

BPER:

Banca

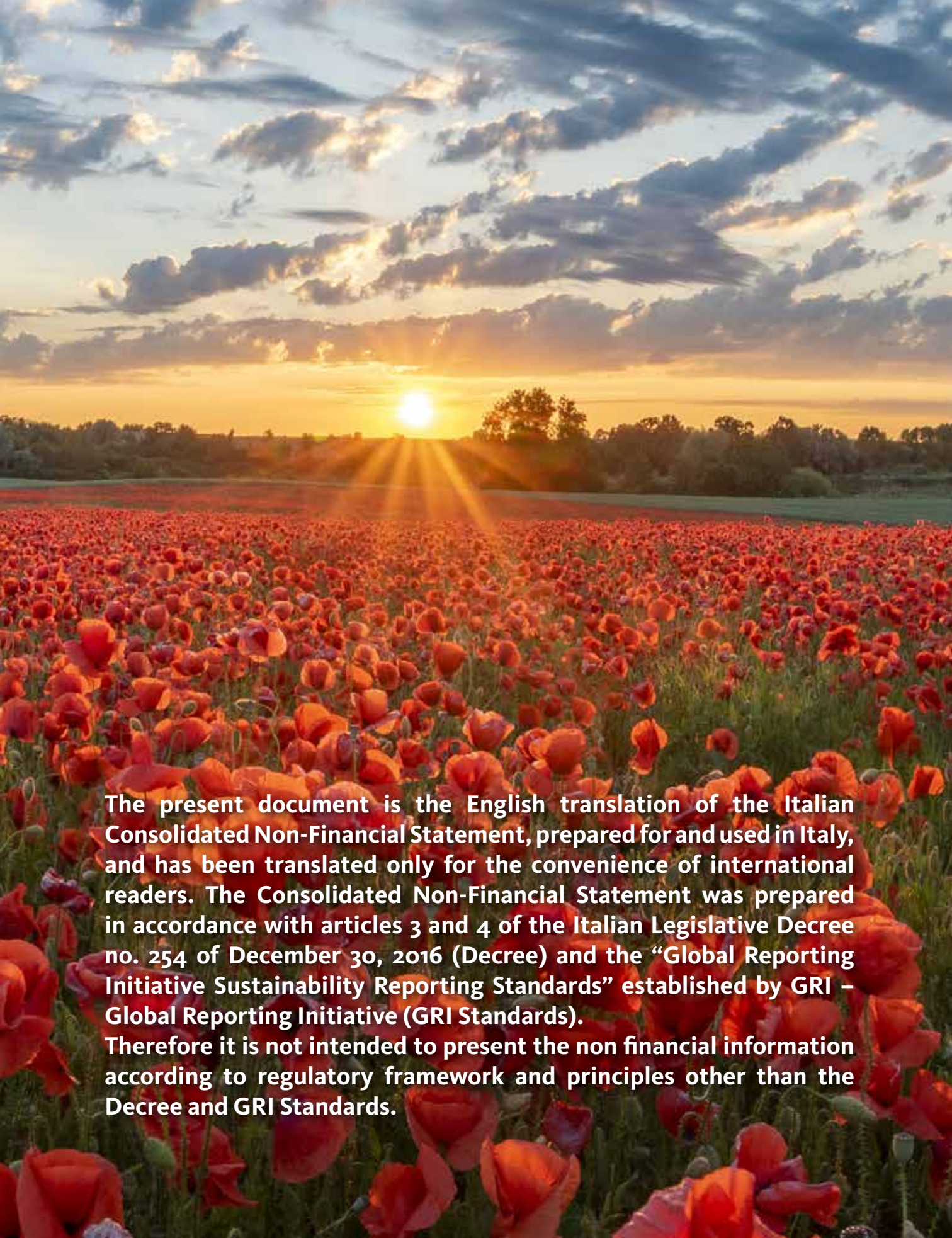


Sustainability Report

Consolidated Non-Financial Statement

pursuant to Italian Legislative Decree 254/2016



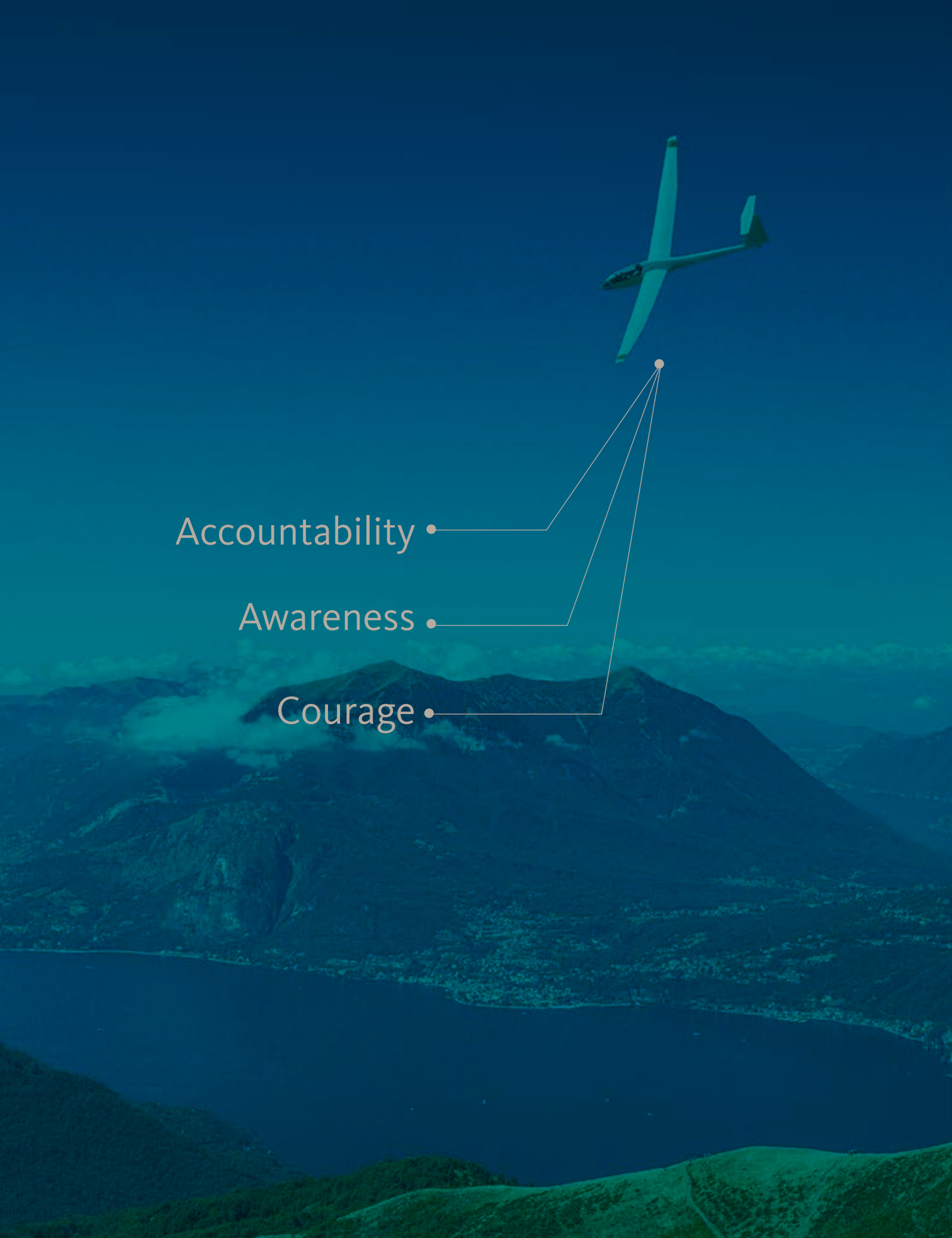


The present document is the English translation of the Italian Consolidated Non-Financial Statement, prepared for and used in Italy, and has been translated only for the convenience of international readers. The Consolidated Non-Financial Statement was prepared in accordance with articles 3 and 4 of the Italian Legislative Decree no. 254 of December 30, 2016 (Decree) and the “Global Reporting Initiative Sustainability Reporting Standards” established 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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Accountability •

Awareness •

Courage •

Letter to stakeholders

We are opening this Sustainability Report with the image of a sunrise to symbolise that although we are assessing the past, we want to look to the future challenges ahead.

2021 was a year of important growth and major changes for our Group: the inauguration of a new Board of Directors, the significant growth in size of the Parent Company through the acquisition of a business unit from the Intesa Sanpaolo Group, the internal and territorial network reorganisation, the new ESG governance, the conclusion of the 2019-2021 Business Plan and the start of work on the new one.

We were able to pursue all these objectives thanks to the important collaboration of our colleagues. We are convinced that we can only win together, hence we would like to take this opportunity to thank all those who have worked hard to close a 2021 that has seen us successfully achieve the many goals we set ourselves.

All this in a very complex and challenging context due to the continuing pandemic and the compulsory monitoring requirements, which has demanded that banks increasingly manage the financial risks arising from climate change, resource consumption, environmental degradation and social inequalities while at the same time improving transparency and encouraging sustainable investments.

The BPER Group was ready, thanks to its awareness of the importance of ESG issues and its innovative choices that have allowed us to define concrete, targeted objectives, as well as a constant increase in resources and skills put at the service of customers.

In addition to the pursuit of the Ten Principles of the UN Global Compact, to which we have adhered since 2017, we have strengthened our commitment by also joining the UN Principles for Responsible Banking, a policy document for the sustainability of the banking sector developed in partnership with the UNEP Finance Initiative (the United Nations Environment Programme). We want to continue to be a reliable and credible travelling companion for companies that want to change their business practices to become more efficient and make the global economy more sustainable. The need to achieve climate neutrality requires major efforts from all sides: the International Energy Agency predicts that investments in greener technologies should reach USD 4 trillion by 2030.

It is clear that this cannot be done without the involvement of the financial system and especially banks, which are the only players capable of creating a positive impact on SMEs, thereby extending the scope of the Sustainable Finance Plan and the Next Generation EU (NGRP).

Finance must therefore be the multiplying lever that will enable an increasingly large number of businesses to benefit from the flow of resources from sustainable investments. However, this is only possible with the definition of clear and certain European rules, the pillars on which to build a new, fairer, more inclusive and sustainable society.

We cannot conclude without referring to the current difficult situation, in which war has been brought to Europe's doorstep. The BPER Group, together with the Italian Red Cross, is working to support the populations affected, in line with the values it has always upheld, and is ready to manage the complex economic, social and environmental impacts that will ensue.

Happy reading.

Flavia Mazzarella
Chairman



Piero Luigi Montani
Chief Executive Officer



Highlights



18,154
total employees

99.3%
employees on permanent
contracts

45%
percentage of women of total
employees



Total economic value
generated
Euro 2.8 billion

Total economic value
distributed
Euro 2.7 billion

Loans for environmental and
social purposes
Euro 3.3 billion



99%
Electricity purchased from
renewable sources

12
photovoltaic systems
1,262,352 kWh
produced

44,775 tCO₂
saved, which corresponds to
planting a forest of
63,965 trees



Donations
Euro 2.7 million

Total expenditure for the
company
**Euro 14.2
million**

**More than
128,000**
youth involved in projects

Methodological note

This document constitutes the fifth consolidated Non-Financial Statement (hereinafter also “Sustainability Report”) of the BPER Banca Group (hereinafter also “Group” or “BPER Group”) with regard to the year 2021.

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 2021 (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 2021 Sustainability Report was drawn up in compliance with the “Global Reporting Initiative Sustainability Reporting Standards” comprising the “Financial Services Sector Disclosures”, defined by the GRI - Global Reporting Initiative, according to the “In accordance - Core” option. 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 17/12/2021 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, in 2021 BPER Banca joined the Task Force on Climate-related Disclosure (TCFD) and signed the Principles for Responsible Banking promoted by the United Nations.

The Group continued its efforts to integrate its analyses and reporting models with respect to the impact generated and experienced in terms of climate change, also based on the development of the relevant legislation and the requests of the regulatory authorities of the sector. 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 ESG Strategy Office (formerly 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 2021, there were also a number of significant variations with regard to size and scope of consolidation, specifically:

- on 1 January 2021, the merger by incorporation of Tholos S.p.A. into Nadia S.p.A., both real estate companies controlled by BPER Banca S.p.A., already formalised in the Merger Deed of 15 December 2020, took legal, accounting and tax effect

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.

- on 19 February 2021, final purchase agreements were signed with the counterparty Intesa Sanpaolo S.p.A. for a business unit owned by UBI Banca (consisting of 455 bank branches and 132 operational points), a business unit owned by Intesa Sanpaolo (consisting of 31 bank branches and two operational points) and a business unit owned by UBISS (a consortium company controlled by UBI Banca). The contract for the sale of the UBI Banca and UBISS business units was finalised on 19 February 2021 and took legal effect from 22 February 2021, while the transfer of the Intesa Sanpaolo business unit took legal effect from 21 June 2021.

In addition, in October 2021 the BPER Banca Group reorganised its distribution structure following the transformations that changed the size of the Group: in particular, the reorganisation of the network, operational from January 2022, defined the establishment of nine Territorial Divisions in place of the previous 17 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 2020 was introduced. The restatement of previously published comparative data are 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 to the Control and Risks Committee on 08/03/2022 and to the Sustainability Internal Board Committee (hereinafter also "Sustainability Committee") on 09/03/2022, before being approved by the Board of Directors on 10/03/2022.

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.

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.

To this end, a round table was set up between the ESG Strategy Function and Risk Management, which, starting from the update of material topics drawn up in 2021, produced a precise summary of all the risk events related to them and identified the main safeguards. A summary of this analysis is provided in tabular form in Chapter 2, "The Group's Stakeholders and Materiality Analysis", section 3.

Beginning with the 2021 Sustainability Report, the Financial Disclosure Monitoring Function, a control structure hierarchically dependent on the Executive responsible for financial reporting, began a process of gradual adaptation of the Financial Disclosure Control Model (pursuant to Italian Law 262/05), extending it to the process of drafting the Sustainability Report with reference to a selection of information that may have an impact on economic and financial disclosure. This activity responds to the aim of gradually allowing the internal control system for sustainability reporting to reach a level in line with that of financial information, as outlined by the best practices in the sector and the prospective reference legislation (CSRD - Corporate Sustainability Reporting Directive). This Sustainability Report has therefore been subjected to specific checks by the Financial Disclosure Monitoring Function on a limited set of data/information contained therein.

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 the "Policy di gruppo per il governo del rischio di non conformità" (Group Policy for governing the compliance risk) approved by the Board of Directors in 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 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 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. In addition, the BPER Banca Group has a Group Regulation on the process of handling complaints, a Group Regulation on the process of developing and approving the sales offer and a "Group Policy for governing the risk of non-compliance with personal data protection legislation". With respect to the development of an ethical and sustainable portfolio, the Group has a policy on weapons and carries out numerous initiatives and projects to combat pathological gambling.

Human Rights

It should be noted that this matter is already covered in the Code of Ethics, in the Policy on Sustainability matters (approved in March 2021) and 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. In addition, internal due diligence on human rights was carried out in 2018, which showed general protection of the issues investigated, with an adequate commitment to promoting behaviour consistent with the provisions of the Code of Ethics.

Environment

In 2021, 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.

The internal regulation "Commitments by the BPER Group with respect to the environment", approved by the BoD in January 2019, 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. The 2019-21 Business Plan successfully ended. Its green targets included the objective of defining risks and opportunities, preventing and reducing undesirable effects and achieving continuous improvement through the methodologies described in ISO 24001.

Moreover, to provide information on the risks arising from climate change, the Group has carried out specific scenario analyses since 2020 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. In 2021, in line with TCFD recommendations, the transition risk on the loan portfolio was estimated by analysing two different climate scenarios ("Hot house world" and "Net Zero 2050"), and the physical risk on corporate clients' assets and real estate collateral. For details on these analyses, refer to Chapter 7 "Environmental impacts", section 2.2. In addition, at the beginning of 2022 BPER Banca joined the Net Zero Banking Alliance, thereby addressing its strategy to combat climate change.

The 2021 Sustainability Report is also published on the web site <https://istituzionale.bper.it/>.

Clarification and information may be requested from: ESG Strategy Office, sostenibilita@bper.it.

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



1. 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 third largest banking group in Italy in terms of number of branches, it operates in all the main market segments, also through investee companies or joint ventures:

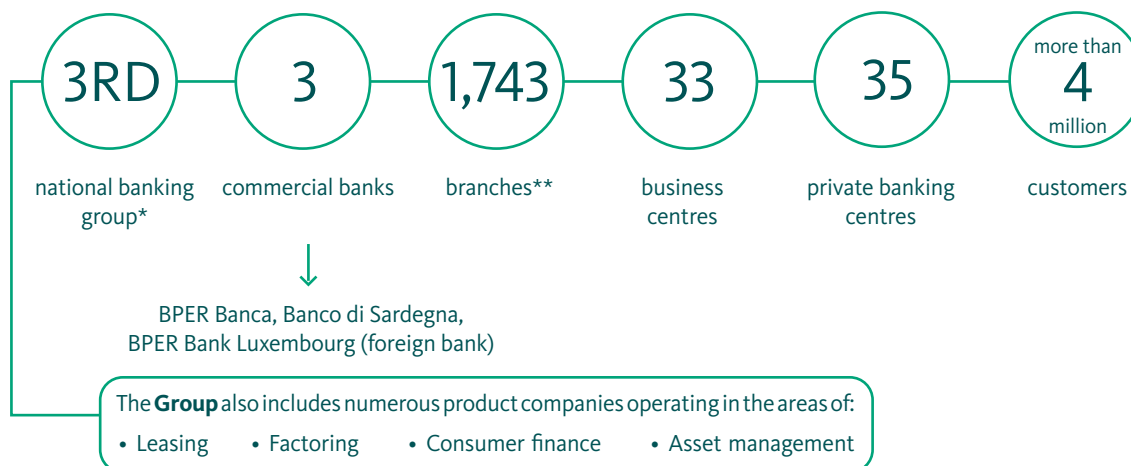
- corporate & investment banking
- wealth management & insurance
- leasing
- factoring
- consumer credit
- managed assets.

