the management approach	55; 84-100	
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	68-71	
	FS 7 Monetary value of products and services designed to deliver a specific social benefit for each business line and purpose	86-87	
	FS 8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line and purpose	95-100	
PROTECTION OF FINANCIAL STABILITY			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	58; 60-63	
	103-3 Evaluation of the management approach	55; 58; 60-63	
CUSTOMER SATISFACTION			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	71-73	
	103-3 Evaluation of the management approach	55; 71-73	
GOVERNANCE AND DECISION-MAKING PROCESSES			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	28	
	103-3 Evaluation of the management approach	28; 55	
ACCESSIBILITY AND DIGITALISATION OF SERVICES			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its Boundary	51-55	
	103-2 The management approach and its components	74-76	
	103-3 Evaluation of the management approach	55; 74-76	

**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, 2020 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 16, 2021 (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 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. 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 Banco di Sardegna S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings, 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, 2020 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 29, 2021

This report has been translated into the English language solely for the convenience of international readers.

For information

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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, created by the External Relations and CSR Service, Sustainability and ESG Management Office
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Sustainable development goals of the United Nations



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 revitalise the global partnership for sustainable development