The BPER Group is present in 19 Italian regions, with a network of 1,742 branches nationwide, in addition to a branch in the Grand Duchy of Luxembourg of subsidiary BPER Bank of Luxembourg S.A.

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 GROUP TODAY



* third largest banking group in Italy by number of branches

** 1,742 branches in Italy and 1 branch in Luxembourg

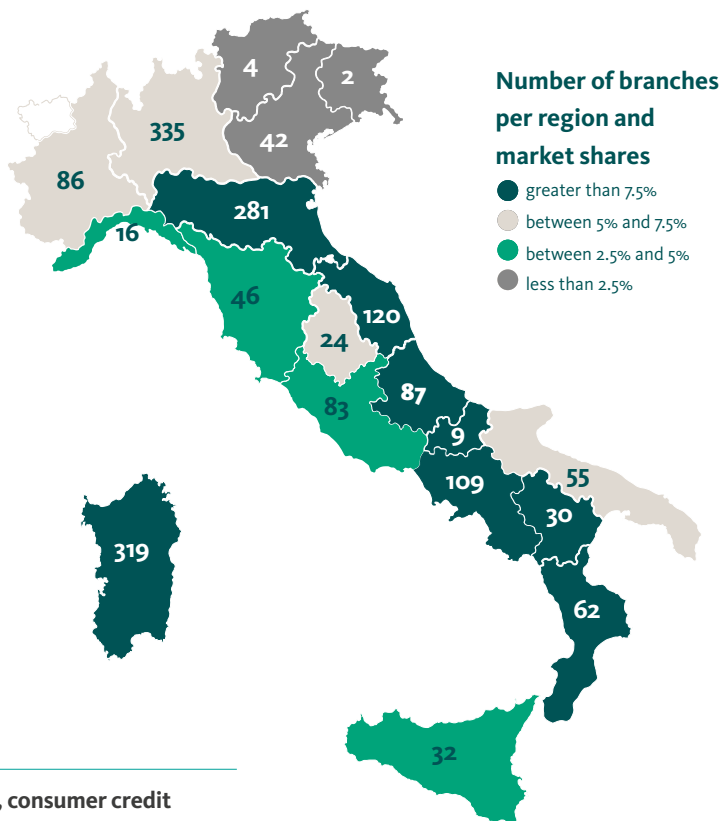
Data as at 31/12/2021.

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. 53876
www.bper.it – <https://istituzionale.bper.it/>

LOCAL GROUP PRESENCE

The BPER Group
as at 31/12/2021 is present in
19 Italian regions

The group has
18,154 employees



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

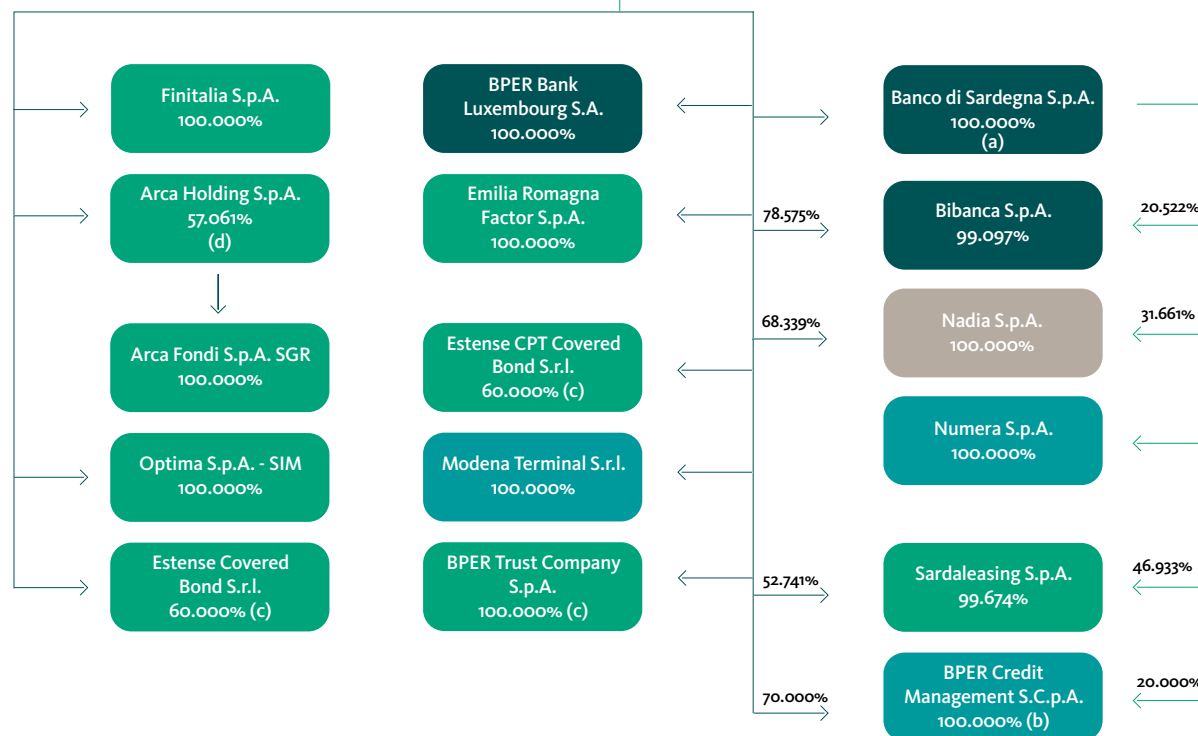
Following the reorganisation of BPER Banca's distribution structure in December 2021, the Board of Directors defined the nine new Territorial Divisions that will be operational from January 2022 with the aim of consolidating local roots and improving service quality and effectiveness.

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

- North-West Territorial Division based in Turin
- West Lombardy Territorial Division based in Milan
- East Lombardy – Triveneto Territorial Division based in Brescia
- West Emilia Territorial Division based in Modena
- East Emilia – Romagna Territorial Division based in Bologna
- West Centre Territorial Division based in Rome
- East Centre Territorial Division based in Ancona
- Campania – Puglia – Basilicata Territorial Division based in Naples
- Calabria – Sicily Division based in Reggio Calabria

MAP OF THE BPER BANCA GROUP AS AT 31/12/2021

BPER: Banca



a) Corresponding to 99.200% 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.

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 319 branches in 276 Sardinian municipalities and over 640,000 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 organisational structure, the efficient operating models and the high professionalism of human resources have permitted greater effectiveness of the management strategies for impaired exposures.

Six years from its establishment, the Consortium Company has succeeded in achieving ambitious goals in terms of both management and assets, also through extraordinary NPL deleveraging operations.

Bibanca S.p.A.

This is the BPER Group company specialising in PAYMENTS and consumer credit. Founded as a retail bank with a local calling, in 2016 it became a product company and extended its customer base to the whole country.

Today Bibanca has a plastic portfolio of over 4.1 million credit, debit and prepaid cards and manages a stock of 1.9 billion. In 2021, it disbursed around 900 million loans (personal loans, salary-backed loans and payment orders) through the network of branches of the BPER Group Banks and its financial agents.

Technological and digital development, together with attention to the changing needs of customers, are the driving forces behind Bibanca's mission; it pursues these objectives through the constant strengthening of digital innovation skills, the enhancement of diversity and the development of customer-based products and services. This combination allows Bibanca to generate value while respecting the needs of employees, partners and the end consumer.

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, maturity (extensions to debtors) and "confirming". Moreover, in terms of services offered, the company has a "WIP platform" product that electronically links customers with the company, facilitating their transactions in the same way as the "confirming" product, which is fully automated.

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 "OpenSelection 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 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 2021, the total portfolios managed, by proxy or on its own, reached Euro 4.9 billion and the assets on which it supports the financial advisory service exceed Euro 79.6 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 Italian 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 is a company established in 1972 operating in the consumer credit sector which has been part of the BPER Group since July 2019. It specialises in both financing premiums and any products and services related to insurance policies, through the issue of virtual revolving credit cards on a private circuit or by granting special purpose loans, and in financing by granting personal loans.

The product "Financing insurance premiums", which uses the credit 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). The "Monetary" product is also dedicated to these insurance customers, with which they can apply for a personal loan.

In addition, the financing of policy premiums for other companies, channelled through BPER Group branches, also takes place in the form of special purpose loans.

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, the company has been 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 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.

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 has dealt with the management of Private, Personal and more recently "Corporate" customers for 25 years.

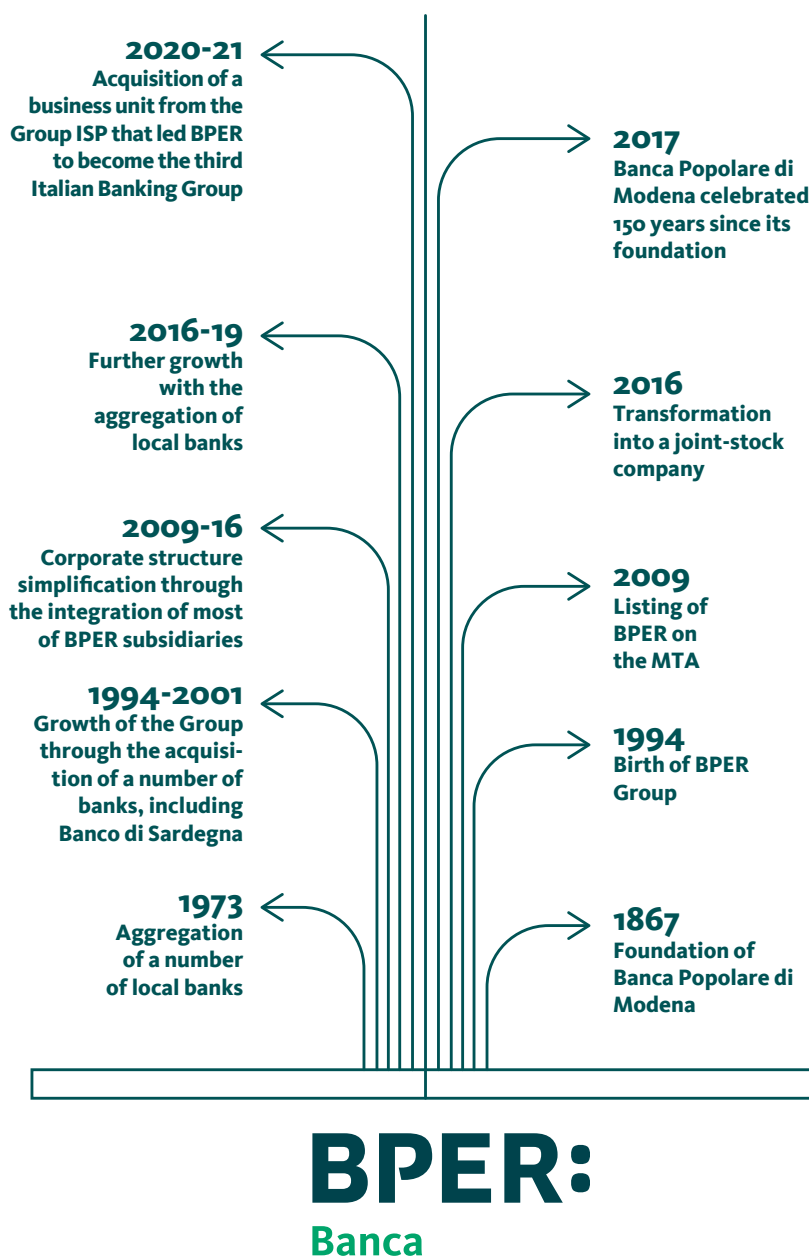
It also manages the treasury for private and institutional customers and loans both locally and internationally, mainly for "Corporate" customers.

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.

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

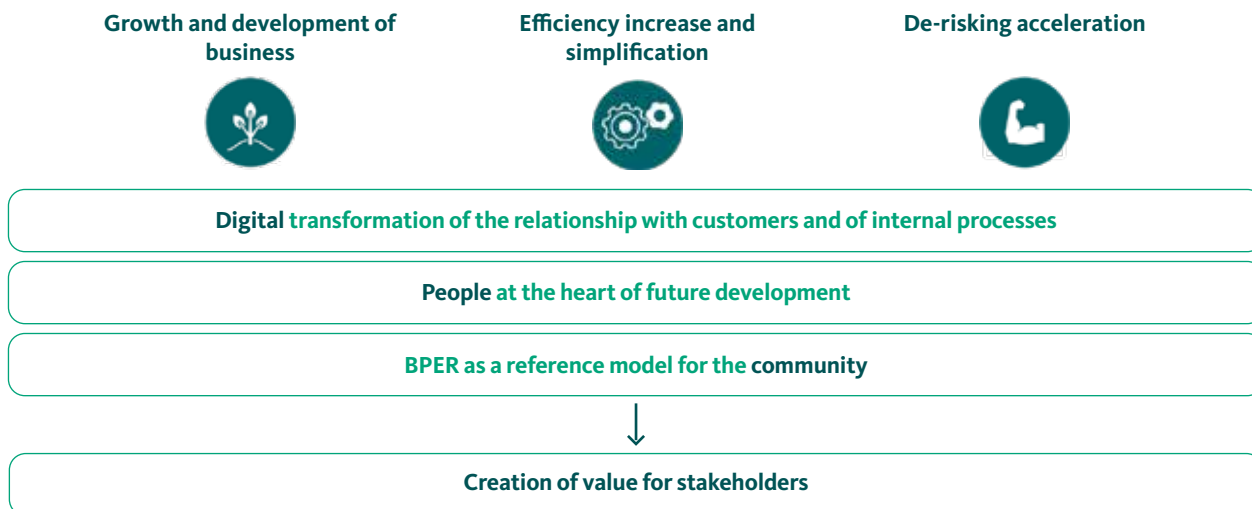


February 2021	Completed the acquisition of the Business Unit from the Intesa Sanpaolo Group	On 19 February, final contracts were signed for the purchase from the Intesa Sanpaolo Group of a business compendium divided into three business units and comprising 486 branches and 134 operational points. The geographical distribution of branches and operational points shows a high concentration in Northern Italy, particularly in Lombardy.
March 2021	First Social Bond issue successfully placed	BPER Banca successfully completed the placement of the first issue of a Social Bond (Senior Preferred) intended for institutional investors for an amount of Euro 500 million and a maturity of six years.
April 2021	Corporate officers renewed	On 21 April, the Board of Directors of BPER Banca appointed Flavia Mazzarella as Chairman and Piero Luigi Montani as Chief Executive Officer, in accordance with articles 21 and 29 of the Articles of Association. The Board also verified the existence of the independence requirement for non-executive Directors, based on the documentation produced when the lists were submitted.
June 2021	The acquisition of the Business Unit from the Intesa Sanpaolo Group was completed	BPER Banca completed the acquisition of an important business unit from the Intesa Sanpaolo Group.
July 2021	Adherence to the UN Principles for Responsible Banking	BPER Banca adheres to the Principles for Responsible Banking promoted by the United Nations, a policy document for the sustainability of the banking sector developed through a partnership between banks around the world and the UNEP (United Nations Environment Programme) finance initiative.
October 2021	BPER created the Sustainability Committee	The Internal Board Committee chaired by Flavia Mazzarella will have advisory and propositional functions, supporting the Board's activities with regard to ESG issues.
	BPER entered the MIB ESG index of Borsa Italiana	The Bank was included in the first index dedicated to Italian blue-chips, which groups together the large listed issuers with the best ESG performance.
	Establishment of the 9 Territorial Divisions announced	BPER Banca continued to reorganise its distribution structure following the profound changes resulting from the acquisition of a Business Unit that changed the size of the Group. In particular, the reorganisation of the network which will be operational from January 2022, includes the creation of 9 Territorial Divisions instead of the 17 Regional Divisions, guaranteeing unaltered attention to the economies of the territories served.
December 2021	Non-binding offer for the acquisition of Carige	On 14 December, the Board of Directors of BPER Banca resolved to submit a non-binding offer to the Interbank Deposit Protection Fund for the acquisition of an 88.3% stake, of which 8.3% held by Cassa Centrale Banca, in the share capital of Banca Carige S.p.A.

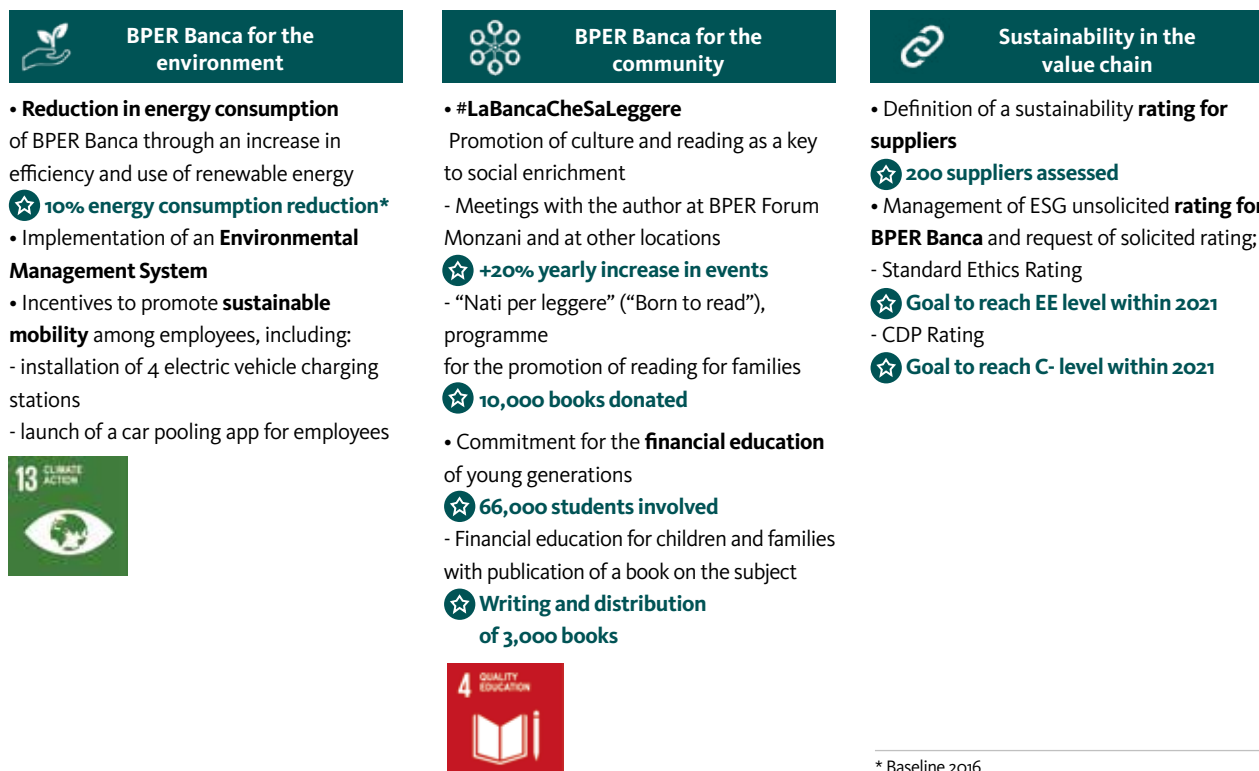
1.3 Business model and corporate strategy

The Business Plan

The 2019-2021 Business Plan reached its conclusion in December 2021. It was based on three pillars supported by as many cross-cutting levers and actions.



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



* Baseline 2016

The new 2022-24 Business Plan is currently being drafted.

The Sustainability Plan

Like the Business Plan, the Sustainability Plan also came to an end.

As previously mentioned, the new Business Plan is currently being drafted, and will include the BPER Group's new Sustainability Strategy.

1.3.1 Principles for Responsible Banking and commitment to the SDGs

On 14 July 2021, BPER Banca signed the Principles for Responsible Banking (PRB) launched in 2019 by UNEP's Financial Initiative with the aim of supporting interventions to foster sustainability in the financial sector. The PRB set out the roles and responsibilities of banking institutions in aligning with the UN Sustainable Development Goals (SDGs) and the 2015 Paris Agreement, and drive sustainability across all business areas to identify actions that can generate positive impact and create shared value with stakeholders over time.

More specifically, there are six principles designed to guide banks' vision and ambitions towards sustainability: the member banks commit to defining sustainability strategies and to working to promote and integrate ESG (Environmental, Social, Governance) factors into their business model in order to be at the forefront of sustainable finance.

Consistent with the indications of the PRB, banks commit to measuring the environmental and social impact of their business activities, set and implement targets where such activities have the most significant impact, and report on progress. The principles also provide a framework for banks to fully understand the risks and seize the opportunities arising from the transition to more sustainable economies. The signatory banks also become part of the largest global banking community focused on sustainable finance, sharing best practices for the benefit of the industry.

To this end, BPER set up a structured process to assess its impact, first of all linked to the review of its Materiality Analysis carried out in 2021 (see Chapter 2 "The Group's Stakeholders and the Materiality Analysis", section 2). The discussion with the Group's Stakeholders and Top Management was an opportunity both to assess BPER's current positioning with respect to the six UNEP Principles and to understand the expectations of the bank's stakeholders with respect to ESG issues. At the same time, in 2021 BPER carried out specific projects aimed at determining and measuring its indirect environmental impacts through an initial study of the portfolio impact (Scope 3) inspired by the methodologies of the Science Based Target Initiative and the measurement of its Carbon Footprint, as well as through the Scenario Analysis carried out in line with the recommendations of the TCFD, the results of which are described in chapter 7 of this Sustainability Report.

These activities form the basis of the process by which BPER will define further actions and projects capable of contributing to the achievement of the United Nations' 17 Sustainable Development Goals, in addition to those shown below, which describe some examples of activities already implemented for some time.



PRINCIPLES FOR
RESPONSIBLE
BANKING

THE UN 2030 AGENDA







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

The implementation of the 2030 Agenda involves not only states, but all parts of society, starting with businesses, which are key players in achieving sustainable development.

It is in this respect that the BPER Group, in line with what is indicated in its "Policy on Sustainability matters"⁴, 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.

⁴ <https://istituzionale.bper.it/sostenibilita/il-nostro-impegno/policy>

 <p>1 NO POVERTY</p>	<p>Goal 1: “End poverty in all its forms everywhere”</p>	<p>Target 1.2, 1.4 “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>4 QUALITY EDUCATION</p>	<p>Goal 4: “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”</p>	<p>Target 4.4, 4.7 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>5 GENDER EQUALITY</p>	<p>Goal 5: “Achieve gender equality and empower all women and girls”</p>	<p>Target 5.5 The Equal Opportunities project “A pari merito”, the Welfare Plan and BPER Banca’s participation in “Valore D”, exemplar project, creation of a Diversity Team.</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Goal 7: “Ensure access to affordable, reliable, sustainable and modern energy for all”</p>	<p>Targets 7.2, 7.3 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>8 DECENT WORK AND ECONOMIC GROWTH</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 Company Welfare Plan, “Sustainable mobility” project, “Sportello di ascolto” (counselling service), commitment to continuous training, Top Employer certification.</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 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>Targets 11.4, 11.6 Activities supporting culture and sustainable mobility activities in support of the Group’s employees (“Piantiamola di inquinare!” project).</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Goal 12: “Ensure sustainable consumption and production patterns”</p>	<p>Targets 12.2, 12.5 Financing for the Circular Economy, expansion of the "BPER Banca Plastic Free" project, issue of recycled plastic cards.</p>
 <p>13 CLIMATE ACTION</p>	<p>Goal 13: “Take urgent action to combat climate change and its impacts”</p>	<p>Target 13.2 Reduction of direct environmental impacts, purchase of electricity from renewable sources, financing dedicated to the Green Economy (see Chapter 5), management of risks deriving from climate change, membership in the NZBA.</p>
 <p>15 LIFE ON LAND</p>	<p>Goal 15: “Protect, restore and promote sustainable use of terrestrial ecosystems”</p>	<p>Target 15.2 Purchase of recycled and/or FSC certified paper, dematerialisation projects and expansion 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>Targets 16.5, 16.6 Commitment against corruption and to ensure increasingly greater transparency and accountability through tools such as the Code of Ethics, OMM, Whistleblowing, Internal Governance Code, Anti-corruption policy, Anti-Money Laundering 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**.



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 labour rights, environmental protection and the fight against corruption. It is an initiative that can be joined on a voluntary basis and embodies a set of principles that promote long-term sustainability values through political actions, company practices, responsible social and civil behaviour and that takes account of future generations; it is also a commitment, signed with the United Nations by 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
Labour	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 labour	Forced or compulsory labor: 409-1
	Principle 5 - Companies are required to effectively eliminate child labour	Child labor: 408-1
	Principle 6 - Companies are required to eliminate all forms of discrimination with regard to employment and occupation	Organisational 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 Waste: 306-1, 306-2, 306-3, 306-4, 306-5
	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 Waste: 306-1, 306-2, 306-3, 306-4, 306-5
	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, over which it exercises - pursuant to the provisions of Art. 2497 of the Italian Civil Code and Art. 61 of Italian Legislative Decree no. 385 of 1 September 1993 - management and coordination functions, providing provisions to the members of the Group for the execution of the guidelines set forth by the Bank of Italy and by other Supervisory Authorities in the interest of the Group's stability⁵.

In its role as Parent Company and in compliance with its Code of Ethics, BPER Banca requires that all companies of the Group refrain from carrying out behaviours or making decisions that are prejudicial to the integrity and reputation of the Group or its components. The Group companies include within their Code of Ethics the same values expressed by the Parent Company, adapting their behaviours to it, in accordance with the current laws and with any regulations in force. Among the values expressed in the Code of Ethics, accountability especially stands out, which is also expressed in the commitment to achieve social and economic growth in the territories where the Bank has its roots.

The composition of the Corporate Bodies

BPER Banca's governance model is traditional, consisting of a Board of Directors vested with all powers for the ordinary and extraordinary administration of the company (with the exception of those reserved by law or by the Articles of Association for the Shareholders' Meeting), and a Board of Statutory Auditors.

The self-assessment process

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-assessment.

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

For additional information, see the Report on corporate governance and ownership structures pursuant to art.123-bis Consolidated Law on Finance (TUF), published on the company website of the Bank (<https://istituzionale.bper.it/governance/documenti>)

Chief Executive Officer and General Manager

The Board of Directors appoints a Chief Executive Officer from among its members who is responsible, among other things, for the powers established in the Articles of Association. In particular, pursuant to Article 29 of the Articles of Association, the Chief Executive Officer (i) supervises the company's management, in accordance with the general planning and strategic guidelines established by the Board of Directors, (ii) makes sure that the resolutions of the Board of Directors and the Executive Committee (where established) are implemented, (iii) and ensures that the organisational, administrative and accounting structure and internal control system are appropriate for the size and nature of the company and suitable to provide a true and fair view of management performance.

The General Manager exercises the powers provided for by the Articles of Association; in particular (i) is the head of the operational and personnel structure, (ii) manages day-to-day business, (iii) carries out all the operations and acts of ordinary administration not reserved for the competence of the Board of Directors and not delegated by the latter to the Executive Committee (if established), to the Chief Executive Officer or to other members of General Management, (iv) and takes care of the operational coordination of the companies belonging to the Group.

In BPER, the role of General Manager is attributed to the Chief Executive Officer.

⁵ In this regard, reference should be made to the "Group Map as at 31 December 2021" shown in Chapter 1 for information on the companies which, although not belonging to the banking Group, are nevertheless subject to management and coordination by the Bank.

⁶ Excluding companies without an Organisation and Management Model pursuant to Italian Legislative Decree 231/2001.

Executive Committee and other Board committees

Pursuant to the Articles of Association, the Board of Directors may appoint an Executive Committee, which is vested with the management of the company and is assigned all the powers that are not reserved by current legislation or by the Articles of Association to the exclusive collegial competence of the Board of Directors, with the exception of those delegated to the Chief Executive Officer or members of the general management.

Following the appointment of the current Board, it has not made use of this option to date.

Again in accordance with the Articles of Association, the Board also establishes from among its members specialised committees on the matters and with the functions laid down by current legislation and the Provisions of the Bank of Italy and other Supervisory Authorities, determining their composition, powers and operating procedures, as well as other committees deemed useful.

At the date of approval of this report, BPER has five Internal Board Committees: the Appointments and Corporate Governance Committee, the Remuneration Committee, the Related Parties Committee, the Control and Risks Committee and the Sustainability Committee (the latter committee is in addition to the Management Sustainability Committee).

In particular, it should be noted that the Sustainability Committee performs support functions for the activities of the Board of Directors in the field of sustainability, with an impact on all the processes, branches and corporate controls through which the Bank guarantees the pursuit of sustainable development, with particular reference to environmental, social and governance issues, in compliance with Article 1, Principle I, of Borsa Italiana's Corporate Governance Code and the principles drawn up by the competent international bodies.



Composition of the Board of Directors and other Board Committees as at 31.12.2021

Position	Members (surname name)	In office from ⁷	Executives	Presence in committees (C=Chairman) (M=member)	Indep. by TUF	Indep. by TUB	In-dep. by CG	Gender	Age
Chairman ⁸	Flavia Mazzarella	21/04/2021		- Sustainability Committee (C)	x	x	x	F	63
Chief Executive Officer ⁹	Piero Luigi Montani	21/04/2021	x					M	67
Deputy Chairman ¹⁰	Riccardo Barbieri	21/04/2021		- Sustainability Committee (M)	x			M	57
Director	Elena Beccalli	21/04/2021		- Related Parties Committee (C) - Control and Risks Committee (M)	x	x	x	F	48
Director	Silvia Elisabetta Candini	21/04/2021		- Appointments and Corporate Governance Committee (C)	x	x	x	F	51
Director	Maria Elena Cappello	21/04/2021		- Remuneration Committee (C)	x	x	x	F	53
Director	Cristiano Cincotti	21/04/2021		- Appointments and Corporate Governance Committee (M)	x	x	x	M	46
Director	Gianfranco Farre	21/04/2021		- Control and Risks Committee (M)	x	x	x	M	63
Director	Alessandro Robin Foti	21/04/2021		- Control and Risks Committee (M)	x	x	x	M	58
Director	Roberto Giay	21/04/2021		- Remuneration Committee (M)	x			M	56
Director	Gianni Franco Papa	21/04/2021		- Control and Risks Committee (C) - Related Parties Committee (M)	x	x	x	M	65
Director	Marisa Pappalardo	21/04/2021		- Related Parties Committee (M)	x	x	x	F	61
Director	Monica Pilloni	21/04/2021		- Control and Risks Committee (M)	x	x	x	F	58
Director	Gian Luca Santi	21/04/2021		- Appointments and Corporate Governance Committee (M)	x			M	57
Director ¹¹	Elisa Valeriani	23/06/2021		- Remuneration Committee (M) - Sustainability Committee (M)	x	x	x	F	49

For further information on the structure, composition 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 jointly with the Financial Statements and the consolidated Sustainability Report, at the same time, on the site - Institutional > Governance > Documents

⁷ The term of office is envisaged until the approval of the 2023 Annual Report.

⁸ On 21 April 2021, the Board of Directors appointed Flavia Mazzarella as Chairman.

⁹ On 21 April 2021, the Board of Directors appointed Piero Luigi Montani as Chief Executive Officer. Subsequently, on 4 August 2021, Piero Luigi Montani was also appointed General Manager.

¹⁰ On 23 April 2021, the Board of Directors appointed Riccardo Barbieri as Deputy Chairman.

¹¹ On 23 June 2021, the Shareholders' Meeting appointed Elisa Valeriani as Director to replace Alessandra Ruzzu, who was previously appointed by the Meeting on 21 April 2021 and resigned from office on 20 May 2021.

Diversity within the corporate bodies

As far as gender diversity is concerned, the company's Articles of Association provide that, within the Board of Directors, the presence of a number of Directors belonging to the least represented gender must be ensured at least equal to that provided for by current legislation. In this respect, it should be noted that Article 147-ter, paragraph 1-ter, of the Consolidated Law on Finance (TUF) provides that at least 2/5 of the members of the Board of Directors must belong to the least represented gender, rounded up to the next higher number (in case of fractional number).

Compliance with this criteria is ensured by statutory provisions governing the composition of the lists of candidates and the election of officers, inclusive of the application of a sliding mechanism.

In addition to the above, the composition of BPER's Board of Directors is in line with the provisions of Italian Ministerial Decree no. 169 of 2020 and with the current EBA-ESMA Guidelines (EBA/GL/2021/02, par. 102) on the subject of the diversity of management bodies, being sufficiently diversified, not only in terms of independence and gender, but also in terms of age, role, geographical origin (within Italy), educational and professional background and skills.

That said, the composition of the Board of Directors is in line with the current regulatory and self-regulatory provisions, as well as with the guidelines issued by national and European authorities.

The Bank has also adopted a document containing the "General guidelines for the composition, appointment and remuneration of the members of the corporate bodies of the subsidiaries of BPER Banca S.p.A.", most recently updated in January 2022. It contains provisions aimed at ensuring adequate diversification in the aforesaid corporate bodies, also in terms of gender balance, establishing that at least 20% of the members must belong to the least represented gender (rounded off according to the arithmetic criterion).

During 2021, a great deal of attention was paid to the training and professional development of the members of the Board of Directors and of the Executive Committee; among other things, the following training sessions on ESG issues were held:

- "Risk assessment reported by the ECB on environmental issues", which was attended by 11 members (seven from the Board and four from the Executive Committee), four men and seven women;
- "The organisation model pursuant to Italian Legislative Decree 231/2001 in its recent legislative and jurisprudential evolution", which was attended by 11 members, seven men and six women.

Composition of the Board of Directors

	2020		2021	
	n	%	n	%
Men	8	53	8	53
Women	7	47	7	47
High school diploma	-	-	2	13
University degree	15	100	13	87
< 30 years	-	-	-	-
30-50 years	1	7	3	20
> 50 years	14	93	12	80

Management of conflicts of interest

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

1. Group Policy for governing 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 Regulation on the process of managing conflicts of interest by company officers
3. Group Policy for governing compliance risk in terms of conflict of interest in the provision of investment and ancillary services
4. Governance Code of the BPER Group, which describes the rules of conduct and confidentiality obligations required of corporate officers, employees and collaborators of Group companies, as well as the policy for managing Personal Transactions carried out by relevant persons of the banks and Group companies involved in the provision of investment services and activities
5. Group Regulation on the management process of Internal Dealing (published on the company website).

In addition, the Bank has a Related Parties Committee which operates in accordance with the laws, regulations and other legislation in force concerning related parties and connected persons.

For more detailed information on intercompany transactions and transactions with related parties during the financial year 2021, please refer to the relevant section of the Annual Report.

With regard to the shareholding structure as at 31 December 2021, information can be found in the Annual Report, in the relevant section of the Group's institutional website (www.bper.it - Institutional>investor-relations>shareholding) and in the Report on Corporate Governance and Ownership Structure (www.bper.it - Institutional>Governance>Documents). At that date, no shareholder had control over the company.

ESG issue governance

Governance on ESG issues was strongly reinforced in 2021.

Firstly on 14 October 2021, the Board of Directors established an internal Sustainability Committee to support the Board's activities in the field of sustainability, and therefore to combat climate change (CC), with an impact on all the processes, structures and corporate controls through which the Bank guarantees, in compliance with Principle I of the Corporate Governance Code and the principles drawn up by the competent international Bodies, the pursuit of sustainable development, with particular reference to environmental, social and governance issues.

As at today's date, the Sustainability Committee consists of the Chairman of BPER Banca, Flavia Mazzarella, who acts as Chairman of the Committee, and the directors Riccardo Barbieri (non-executive director) and Elisa Valeriani (non-executive and independent director).

The aforesaid Internal Board Committee is in addition to a further and different Sustainability Committee of a managerial nature, established by the previous Board of Directors in the last months of 2020 (the "Managerial Committee"), composed as follows: the Chief Executive Officer; the Executive responsible for financial reporting; all the Chiefs of the Parent Company; the Head of the ESG Strategy Office, who is also its secretary, and the Head of the Corporate Governance and Corporate Consulting Office.

Thus, to date, the evolution of BPER Banca's governance in terms of ESG concerns the Group's entire corporate organisation, starting from the body with strategic supervisory functions, which relies on the support of the Sustainability Committee set up within it, and continuing with the Management Committee and the ESG Strategy Office which reports directly to the Board of Directors and transversally supports all the bank's functions in the management of ESG issues.

The "Sustainability Policy" is being revised to internalise the above organisational changes.

Similarly, the Regulations of the Management Sustainability Committee will be revised to ensure the full coordination between the activities of the latter, which are more operational and managerial in nature, aimed at a more effective and proactive involvement of Top Management and senior executives in the pursuit of sustainable success, and the activities of the Sustainability Committee set up within the Board of Directors, with a "higher" role of strategic guidance and supervision.

The distribution of ESG roles and responsibilities based on the current governance structure is shown below:

Company Body / O.U.	Description of Roles and Responsibilities
Board of Directors	<ul style="list-style-type: none"> • defines the Group's guidelines and strategies with regard to sustainability issues and management to fight climate change (CC) • approves the Non-Financial Consolidated Statement (or Sustainability Report) • approves the Business Plan • approves the Sustainability Plan.
Internal Board Sustainability Committee	<p>The Committee performs support functions for the activities of the Board of Directors in the field of sustainability, with an impact on all the processes, branches and corporate controls through which the Bank guarantees the pursuit of sustainable development, with particular reference to environmental, social and governance issues, in compliance with Article 1, Principle I, of Borsa Italiana's Corporate Governance Code and the principles drawn up by the competent international bodies. In particular, the Committee:</p> <ul style="list-style-type: none"> • examines and assesses, at least once a year, the contents of the Group's sustainability policy as well as its ability to guarantee the achievement of sustainable development objectives through constant dialogue with all stakeholders • examines and assesses the other policies, final reports and reports - especially the Consolidated Non-Financial Statement - prepared by the corporate functions responsible for controlling and overseeing sustainability issues, in particular the Managerial Sustainability Committee and the ESG Strategy Office, as well as any reports from the Chief Executive Officer concerning problems and critical issues that have emerged in the performance of his activities or of which he has become aware • assesses the Bank's positioning within sustainability metrics, indices and market benchmarks • monitors relevant initiatives (forums, associations, study and analysis events) organised at international and domestic level in order to promote and strengthen awareness of sustainability issues, also assessing, on the basis of their relevance and effectiveness, the degree of involvement of the Bank in achieving sustainable development objectives • monitors initiatives and programmes aimed at disseminating, throughout the Bank's organisational structure, the culture of sustainability and the awareness, on the part of its resources, of the need to pursue sustainable development • assesses technological, environmental, social, economic, political and geopolitical scenarios and macro-trends that are likely to have a significant impact on society as a whole in the long term and, in turn, on the Bank's corporate purpose and the way it relates to society • promotes and/or supports initiatives aimed at analysing the scenarios mentioned in the previous point. <p>In order to carry out its functions, the Committee (i) cooperates with the other Internal Board Committees; (ii) is assisted by the competent corporate functions; (iii) has the right of access, through its Chairman, to the necessary corporate information; (iv) has adequate resources at its disposal according to the decisions of the Board of Directors; (v) may avail itself of the collaboration of experts, including external ones.</p> <p>The Committee reports at least every six months to the Board of Directors on the overall activities carried out. Furthermore, the Chairman informs the Board of the activities carried out at the first useful meeting.</p>

Chairperson of the Board of Directors	<ul style="list-style-type: none"> • chairs the BoD and the Internal Board Sustainability Committee • as Chairman of the Internal Board Sustainability Committee, the Chairman ensures that the latter meets whenever necessary or even only appropriate, in order to exercise its functions, in support of the activities of the Board of Directors; to this end, the Chairman ensures that supporting documentation is sent to the Committee members in advance. In addition, as part of her duties, the Committee Chairman contacts company functions directly (first with the ESG Strategy Office) to receive the necessary information to be submitted to the Committee • in her capacity as Chairman of the Board of Directors, to which the ESG Strategy Office reports directly, she interfaces with the latter for the related obligations and information flows.
Chief Executive Officer	<ul style="list-style-type: none"> • within the scope of his delegated powers, he implements the strategic guidelines and the Sustainability Plan approved by the Board of Directors and oversees the operational activities relating to sustainability/CC and the actions to be implemented and monitored, drawing on the support of the ESG Strategy Office and the Sustainability Management Committee, which he chairs.
Managerial Sustainability Committee	<ul style="list-style-type: none"> • coordinates the company and Group functions with regard to sustainability/CC matters and the risks connected thereto • supports the Chief Executive Officer in managing 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.
ESG Strategy Office	<ul style="list-style-type: none"> • prepares the Sustainability Report, defining the relevant issues and sustainability indicators to be represented • contributes to drafting the Business Plan with regard to projects impacting ESG and CC issues • prepares the Sustainability Plan • supports the Internal Board Sustainability Committee in promoting and managing the strategy on sustainability issues • supports the Managerial Sustainability Committee in the operational management of sustainability/CC topics in accordance with the provisions of the Business Plan and the Sustainability Plan • assesses ESG impacts resulting from Group initiatives and supports the divisions of the bank and the Group to help in their implementation • manages the ESG ratings of the Parent Company in cooperation with the Investor Relator • promotes external and internal communication on issues relating to ESG matters, encouraging the spread of a sustainability culture among colleagues, customers and all the stakeholders of the Bank as much as possible • supports the Chairman in the management of all strategic issues on sustainability/CC matters • supports the Chief Executive Officer in managing all operational matters on sustainability/CC issues • manages Energy management and Mobility management activities.

The ESG Strategy Office also carries out the following activities:

- management of relations with the ECB on issues relating to climate and environmental risks
- 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
- cross-departmental collaboration with all Bank Departments on ESG 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 activity of preparing the Consolidated Non-Financial Statement has been governed by internal Regulations since 2019. In early 2022, the Regulations were updated and the related Operating Instructions were drafted.

The attention paid to the management of sustainability/CC issues is confirmed by the appointment of an Energy Manager and a Mobility Manager, both of whom work in the ESG Strategy Office.

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

1.5.1 Internal Control System

To ensure achievement of the strategic and operational objectives, the BPER Banca Group has defined its own 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 organisational system
- effectiveness and efficiency in risk management.

In line with the Supervisory instructions, the following levels of control have been identified within the "Group Internal Control System":

- Third-level controls:
 - Internal Audit function
- Second-level controls "Risk and compliance controls":
 - Anti-Money Laundering
 - Compliance
 - Risk management
 - Ratification

- First-level controls:
 - o Line controls placed in the Group's processes and organisational units

In addition to the provisions of the Supervisory Regulations, the "Group Internal Control System" assigns control tasks to further functions - or committees within the Administrative Body - such as:

- the Supervisory Board, where established pursuant to Italian Legislative Decree 231/2001
- the Executive responsible for financial reporting
- the Control and Risks Committee, an Internal 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 "Group Internal Control System" envisages centralisation within the Parent Company of the second and third-level control functions of the Italian companies; however, as required by the regulations, the latter still remain responsible for their performance.

On the basis of the provisions of Italian Law 262/2005, the Group has established the figure of the Executive responsible for financial reporting who, in order to carry out his duties, makes use of the Financial Disclosure Monitoring Function. The Responsible Executive and the Financial Disclosure Monitoring Function are therefore part of the Group's Internal Control System.

Lastly, the Financial Disclosure Monitoring Function manages the risk of unintentional errors and fraud in financial reporting, which includes the set of rules, procedures and resources aimed at identifying, measuring or assessing, monitoring, mitigating and communicating this type of risk at appropriate levels; in the ESG sphere, the management also includes verifying both a selection of information that may have an impact on economic and financial reporting and the process of preparing this information in the Sustainability Report.

The purpose of the Internal Audit Function is to provide independent and objective assurance and advisory services aimed at ensuring the completeness, adequacy, functionality and reliability of the Bank's Control System. This Function 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 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 line with these principles, the Internal Audit Function conducted the Quality Assurance and Improvement Program (QAIP) process for the year 2021, which confirmed the "Generally compliant" assessment.

1.5.2 Risk management

The BPER Banca Group identifies the Risk Appetite Framework (RAF) as the strategic guidance tool to guide the synergistic governance of strategic, control and risk management control activities, constituting a reference framework for monitoring 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 Chief Executive Officer 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 organisation 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 Risk Appetite Framework by setting the management limits that govern the operations of the business 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 takes on the relevance of a management tool and is an enabler 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 quick and effective system of monitoring and reporting the risk profile taken on.

In the ESG area, and in particular as regards climate-related and environmental risks, in January 2021 the European Central Bank sent a first questionnaire to banks on their positioning with respect to the ECB Guide on climate-related and environmental risk, and a second questionnaire aimed at identifying the initiatives to be activated to fill any shortcomings that emerged.

The Group actively organised cross-cutting working groups with the aim of identifying action lines in the ESG area to strengthen strategy, business, risk governance and regulatory compliance.

With this in mind, an activity/intervention plan was defined and approved by the Parent Company's Board of Directors and sent to the European Central Bank.

All this confirms the strategic importance that the BPER Banca Group attaches to sustainability issues, the management of which translates into consistent and concrete commitments both at governance level and in the daily activities of all corporate functions.

In particular, the following are highlighted for the Risk Management Function in 2021:

- the updating of the "Group Policy for the Governance of Credit Risk", with the introduction of new quantitative indicators aimed at monitoring exposure to physical and transitional risk
- further integration of climate and environmental risks into the capital adequacy assessment process
- the inclusion of climate-related and environmental risk factors in the scenario analyses carried out as part of the preparation of the Recovery Plan.

For the 2022 financial year, it is planned to proceed with the additional activities defined in the adjustment plan, as well as 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 in virtue of the evolution in internal governance in terms of ESG issues (e.g., establishment of the Internal Board Sustainability Committee), support will continue 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. In this sense, participation in the Regulatory Stress Test on climate and environmental risks scheduled for the first half of 2022 will be an important opportunity to further strengthen climate-environment governance practices.

Identification of risks

The BPER Banca 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 continuity with what has been started, refinements continued in 2021 within the Group Risk Map updating process, including the identification and analysis of environmental, social and governance (ESG) risk, managing the relative components as subcategories of the main risk categories already identified (e.g., integration of the climate/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.

The management of reputational risk related to ESG issues takes the form of monitoring various scenarios including:

- critical issues arising from disclosure activities
- monitoring ESG ratings
- criticalities in the management of controversial sectors.

Full compliance with the international standards to which the Bank has adhered (PRB, TCFD, Global Compact) is also monitored.

Most significant transactions

In accordance with the requirements of the Supervisory Authority, through its Risk Management function, the BPER Group 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, which based on whether or not they exceed specific quantitative thresholds require prior assessment of consistency with the RAF.

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 2021 materiality analysis.

1.6.1 Code of Ethics

The Code of Ethics was last updated on 21 December 2021. Its contents were implemented and enriched, allowing the document to provide increasingly complete and effective control, in keeping with the company's approach.

The Parent Company and the other companies in the BPER Group that have adopted a Code of Ethics intend 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 aforesaid Code complies with the principles indicated in the "Guidelines of the Italian Banking Association (ABI) for the adoption of Organisational Models for the administrative responsibility of banks", adopted in February 2004, and subsequent updates.

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

The Code of Ethics states that BPER is inspired by the principles of sustainability indicated by international organisations and institutions such as the European Union, the Organisation for Economic Co-operation and Development and the United Nations; it is also committed to promoting and respecting universally recognised human rights, as set out in the Universal Declaration of Human Rights.

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 agents, 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 company intranet, with a view to making the Code accessible to all of its recipients.

A copy of the Code of Ethics, together with the address of the page on which the document may be viewed on the company intranet, is given to each board director, statutory auditor, 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 for employees also contains initiatives aimed at promoting awareness of the values and rules of conduct referred to therein.

1.6.2 Organisation and Management Model

Italian Legislative Decree no. 231 of 8 June 2001 aimed to bring Italian legislation in line with international conventions, introducing a system of administrative liability for legal persons into Italian law - essentially comparable to criminal liability - under which the body is liable for offences committed in its interest or for its advantage by a senior or subordinate person.

As at 31 December 2021, the following companies of the BPER Banca Group had their own Organisation and Management Model pursuant to Italian Legislative Decree 231/01: BPER Banca, Banco di Sardegna, Bibanca, Nadia, Sardaleasing, Emilia Romagna Factor, BPER Credit Management, Finitalia, Optima and Arca Fondi SGR.

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 commission of the offences referred to in Italian Legislative Decree 231/01
- to fully implement the values stated in the respective Code of Ethics.

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

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

The following parties must comply with the Model and the provisions contained in or referred to by the same, limited to their specific scope and the relations entertained with the 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 agents, financial advisors, placement students, workers on a temporary contract or project, temporary workers).

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

To constantly supervise the appropriateness and effectiveness of the Model and its compliance, as well as propose its amendment and update, 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 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 operates based on its own articles of association, which are an integral part of the OMM.

In order to involve employees in the constant updating of the Organisation and Management Model and collect any proposals for changes and implementation of the contents thereof, BPER Banca and the main Group companies have developed an internal IT procedure through which the business units are called upon to collaborate in a proactive manner and report any organisational changes involving them, as well as any new, potentially sensitive areas pursuant to Italian Legislative Decree 231/01 and any amendments and supplements to be made to relevant prevention protocols. This interrelation achieves highly satisfactory results and sees the active involvement - with reference to BPER Banca - of more than 90% 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 OMM or Code of Ethics or, more in general, the provisions of 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 includes 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 2021, 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 organisational structures are subject to checks related to the implementation of Model 231/2001, while the Supervisory Board reports to the Corporate Bodies on its adoption and effective implementation, on the supervision of its functioning and on its update.

Moreover, the Group has adopted a "Group Policy on governing compliance risk with anti-corruption legislation", which identifies principles and rules for identifying and preventing potential corruption, while safeguarding the Group's integrity and reputation. The policy was recently updated 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 Service and Investment Services 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.

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

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

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

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

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.

With regard to dealings with the Institutions, the BPER Banca Group governs the channels of communication with Public Administration at all levels; in this respect, it identified the relevant specific authorised company functions which may 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 and the 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.

The audits carried out in 2021 on some of the Bank's processes were aimed at monitoring the effective application of the provisions on corruption risk management.

1.6.4 Unfair competition

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

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

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

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

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

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

1.6.5 Human Rights

In updating the Materiality Analysis carried out during 2021, the BPER Banca Group considered the indications of the new GRI Standards (although not yet binding) according to the revision of 5 October 2021 with which the Global Reporting Initiative (GRI) revised the GRI Universal Standards, specifying that material topics are "those topics that represent the organisation's most significant impacts on the economy, the environment and people, including impacts on human rights".

The outcome of the Materiality Analysis updating process did not however lead to the assessment of the human rights issue as a significant topic in itself, considering it as a "cross-cutting" element to the identified themes, first of all those related to personnel management and to the supply chain. Moreover, the analysis carried out confirmed that the operational and regulatory context of the BPER Group 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.

It should be noted that the BPER Group carried out an internal due diligence on the issue of human rights in 2018, 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 to which the Group has adhered since 2017.

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

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

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

With regard to employees, a fundamental aspect was the guarantee of freedom of trade union association, for which reference is made to Chapter 6, section 6.8 Labour relations.

The Sustainability Policy of the BPER Group was drafted in 2020. It 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.

The BPER Banca Group also intends to proceed with an update of its internal due diligence during 2022 in order to include any additional safeguards that need to be put in place, so as to make its management policies fully consistent with the expectations of stakeholders and with future regulatory obligations in this area.

1.6.6 Anti-money laundering

Pursuant to the relevant legislation in force (art. 3, paragraph 2, of Italian Legislative Decree 231/2007), the Group's Legal Entities currently subject to anti-money laundering regulations are: the three banks under Italian law (BPER Banca, the two subsidiaries Banco di Sardegna and Bibanca) and the six non-banking companies under Italian law (Arca SGR, BPER Trust Company, Emilia-Romagna Factor, Finitalia, Optima SIM, and Sardaleasing). The Bank incorporated under Luxembourg law (BPER Bank Luxembourg), although not a recipient of Italian regulations, is nevertheless affected by the application of the provisions in force, as it is subject to the action aimed at standardising the system of controls, coordination and management by the Parent Company.

The Anti-Money Laundering Function (second-level control function) is entrusted by all entities directly subject to Italian legislation to a structure operating within the Parent Company; the Head of the structure - identified as Chief AML Officer (CAMLO) - is entrusted with the role of Company Delegate for reporting suspicious transactions (SOS) and of Group Delegate. An exception to the centralised model - without prejudice to the powers/duties of management, control and coordination of the Parent Company - is the presence of an independent AML/CFT risk control function at the subsidiary Arca SGR, in light of the specific nature of the business carried out (management of mutual funds; management of pension funds, portfolio management, investment advice and management of alternative investment funds).

Following the implementation of extraordinary transactions to strengthen the commercial network, consisting of the acquisition of branches from UBI Banca S.p.A. and Intesa Sanpaolo S.p.A. in 2021, the Function was increased to the current 58 resources.

The anti-money laundering and anti-terrorist financing monitoring and compliance activities are based on the following activities:

- constant updating of the internal regulatory framework
- evaluations of the suitability of the procedures adopted and the proper performance of the tasks envisaged under the system of controls
- support for the development and implementation of appropriate IT procedures for risk management
- storage of data and information relating to the customer due diligence process, relationships and transactions
- 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 lastly internally developed software dedicated to the remote control of cash flows carried out by clientele. The risk of money laundering and terrorist financing is also monitored by checking, in real time, the names of persons recorded in the bank's databases or involved in payment/transfer transactions in order to exclude their inclusion in the so-called “black lists”; further checks are carried out in real time to detect any political exposure of customers.

Lastly, with regard to the disciplinary proceedings that became final during the three-year period 2019-2021, two sanctions¹² should be mentioned which refer 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.

The following anti-money laundering training courses were provided in 2021.

Training hours

Type of training	Training hours
Webinars	9,225
Asynchronous	26,910
Video snippets	13,385
Total	49,520

The data in the table refer to BPER Banca, Banco di Sardegna and Bibanca.

¹² The figure refers to sanctions imposed against and paid by the Bank for a significant amount, namely over Euro 10,000.

1.7 Relations with suppliers

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

The risks relative to the supply chain are carefully governed through preliminary analysis and document requests that enable each supplier to be assessed as extensively as possible. The reputational risks in this area are mapped together with the designated office and monitored periodically.

The overall level of expected risk is currently classified as “low”. The main product categories supplied are indicated below:

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

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

Geographical distribution of purchases

Geographical area	2020		2021	
	Expenditure (€)	Expenditure (%)	Expenditure (€)	Expenditure (%)
Italy - North	623,476,268	73	931,698,032	75
Italy - Centre	90,363,543	11	145,466,356	12
Italy - South and Islands	103,774,357	12	137,659,479	11
Outside Italy	37,971,731	4	32,552,884	2
Total	855,585,899	100	1,247,376,752	100

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.

In 2021, spending on local suppliers¹³ accounted for 98% of total purchases by companies of the BPER Group figure, an increase compared to that of 2020.

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.

¹³ “Local suppliers” are those with registered office in the country in which each individual company operates.

Relationship longevity (data as at 31/12/2021)

Supply relationship longevity	No.	%
2 years or less	2,486	32
Between 3 and 5 years	1,660	21
More than 5 years	3,635	47
Total	7,781	100

Of the 7,781 suppliers as at 31 December 2021, 47% have a relationship longevity of more than five years, a sign of having built solid, long-lasting relationships.

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 was concluded in December 2021 and included 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 were created with the aim of ensuring a fair assessment for companies that voluntarily adopt, even partially, good ESG management practices.

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 behaviours:

- 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 was 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 was 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 occupational safety and on the protection of personal data).

The final Result is a report containing surveys carried out in seven thematic areas: general, environment, labour, 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 (ESGo; ESG+; ESG++; ESG+++). As previously indicated, the BPER Group's supplier assessment activity began in 2018 and in the two-year period 2020/21 underwent some changes to improve the project's approach.

In particular, in February 2020, the BPER Group and the ABC Consortium considered it useful to modify the questionnaire to be submitted to suppliers, in order to simplify its compilation and evaluation, inserting ISO 27001 certification as part of the 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 previous years. To date, out of more than 254 companies involved, 184 have responded to the questionnaire and obtained a rating; of these, 161 have responded to the new

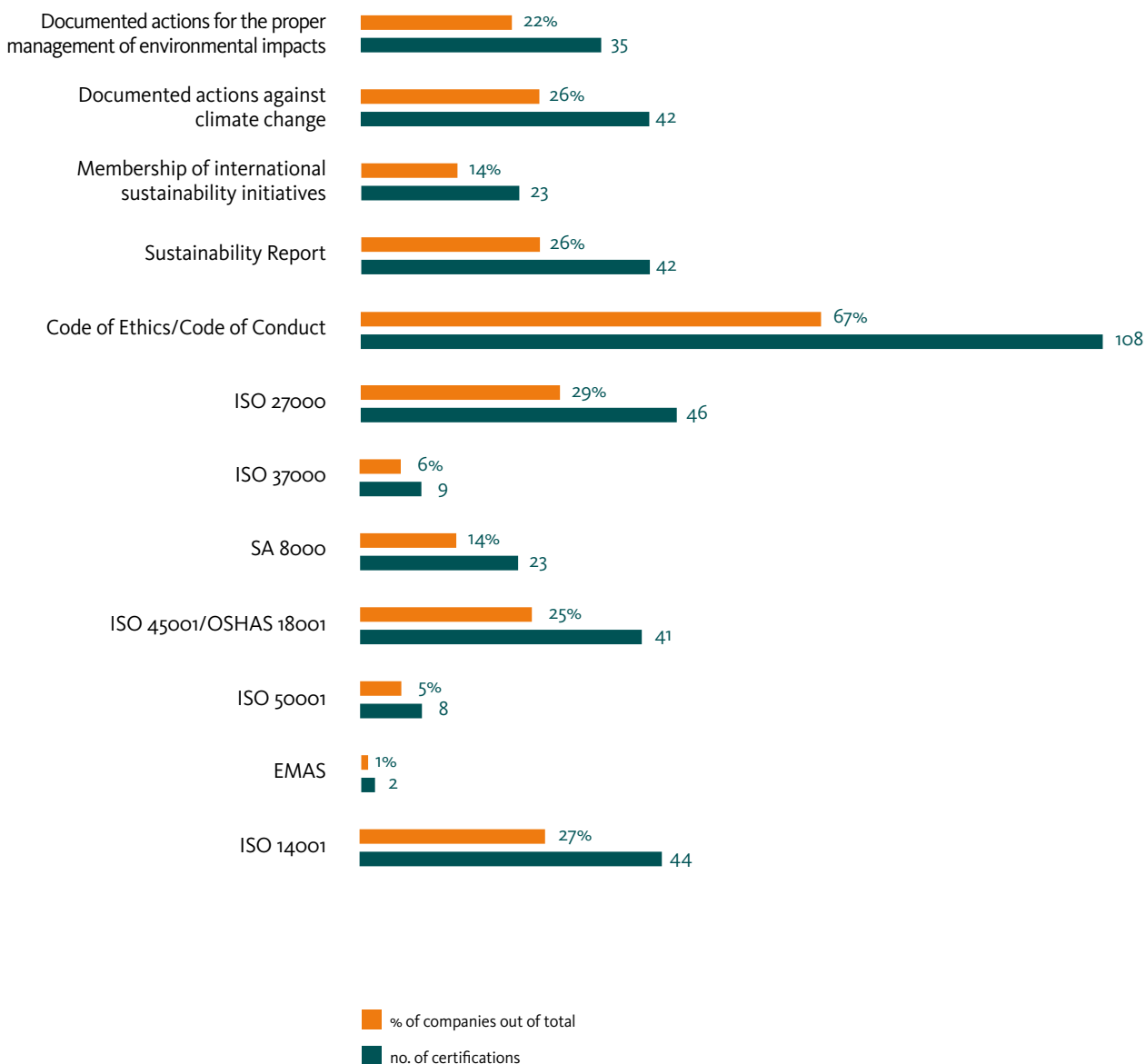
questionnaire (66 large, 54 medium, 34 small and 7 micro enterprises) and 101 have obtained a positive rating: 31 the basic ESG+ rating, 48 the medium ESG++ rating, 22 the high ESG++ rating.

The most interesting results from the 161 companies that responded to the new questionnaire are shown below.

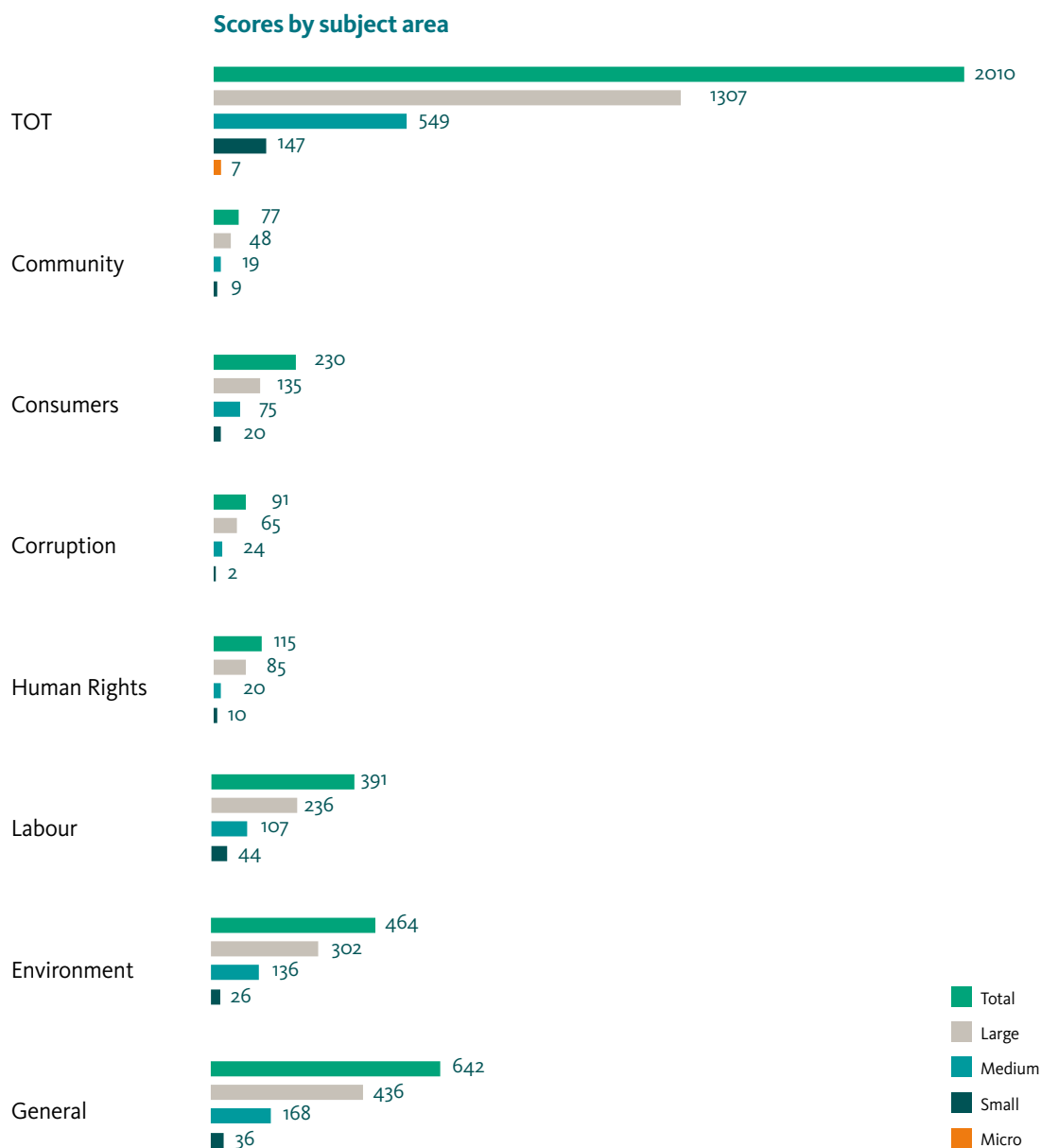
Specifically, process certifications and the presence of documentation attesting to the correct management of environmental and climate change issues were tracked.

The analysis considers the 2020-2021 sample of 161 companies, as the results are comparable for them. See the details below.

Supporting documentation and Certifications



Other interesting information is the thematic areas on which the Group's supply chain companies have provided documented information, as shown in the graph.



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.

The BPER Group intends to continue the project by expanding the number of suppliers involved.



2. Group stakeholders and materiality analysis

2.1 Stakeholders

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

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

The figure below illustrates the map of stakeholders of the BPER Group.



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

From 2022 onwards, the materiality analysis originally conducted every two years will be conducted annually. This decision is the result of the Group's awareness of the various evolutions taking place with reference to the concept of "materiality", and in particular it expresses BPER's intention to consider the following:

- the proposal for a Corporate Sustainability Reporting Directive (CSRD) of 21 April 2021, which explicitly states the need for companies to include "information necessary for understanding the company's impact on sustainability issues, as well as information necessary for understanding how sustainability issues affect the company's performance, results and position in the Directors' Report" (so-called "dual materiality")
- the revision of 5 October 2021 by which the Global Reporting Initiative (GRI) revised the GRI Universal Standards, specifying that material topics are "those topics that represent the organisation's most significant impacts on the economy, environment and people, including impacts on human rights".

The Group therefore updated its Materiality Analysis in 2021 in order to incorporate changes both within the organisation and in the external context. At the same time, the activity provided an opportunity to evolve the approach of the Analysis, taking into account the aforementioned ongoing developments on the subject of materiality, and strengthening the ability to measure the impacts associated with the Group's activities, which is useful for identifying priority sustainability issues that also support the drafting of the BPER Group's 2022-24 Business Plan.

The process of identifying the Group's material topics was developed starting with a context analysis.

In particular, the external context analysis was carried out by assessing emerging megatrends, regulatory developments and a benchmark using the Non-Financial Statements of the main Italian and European banks.

At the same time, the main elements of change within the Group's organisation and governance were considered. Moreover, with reference to the benchmark of the main market players, BPER verified the main ESG performances in order to identify the main areas of improvement on which to prospectively work. Finally, the internal analysis phase was completed by a discussion with the Risk Management Function aimed at understanding the main risk factors and safeguards related to ESG issues.

The detailed and integrated list of topics was submitted for stakeholder assessment through an online survey sent to:

- a sample of 3,000 customers (34% redemption rate)
- a sample of 1,000 employees (27% redemption rate)
- a sample of 650 external stakeholders (20% redemption rate) including representatives of public bodies, trade associations, third sector organisations, suppliers, universities and research centres.

In addition, the Group's Investor Relations Function was involved in order to carry out "mediated listening" to the financial community.

At the same time, a structured Top Management engagement process was carried out based on two activities:

- an online survey through which each Director was asked to define the level of impact related to the proposed topics, both with reference to the company's impact on sustainability issues (impacts generated) and to sustainability issues that affect the company's performance (impacts suffered)
- an in-person workshop during which the results of the stakeholder engagement activities and the summary of the evaluations expressed by Management through the survey were presented and discussed, and the degree of materiality of the resulting issues was collectively verified.

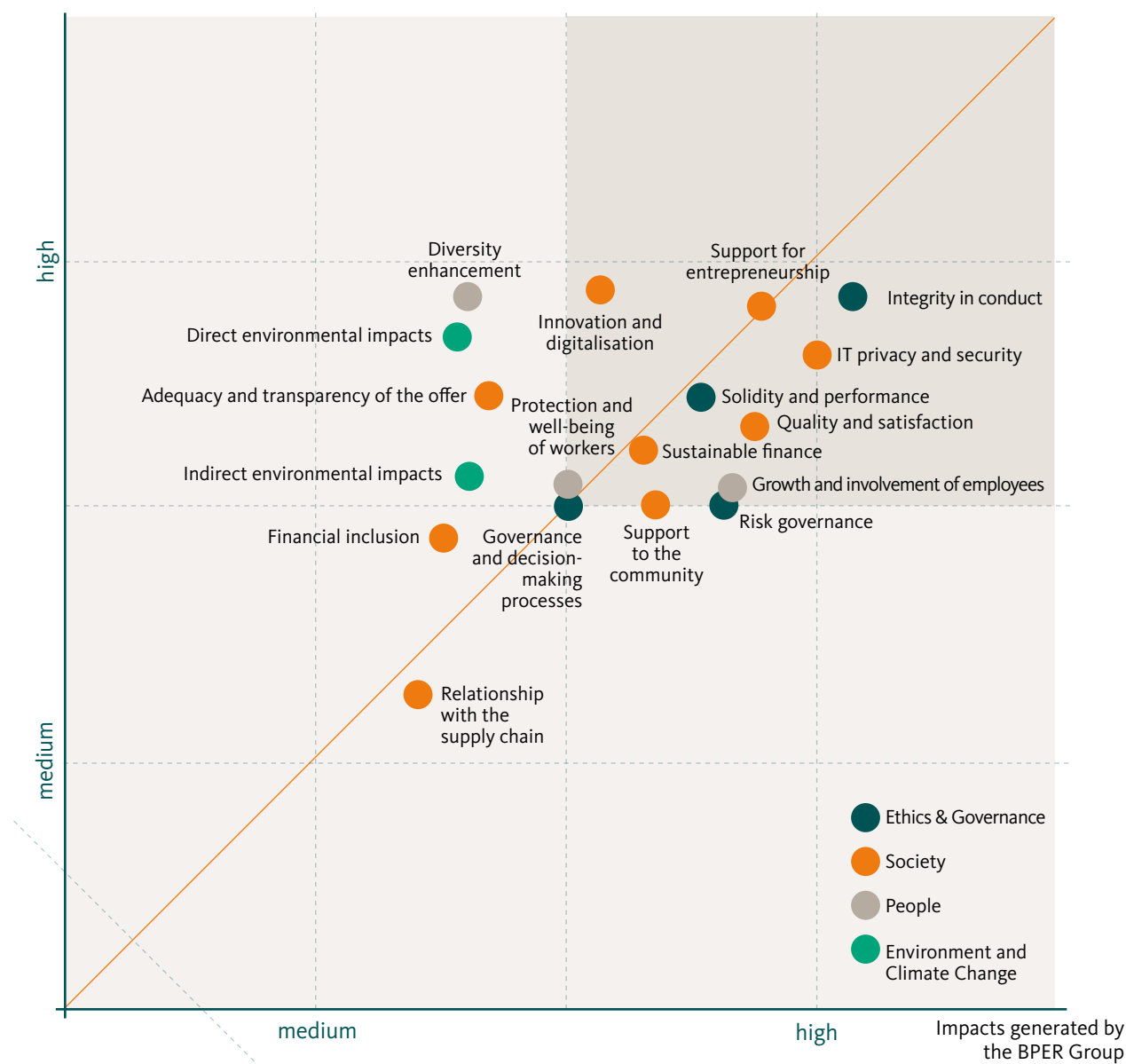
This document focuses on the topics identified as “material” and reported within the Group’s materiality matrix, highlighting the critical aspects and expectations that emerged during the course of the engagement initiatives.

The results of this structured review process of the Materiality Analysis led to the revision of the Matrix as shown below, which provides a comprehensive view of the priorities of all stakeholders and a representation of the Group’s contribution to sustainable development, through the impacts generated.

As presented below, the materiality analysis was validated by the Internal Board Sustainability Committee and the Control and Risks Committee on 16 December 2021 and approved by the Board of Directors on 21 December 2021.

Materiality matrix

Relevance for stakeholders



The 2021 Materiality Matrix resulted in the following considerations:

- the importance of Integrity in conduct and sound financial position as a cornerstone of the Group's behaviour to secure its relationship with its stakeholders was confirmed
- stakeholder engagement initiatives confirm the importance given to the thematic area underlying the qualification of the business from an ESG perspective, with particular reference to sustainable finance
- the issue of privacy and IT security is growing in importance, also in light of the changes in approach by the Group and its stakeholders generated by the pandemic period.

Material topic	GRI aspect	Scope of impact	Involvement of the BPER Group
Integrity in conduct	- GRI 205: Anti-corruption (2016) - GRI 206: Anti-competitive behavior (2016) - GRI 207: Tax (2019) - GRI 307: Environmental compliance (2016) - GRI 415: Public policy (2016) - GRI 417: Marketing and labeling (2016) - GRI 419: Socioeconomic compliance (2016)	BPER Group	Caused by the BPER Group
Solidity and performance	- GRI 201: Economic performance (2016)	BPER Group	Caused by the BPER Group
Governance and decision-making processes	N.A.	Parent Company	Caused by the BPER Group
Risk governance	- GRI 201: Economic performance (2016) - GRI 205: Anti-corruption (2016) - GRI 206: Anti-competitive behavior (2016) - GRI 207: Tax (2019) - GRI 307: Environmental compliance (2016) - GRI 417: Marketing and labeling (2016) - GRI 419: Socioeconomic compliance (2016)	BPER Group	Caused by the BPER Group
Support for entrepreneurship	- GRI-G4 Financial Services Sector Disclosures: Products portfolio	Group Banks	Caused by the BPER Group
Financial inclusion	- GRI 413: Local communities (2016)	Group Banks	Caused by the BPER Group
Sustainable finance	- GRI-G4 Financial Services Sector Disclosures: Products portfolio	Group Banks	Caused by the BPER Group
Indirect environmental impacts	- GRI 201: Economic performance (2016) - GRI 305: Emissions (2016) - GRI-G4 Financial Services Sector Disclosures: Products portfolio	BPER Group Corporate and Retail Counterparties Paper suppliers Transport service providers	Caused by the BPER Group and to which the Group contributes
Adequacy and transparency of the offer	- GRI 417: Marketing and labeling (2016) - GRI-G4 Financial Services Sector Disclosures: Products portfolio	BPER Group	Caused by the BPER Group
Quality and satisfaction	N.A.	BPER Group	Caused by the BPER Group

Innovation and digitalisation	N.A.	Group Banks	Caused by the BPER Group
IT privacy and security	- GRI 418: Customer privacy (2016)	BPER Group	Caused by the BPER Group
Support to the community	- GRI 413: Local communities (2016)	BPER Group	Caused by the BPER Group
Protection and well-being of workers	- GRI 202: Market presence (2016) - GRI 401: Employment (2016) - GRI 402: Labor/management relations (2016) - GRI 403: Occupational health and safety (2018)	Group employees External staff ¹⁴	Caused by the BPER Group
Growth and involvement of employees	- GRI 401: Employment (2016) - GRI 404: Training and education (2016)	Group employees	Caused by the BPER Group
Diversity enhancement	- GRI 401: Employment (2016) - GRI 405: Diversity and equal opportunity (2016)	Group employees	Caused by the BPER Group
Direct environmental impacts	- GRI 301: Materials (2016) - GRI 302: Energy (2016) - GRI 305: Emissions (2016) - GRI 306: Waste (2020) - GRI 307: Environmental compliance (2016)	BPER Group Suppliers of electricity	Caused by the BPER Group and directly correlated to the BPER Group through its commercial relations
Relationship with the supply chain	- GRI 204: Procurement practices (2016)	BPER Group	Caused by the BPER Group



¹⁴ 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.

2.3 Main risks related to the material topics

The BPER Banca Group has identified the main risks related to the material topics and, in line with regulatory indications¹⁵, identified the main methods of managing them. The theme "Risk management", as it touches on all the other topics, was not made explicit.

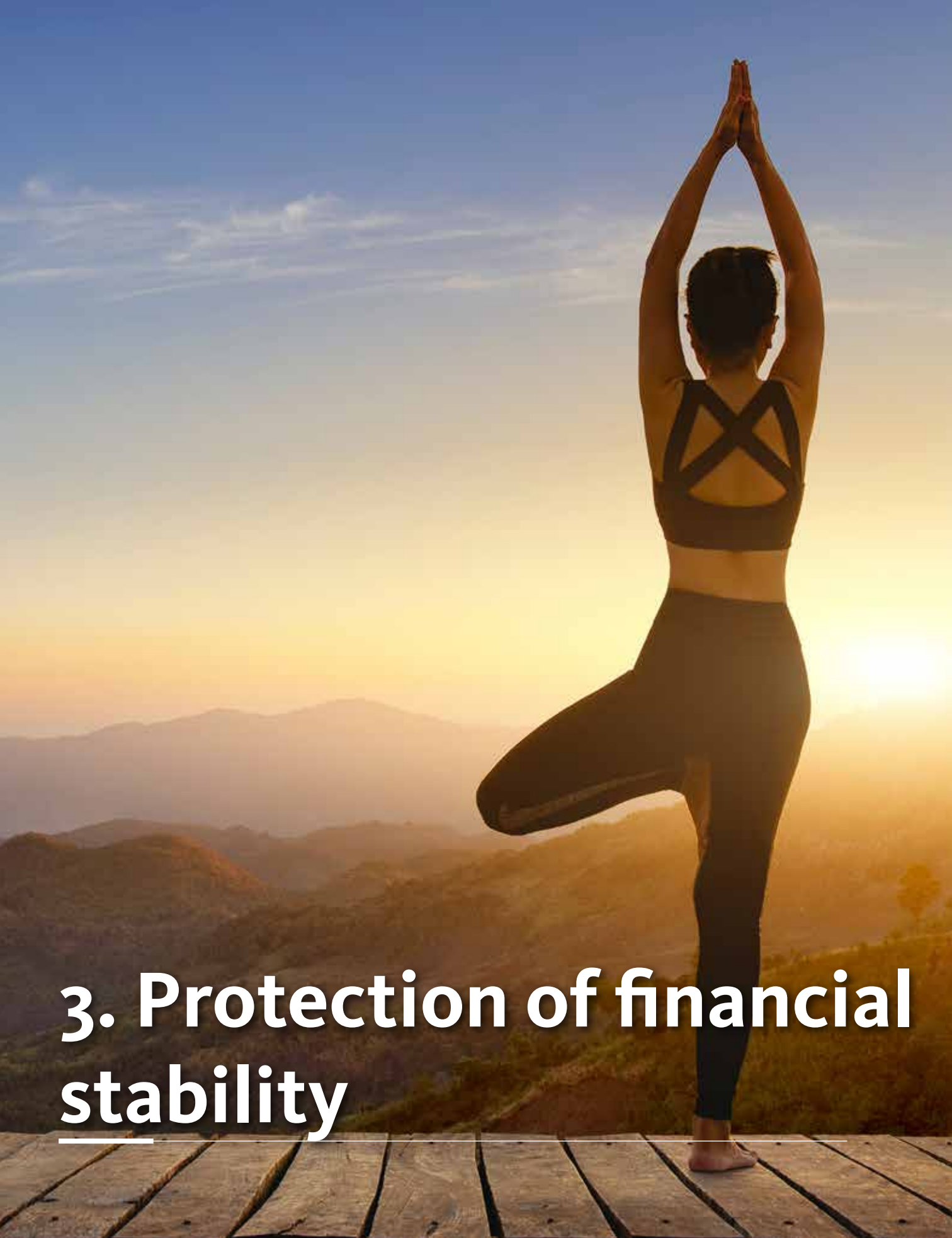
BPER Group material topic	Type of risk	Main risk events	Main oversight
Solidity and performance	Strategic/ business risk	<ul style="list-style-type: none"> • Incorrect business decisions, inadequate implementation of decisions and poor responsiveness to changes in the competitive environment 	<ul style="list-style-type: none"> • Code of Ethics • Structured planning processes • Risk Appetite Framework • CFO area to oversee the Group's financial activities
	Reputational risk	<ul style="list-style-type: none"> • Changes in the share price in relation to the performance of the reference sector • Expression of disparaging/negative content towards the Group 	<ul style="list-style-type: none"> • Group Policy for reputational risk management • Internal Governance Code of the BPER Banca Group • Policy on managing dialogue with investors
Integrity in conduct	Operational risk	<ul style="list-style-type: none"> • Judicial/administrative sanctions and/or financial losses due to violations of rules or self-regulatory provisions (e.g., codes of conduct, self governance codes) 	<ul style="list-style-type: none"> • Code of Ethics • Internal Governance Code of the BPER Banca Group • Group VAT management • OMM 231 • Internal system for reporting violations (whistleblowing) • Group policy for governing compliance risk related to anti-money laundering and anti-terrorism
	Reputational risk	<ul style="list-style-type: none"> • Reports, including anonymous ones, of violations of the Code of Ethics and/or of the Organisation and Management Model pursuant to Italian Legislative Decree 231/01 to the Supervisory Board • Receiving Whistleblowing reports 	
Governance and decision-making processes	Operational risk	<ul style="list-style-type: none"> • Operational losses resulting from non-compliance with legislation on remuneration policies and practices 	<ul style="list-style-type: none"> • Group Regulation on the process of drawing up and managing remuneration and incentive policies • Internal Governance Code of the BPER Group
	Reputational risk	<ul style="list-style-type: none"> • Expression of denigrating/negative content towards the BPER Group (media) or related to competitors on news that could have an impact on the Group • Expression of disparaging/negative content towards the BPER Group (Social Networks/Internet sites) 	<ul style="list-style-type: none"> • Group Policy for reputational risk management
Quality and satisfaction	Reputational risk	<ul style="list-style-type: none"> • Reduction in the perception of reliability and security with respect to the Group and its services 	<ul style="list-style-type: none"> • Group Policy for reputational risk management • Business Continuity Management System (BCMS) • Net Promoter Score

¹⁵ Regulatory amendment with Italian Law no. 145 of 30 December 2018 (so-called Budget Law 2019), regarding the non-financial statement (NFS) reporting requirements set out in Italian Legislative Decree no. 254 of 30 December 2016. Article 1, paragraph 1073 of the aforementioned Italian Law, established that "In order to strengthen the disclosure of non-financial and diversity information by certain undertakings and certain large groups referred to in Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, in Article 3, paragraph 1, letter c) of Italian Legislative Decree no. 254 of 30 December 2016, after the words: "main risks", the following shall be inserted: "including the manner in which they are managed".

Adequacy and transparency of the offer	Operational risk	<ul style="list-style-type: none"> Operational losses arising from the sale of equities/bonds and/or derivatives that do not conform to the customer's risk profile or do not comply with fiduciary and disclosure transparency requirements 	<ul style="list-style-type: none"> Group Regulation on the sub-process "Governance of investment advice" Group policy on how to verify the adequacy, or appropriateness, and classification of financial products Group Regulation on the development and approval of commercial offerings Group policy for the governance of operational risk
	Reputational risk	<ul style="list-style-type: none"> Errors in digital/analogue marketing communication (e.g., outdated, unapproved, etc.) and/or sending DEM (e.g., breach of privacy, threats to contact the media, criticism of bank offers) 	<ul style="list-style-type: none"> Group Policy for reputational risk management
Innovation and digitalisation	Operational/ IT risk	<ul style="list-style-type: none"> Operational interruptions, malfunctions and unavailability of systems due to basic software failures, or of the operating systems used in the internet and mobile banking services, or to failures of the connectivity services of the applications used in the internet and mobile banking services (for all the Group's banks which are electronically aligned) 	<ul style="list-style-type: none"> Business Continuity Management System (BCMS) Policy for IT risk governance Policy for operational risk
	Reputational risk	<ul style="list-style-type: none"> Criticism/reporting of inefficiencies 	<ul style="list-style-type: none"> Group Regulation on the business continuity management process Business Continuity Management System (BCMS) Group Policy for reputational risk management
Sustainable finance	Strategic/ business risk	<ul style="list-style-type: none"> Lack of response to customer needs for responsible investment and financing to support the transition to a sustainable economy 	<ul style="list-style-type: none"> Structured planning processes Ethical/ESG funds range Information on sustainability in the financial services sector
	Credit risk	<ul style="list-style-type: none"> Climate event (acute and/or chronic) or shift to a more sustainable economy (e.g., low carbon) with consequent impact on the creditworthiness of the counterparty or on the value of collateral in the short, medium and/or long term 	<ul style="list-style-type: none"> Group Policy for the governance of credit risk <p>ESG policies will be drawn up for the Bank's own lending and investment activities</p>
	Reputational risk	<ul style="list-style-type: none"> Effects resulting from negative events affecting the company (operating in sectors with a high environmental and/or social impact) financed by the Group 	<ul style="list-style-type: none"> Group Policy for reputational risk management Group Guidelines for regulation of the relationships of the BPER Group Banks with Defence operators and Weapons manufacturers <p>ESG policies will be drawn up for the Bank's own lending and investment activities</p>

IT privacy and security	Operational risk	<ul style="list-style-type: none"> • Operating losses arising from: <ul style="list-style-type: none"> - unauthorised access to customer data (Data Breach) - procedural malfunctions and inadequate management and/or protection of personal data of customers/potential customers • incorrect assessment of any impact that specific initiatives/projects may have on customers' personal data • Interruption in the provision of services 	<ul style="list-style-type: none"> • Data Protection Policy • Group policy for the governance of operational risk • Policy for IT risk governance • Group Regulation on the selection and appointment process of the Head of Corporate Control Functions and of the staff responsible for data processing and the performance of critical operations • Adoption of structured safeguards relating to IT security profiles and personal data protection • Data Protection Officer • Business Continuity Management System (BCMS) • Group Regulation on the business continuity management process
	Reputational risk	<ul style="list-style-type: none"> • Detection of a data breach with potential reputational or other data protection events 	<ul style="list-style-type: none"> • Group Regulation on the business continuity management process • Business Continuity Management System (BCMS) • Reputational risk management policy
Financial inclusion	Strategic/ business risk	<ul style="list-style-type: none"> • Failure to offer products/services to meet the needs of specific target customers 	<ul style="list-style-type: none"> • Structured planning processes
Support for entrepreneurship	Credit risk	<ul style="list-style-type: none"> • Failure to assess significant economic and social aspects linked to the sector of belonging that can affect the creditworthiness of the financed company 	<ul style="list-style-type: none"> • Ad hoc initiatives for SMEs <p>ESG policies will be drawn up for the Bank's own lending and investment activities</p>
Relationship with the supply chain	Operational risk	<ul style="list-style-type: none"> • Risk of operational losses arising from litigation undertaken by suppliers 	<ul style="list-style-type: none"> • Code of Ethics • OMM 231 • System for reporting violations (whistleblowing) • Group Regulation on the purchasing process and accounts payable • ESG supplier rating process • Policy for operational risk
	Reputational risk	<ul style="list-style-type: none"> • Supplier conduct that does not comply with the Bank's ethical principles 	<ul style="list-style-type: none"> • Code of Ethics • OMM 231 • Group Policy for reputational risk management
Support to the community	Reputational risk	<ul style="list-style-type: none"> • Reputational effects resulting from negative events with a social impact on recipients of donations made by the Group 	<ul style="list-style-type: none"> • Monitoring sponsorships and donations in relation to the 231/2001 model • Group Policy for reputational risk management
Direct environmental impacts	Operational risk	<ul style="list-style-type: none"> • Operational losses attributable to penalties or compensation for damages to customers for breach of Italian Legislative Decree 231/2001 with reference to environmental offences • Operational losses due to damage to the bank's infrastructure caused by natural events 	<ul style="list-style-type: none"> • OMM 231 • Commitments of the BPER Group with respect to the environment • Compliance with legislation on the prevention of safety and physical security risks • Organisational unit for property management • Procurement of renewable energy • Policy for operational risk

Direct environmental impacts	Reputational risk	<ul style="list-style-type: none"> • Relevant non-favourable publications of analysts' ratings/recommendations in the ESG area (e.g., CDP, Standard Ethics, MSCI, etc.) 	<ul style="list-style-type: none"> • Definition of measurable targets on the reduction of Group consumption • Policy for reputational risk governance
Indirect environmental impacts	Operational risk	<ul style="list-style-type: none"> • Operational losses due to penalties resulting from products not meeting advertised ESG requirements 	<ul style="list-style-type: none"> • Policy for operational risk <p>ESG policies will be drawn up for the Bank's own lending and investment activities</p>
	Credit risk	<ul style="list-style-type: none"> • Climate event (acute and/or chronic) or shift to a more sustainable economy which can impact the creditworthiness of the counterparty or the value of collateral in the short, medium and/or long term 	<ul style="list-style-type: none"> • Group Policy for the governance of credit risk <p>ESG policies will be drawn up for the Bank's own lending and investment activities</p>
	Strategic/business risk	<ul style="list-style-type: none"> • Lack of products/services to meet customer needs to support the transition to a green economy 	<ul style="list-style-type: none"> • Supporting energy transition through ad hoc funding <p>ESG policies will be drawn up for the Bank's own lending and investment activities</p>
	Reputational risk	<ul style="list-style-type: none"> • Expression of disparaging/negative content towards the Group 	<ul style="list-style-type: none"> • Group Policy for reputational risk management
Protection and well-being of workers	Operational risk	<ul style="list-style-type: none"> • Increased turnover and consequent impact on productivity and business competitiveness • Operational losses due to lawsuits brought by staff concerning employment issues or sanctions/damages for non-compliance with health and safety regulations 	<ul style="list-style-type: none"> • Internal system for reporting violations (whistleblowing) • Risk assessment for workplaces and work processes • Preventing and combating robberies • Assessment of work-related stress • Prevention and welfare for employees • Policy for operational risk
	Reputational risk	<ul style="list-style-type: none"> • Legal claims/disputes initiated by employees and/or detection of particular relevant cases (e.g., published in the media, other) 	<ul style="list-style-type: none"> • Group Guidelines for Human Resources management • Policy for reputational risk governance
Diversity enhancement	Operational risk	<ul style="list-style-type: none"> • Operational losses due to lawsuits brought by staff for discrimination/mobbing/harassment 	<ul style="list-style-type: none"> • BPER Group Policy for the enhancement of diversity • Initiatives to enhance diversity and inclusion
	Reputational risk	<ul style="list-style-type: none"> • Detection of particular critical issues in the field of equal opportunities or other potential discrimination against employees 	<ul style="list-style-type: none"> • Policy for operational risk • Group Policy for reputational risk management
Growth and involvement of employees	Operational risk	<ul style="list-style-type: none"> • Employee dissatisfaction with effects on productivity 	<ul style="list-style-type: none"> • Group Regulation on the process of drawing up and managing remuneration and incentive policies • Group Regulation on the training management process • Policy for operational risk



3. Protection of financial stability



Certain characteristics of the BPER Group which are useful in assessing its reliability are described 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 2021 (figures as at 31/12/2021).



High liquidity

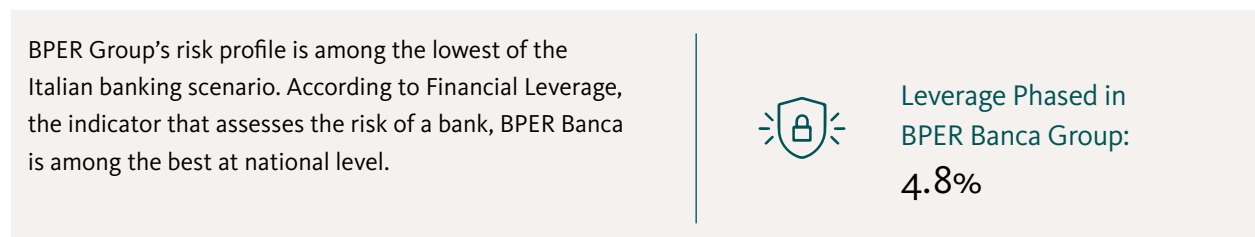
- liquidity ratios envisaged by regulations significantly higher than the minimum required
- ample refinancing capacity with the ECB.

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.



(Data as at 31/12/2021)

¹⁶ As of 1 March 2022, the minimum requirement is 8.3%.

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 2021 ratings of BPER Banca are provided below:



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 rating classifications (from EEE to F).

In 2021, BPER confirmed its "EE" rating, increasing its outlook from "Stable" to "Positive". The Bank is part of the SE Italian Banks Index and the SE Italian Index.

In addition to its growth in size in recent years, the Group has also aligned itself with the main objectives and indications in relation to ESG (Environmental, Social and Governance) provided by the UN, OECD and European Union, as witnessed by the formal references adopted in the Code of Ethics, the objectives of the Sustainability Plan and the Group Sustainability Policy, the non-financial reporting model, the ESG risk management system, the risk management model and in governance.



Carbon Disclosure Project (CDP)

The Carbon Disclosure Project is an international non-profit organisation that allows companies to declare and report on their risks linked to climate change and communicate their environmental performance to stakeholders.

In 2021, BPER obtained a B rating (the rating has classifications ranging from A to D) for both the management of climate change issues and supplier engagement activities. The projects implemented in this area are reported in this document in Chapter 7.



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.

BPER Banca currently has 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 long-term sustainable growth by providing high-quality data, analysis and insights. BPER'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+).



Vigeo Eiris

Vigeo Eiris is a leading European ESG rating agency working exclusively on sustainability issues, providing ESG research and analysis to investors and supporting organisations in their social responsibility journey.

In 2021, BPER Banca obtained a Robust rating (the classifications are Weak/Limited/Robust/Advanced).

MIB ESG

Inclusion of BPER Banca in the MIB ESG Index

BPER Banca was included in Borsa Italiana's new MIB ESG index, part of the Euronext group launched in 2021 and dedicated to domestic blue-chips; with the aim of grouping large Italian listed issuers with the best ESG practices together. Launched by Euronext in partnership with Vigeo Eiris (part of Moody's ESG Solutions), the index combines the measurement of economic performance with ESG assessments in line with the principles of the UN Global Compact.



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 2021 amounted to Euro 2.8 billion, was largely redistributed to stakeholders.

Thousands of Euro	2020 ¹⁹		2021	
	€	% ²⁰	€	% ²⁰
Total economic value generated directly	2,098,407	100	2,770,624	100
Economic value distributed to suppliers	(474,719)	23	(637,413)	23
Economic value distributed to employees and external staff	(966,064)	46	(1,534,184)	56
Economic value attributed to third parties	(25,001)	1	(33,526)	1
Economic value distributed to shareholders ¹⁷	(56,531)	3	(84,796)	3
Economic value distributed to central and local public administration	(224,418)	11	(360,219)	13
Economic value distributed to the community ¹⁸	(7,105)	0.3	(7,396)	0.3
Total economic value distributed	(1,753,838)	84	(2,657,534)	96
Total economic value retained	(344,569)	16	(113,090)	4

Total economic value distributed



The economic value generated in 2021 is greater than the 2020 figure, mainly influenced by the acquisition of the business unit from the Intesa Sanpaolo Group. The economic value for the year 2020 was recalculated following the change in the valuation criteria for property, property, plant and equipment represented by investment properties as required by IAS 8. The Shareholders' Meeting of 21 April 2021 approved the Board of Directors' proposal to distribute a dividend of 4 cents per share to shareholders. Lastly, the Board of Directors of 8 February 2022 approved the proposal to distribute a dividend to shareholders of 6 cents per share.

The macroeconomic environment is burdened by high uncertainties related to the repercussions of Russia's armed invasion of Ukraine, followed by a series of historic sanctions imposed by Europe on Russia's financial and business sector. In this context, the Bank's activities will continue to focus on developing its core business, which will benefit from the strengthening of its competitive position achieved last year.

In view of the current, rapidly evolving situation and the uncertainty regarding the duration and outcome of the ongoing conflict, it is currently considered impossible to provide an overall quantitative estimate of the potential impact that geopolitical tensions could have on the Bank's and the Group's economic and financial situation (there are many determinants that are still unknown and undefined, relevant in particular to "indirect risks").

For further details, please refer to the 2021 Consolidated Financial Statements of the BPER Banca Group.

¹⁷ The portion attributed to shareholders corresponds to the designated use of net profit for dividends, which the Board of Directors meeting of 3 February 2021 and 8 February 2022 deliberated to propose to the Shareholders' Meeting, respectively for the years 2020 and 2021.

¹⁸ In addition to charitable donations, the item also includes investments in communities (see chapter 8, "Relations with the community").

¹⁹The economic value for the year 2020 reported in the 2020 Consolidated Non-Financial Statement has been restated following the change in valuation criteria for property, plant and equipment represented by investment properties as required by IAS 8. For the previously published data, refer to the 2020 Sustainability Report, in the Sustainability section of the web site <https://istituzionale.bper.it/>.

²⁰ Some percentage values in the table have been subject to approximation operations.

3.3 Fiscal transparency

BPER is included in the list of companies admitted to the collaborative compliance regime envisaged by Italian Legislative Decree no. 128 of 5 August 2015 and published on the institutional website of the Tax Authority.

During 2021, following the updating and more precise definition of the "Operational Manual of the monitoring activities of the Tax Control Framework", revised in the first quarter of 2021 in line with the qualitative and informative requirements deriving from the Policy for governing compliance risk with tax regulations, specific internal training was carried out in May for the Operational Units belonging to the Tax Service of the BPER Group.

Various meetings were also held in 2021 with officials from the Tax Authority aimed, on the one hand, at evaluating possible future implementations of the operational mechanisms for dialogue with the Tax Authority as part of collaborative compliance, and on the other, at discussing specific issues that are the subject of discussions with the Tax Authority itself for extraordinary transactions carried out by the BPER Group.

In the same period, the Annual Report on the Governance of Tax Risk referring to fiscal year 2019 and prepared pursuant to Article 4 paragraph 2 of Italian Legislative Decree no. 128 of 5 August 2015 was also finalised (approved by the Board of Directors of BPER Banca on 27 July 2021 and transmitted to the Collaborative Compliance Office of the Tax Authority together with the Board resolution on 17 September 2021).

The establishment and development of a team totally dedicated to the fiscal investigation of the superbonus files transferred by customers to BPER was a further activity of particular importance. In this context, the total amount of credits acquired at the end of the 2021 financial year was Euro 274 million.

Within the BPER Group, the only company with a tax jurisdiction other than 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 2020 is given below.

	Italian scope	Foreign scope
Employees (no.)*	12,122	20
Revenues from sales to third parties (€)	3,068,257,357	14,709,240
Revenues from intra-group transactions with other tax jurisdictions (€)	241,919,325	1,154,852
Profit/loss before tax (€)	208,521,221	6,120,238
Tangible assets other than cash and cash equivalents (€)	1,424,892,049	1,494,805
Income taxes of companies paid in cash (€)	(22,198,213)	614,720
Corporate income tax accrued on profit/loss (€)	(11,887,863)	1,609,796

*The figure for the number of employees has been provided according to full-time equivalent and not according to headcount

The difference between taxes accrued and taxes paid is due to the fact that during the year 2020, tax refunds from previous years were collected.



4. Our customers

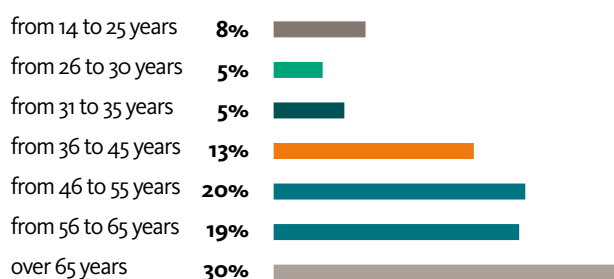


The BPER Group bases its success on the relationship of trust established with its clientele, characterised by fairness and transparency. In the company's philosophy, the customer is first and foremost a person with their own dreams and plans, but also their own problems and difficult situations. Our mission is to help customers achieve their goals and overcome their difficulties. Even in a complex context such as that of recent years, the Group's customers know that they can count on professionalism, reliability and expertise which have become our distinctive trait over the course of the years: 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

	31.12.2020	31.12.2021
From 14 to 25 years	162,107	289,736
From 26 to 30 years	110,450	169,978
From 31 to 35 years	128,003	192,487
From 36 to 45 years	338,733	495,192
From 46 to 55 years	469,167	719,964
From 56 to 65 years	439,581	713,315
Over 65 years	643,477	1,105,716

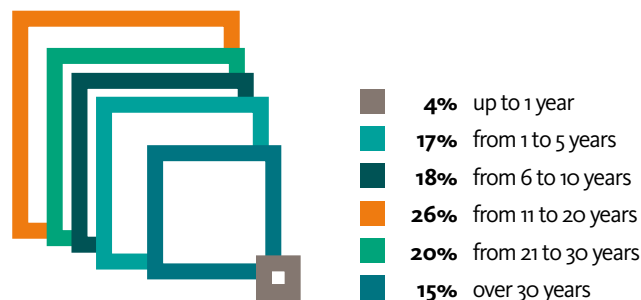
Distribution of customers by age in 2021



Distribution of customers by seniority²¹

	31.12.2020	31.12.2021
Up to 1 year	99,027	172,129
From 1 to 5 years	505,450	742,289
From 6 to 10 years	430,371	786,281
From 11 to 20 years	676,577	1,103,326
From 21 to 30 years	586,666	844,670
Over 30 years	395,749	625,721

Distribution of customers by seniority in 2021



²¹ With reference to customers coming from the acquisition of the business unit from the ISP Group, the date of retention previously recorded by the ISP Group was considered.

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 behavioural regulations for employees, external staff and financial advisors, but it mainly outlines the guidelines in relationships with customers and investors. The provisions contained in the Code are considered a reference for defining proper operating conduct in providing investment services, also in the absence of detailed internal guidelines, manuals and/or circulars.

The Code establishes that in the performance of services and investment activities and, in general, during their work activities, all Relevant Parties must²² behave in a diligent, correct and transparent manner in order to best serve the interests of customers and the integrity of markets.

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

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

BPER 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 make 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.

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.

The following table shows the retail and corporate customer portfolio, broken down by target.

²² 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.

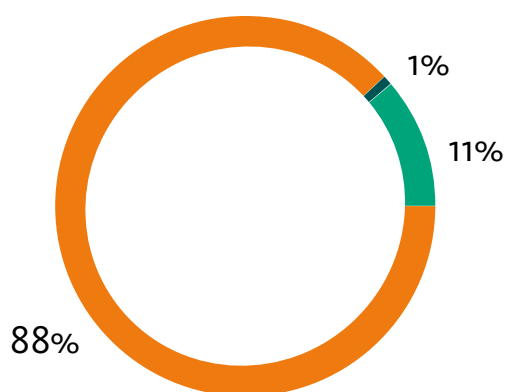
Customer portfolio Retail Banking (million €)²³

	2020		2021	
	Retail Banking	%	Retail Banking	%
Mass	16,767.79	89	26,862.41	88
Affluent	1,711.51	9	3,247.33	11
Private market	285.76	2	473.15	1
Total private customers	18,765.06	100	30,582.89	100

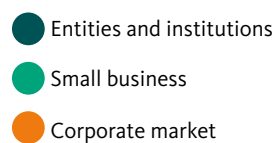
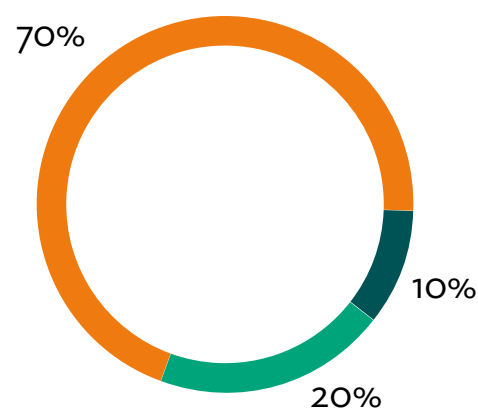
Customer portfolio Commercial and corporate banking area (million €)²³

	2020		2021	
	Commercial and corporate banking area	%	Commercial and corporate banking area	%
Corporate market	23,323.72	75	31,968.44	70
Small business	4,146.16	13	9,157.30	20
Total companies	27,469.88	88	41,125.75	90
Foreign customers	54.10	-	-	-
Entities and institutions	3,829.56	12	4,799.93	10
Total	31,353.54	100	45,925.68	100

Customer portfolio Retail Banking



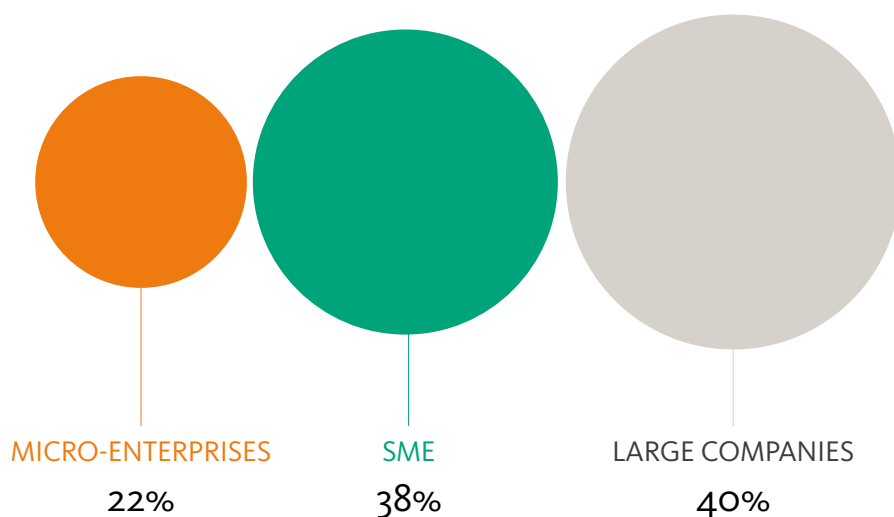
Customer portfolio by business line



²³The values reported correspond to gross loans to customers net of intra-group items and debt securities for the following companies: BPER Banca, Banco di Sardegna and Bibanca.

Corporate customer portfolio by size (million €)²³

	2020		2021	
	Commercial and corporate banking area	%	Commercial and corporate banking area	%
Micro-enterprises	4,146.16	15	9,157.30	22
SME	11,042.54	40	15,694.72	38
Large companies	12,281.18	45	16,273.72	40
Total companies	27,469.88	100	41,125.75	100



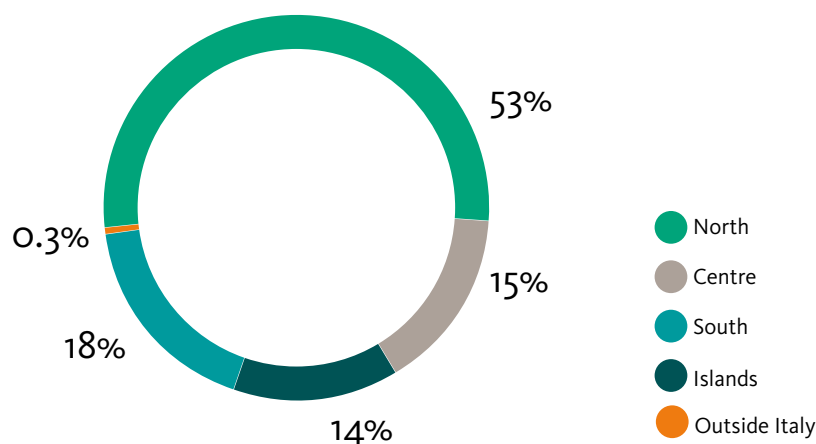
The distribution of the customer portfolio by geographical area is shown below. The significant increase in exposure to customers in the North is due to the acquisition of the business unit from the Intesa Sanpaolo Group in 2021.

Customer portfolio by business line: geographical distribution (million €)²³⁻²⁴

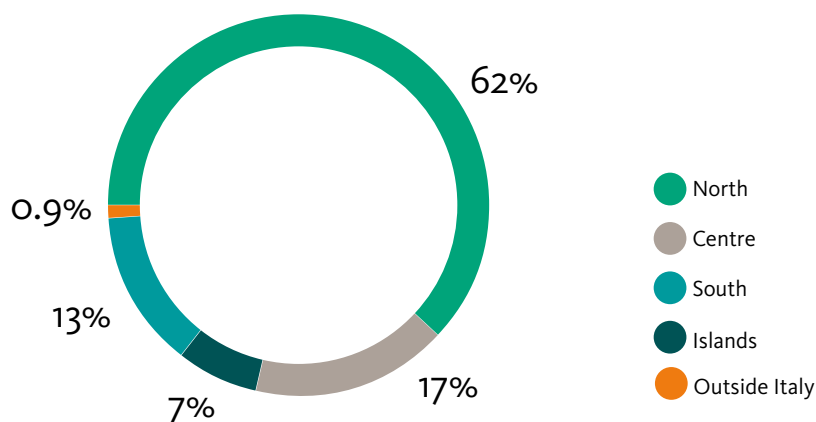
	31.12.2020				31.12.2021			
	Retail Banking	%	Commercial and corporate banking area	%	Retail Banking	%	Commercial and corporate banking area	%
North	8,532.68	46	17,421.20	56	16,206.09	53	28,488.17	62
Centre	2,522.16	13	5,907.18	19	4,632.04	15	7,700.45	17
Islands	3,825.13	20	3,175.90	10	4,252.71	14	3,204.87	7
South	3,803.86	20	4,671.65	15	5,389.64	18	6,098.95	13
Outside Italy	81.22	0.4	177.62	0.6	102.41	0.3	433.25	0.9
Total	18,765.06	100	31,353.54	100	30,582.89	100	45,925.68	100

²⁴ Some values of the table have been subject to approximation operations.

% 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. Since 2019, the BPER Group has implemented a new listening system for its customers, which establishes a continuous monitoring system of the entire customer base: 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 2021, the findings that emerged from previous years referring to BPER Banca and Banco di Sardegna were confirmed: the level of customer satisfaction is substantially aligned between the Family and Personal segments, while it is lower, although still positive, for POE customers (Small Economic Operators).

In 2021, the NPS was also included in the metrics for setting strategic objectives (MBO 2021).

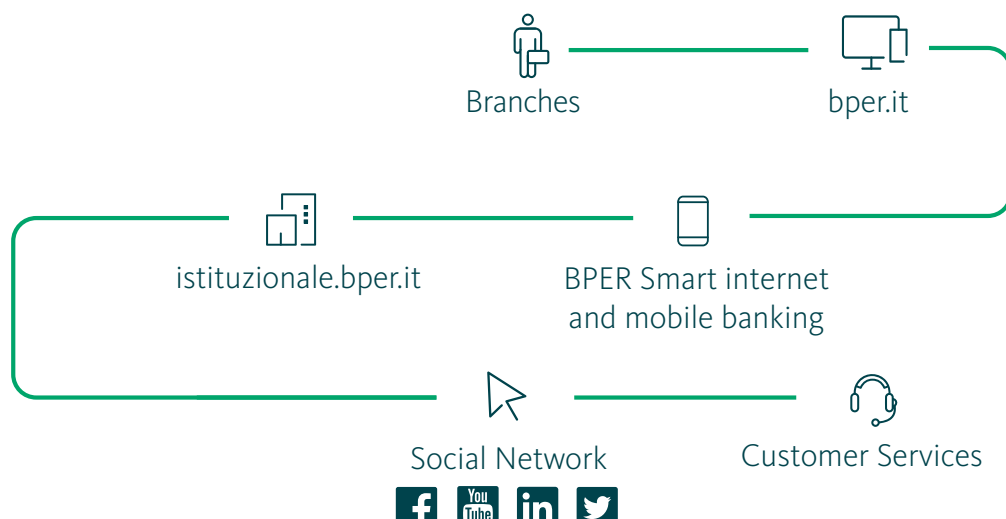
Customer Satisfaction Survey 2021

	2021	
	Segment	NPS
Private customers.	Family	+29
	Personal	+31
	Small Economic Operators	+13

As part of the NPS project, “warm” customer experience detection processes are also included, activated following specific events: when taking out insurance policies, mortgages and loans, Contact Centre assistance, opening a current account, purchasing a payment card, visiting a branch, using the ATM and using Smart Web. In 2021, customer satisfaction surveys were also carried out on corporate and private customers: for both types of customers, there was an increase in the level of satisfaction compared to the previous survey in 2020.

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 responds to a 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 company²⁵ subject to the obligations of transparency as a result of being authorised to provide investment services.



²⁵ 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 Group 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 has radically changed 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.

The new Smart Mobile Trading app

The Smart Mobile Trading app is added to those already available to clients and enriches their mobile experience by finally allowing them to manage their investments from their smartphone in total autonomy and simplicity.

With Smart Mobile Trading, customers can buy and sell shares in real time with a tap and monitor market trends with charts and dashboards that update in real time.

Thanks to the app, customers can also carry out investment analyses independently and customise the workspace to suit their needs thanks to an intuitive and simple interface.

Strong authentication

Strong authentication complies with the European payment system directives (PSD2) and makes access and payments from the Smart digital channels faster and more secure; by associating a smartphone to a person'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 products and services available on the Smart Web and through Contact Centres, directly online.

It allows contracts to be signed and products to be sold remotely. Documents are signed digitally, guaranteeing the authenticity of the customer's signature and non-alteration of the document. Digital Signature enables communications to be sent remotely during the signature process, ensures high levels of security for both the bank and the customer and allows paperless management of documents (no need to print out sheets).

Amazon Locker

Thanks to a partnership with Amazon.it, Amazon Lockers have been installed in a number of offices and branches. These are self-service points for collecting parcels shipped by Amazon.it and they are located in areas accessible to everyone. The installation of the Lockers in BPER's premises is an innovative way to build loyalty, raise awareness of the brand and bring new customers to the Group.

THE BPER BANCA INNOVATION PROCESS

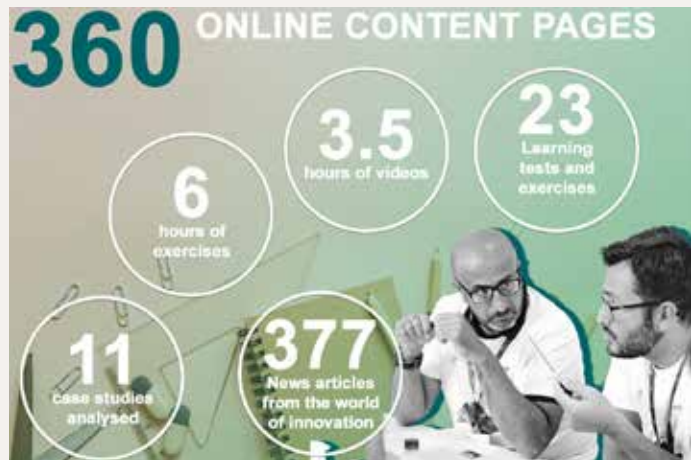
To grow in a quickly transforming context, BPER Banca has built a process of innovation that involves both traditional business as well as the development of new business models. To render this approach more structured and pervasive, an ad hoc structure was established to support the entire organisation 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: 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 behaviour. 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 of the company through a network of relationships with other companies that deal with innovation, with observers, with research centres and universities with which to share experiences and expertise which may lead to the formation of strategic agreements or partnerships, and through the search for innovative start-ups to partner with in specific projects or to be adopted as suppliers of new solutions.



- Dissemination of a culture of change through activities of communication and training that aim to effectively convey the effects and advantages of change to the organisation. 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 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 behaviour and good rules, in accordance with sector regulations, the Group adopts and maintains an internal organisation and a control system adequate for the overall activities carried out, along with effective self-governance with regard to the following specific profiles:

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

The system is based on three main pillars:

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

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

These rules on transparency are in addition to those provided for the provision of investment services, governed by the Consolidated Law on Finance (TUF), or insurance products or the provisions contained in the Consumer Code. The integration of ESG factor assessments into the scorecard is envisaged in the development of new products and services.

With regard to the development of the commercial offer, the Group has 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 organisational structures that ensure the correct and effective performance of the same, so as to pursue quality objectives and compliance with regulations in line with the Group's mission, strategies and business objectives, while respecting the needs of customers. Therefore, processes and procedures for definition of the following have been envisaged, in line with the principles and guidelines of this policy:

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

4.3 A promise to be kept: Nearby. Beyond expectations

2021 was a year full of challenges: on the one hand, the ongoing health emergency continued to dictate choices that had a strong impact on ordinary operations, and on the other, new extraordinary operations engaged us on many fronts and brought us into contact with customers from other banking entities.

BPER Banca is growing as a group, and is also growing in its commitment to spreading its core values of accountability, integrity and loyalty. This growth means promoting greater knowledge and awareness, especially in the educational, social and cultural spheres, through the many activities and projects.

The Bank is a competent and reliable disseminator of content conveyed through the experience and expertise of its experts. An informed customer is more likely to be a satisfied customer and to make better choices, including in financial matters; therefore, customers are provided with up-to-date tools to stay informed and understand the products and services offered.

In 2021, the website wealth.bper.it was launched along with a newsletter entirely dedicated to explaining and deepening the issues related to the world of money management and investments with the use of articles and infographics that use simple, yet timely and transparent language.

Since it was no longer possible to meet customers at physical events due to the health emergency, a digital channel was opened exclusively dedicated to webinars, as BPER Banca's reactive response to the pandemic-induced closures.

Podcasts were added: by favouring listening over images, this tool makes it possible to entertain and educate at the same time, allowing plenty of time to develop and explore the topics covered.

Webinars, podcasts, a responsible use of social media and the BPER Banca website itself are fundamental assets for providing concrete answers to the information needs of our audience, and for being a frame of reference for the local area, our customers and the communities with which we operate. One such example is targeted initiatives dedicated to the world of young people, with the BIG! and Teen projects.

The Bank's proprietary channels are also important means for actively communicating with all our audiences. BPER Banca's profiles on Facebook and LinkedIn are a sounding board for all our activities and support our commitment to the territory, the community and people. In 2021, BPER Banca also officially joined Instagram with an unprecedented and innovative project on the banking scene that aims to involve even more people who already follow the bank's channel, reach new ones and amplify the numerous contents, including financial education, that we produce.

Brand and Marketing communication rules

A prerequisite for increasing knowledge and awareness is transparency in communication, an issue that BPER oversees through an internal process, in line with regulations.

The Group has adopted a specific procedure on Advertisements since 2017 that governs the areas involved and regulates the supervision of advertising communications.

We are guided by high standards of transparency in all our communication activities, guaranteed by ad hoc organisational procedures and by the desire to use simple, clear and comprehensible language, supported where possible by explanatory visuals and infographics. A key role in the proper dissemination of communication is played by branch staff. Every month, colleagues in the local points of sales receive a "book" explaining how to set up the branch to best represent the commercial offer while respecting banking transparency.

Another important channel for customer relations is Customer Service: it provides support and plays a key role in managing complex moments such as bank mergers and branch closures.

The commercial policy of Customer Service is also subject to respect for privacy and strict criteria that limit the proposal only to whatever may be useful based on the user's research and requests on the various channels.

Being transparent is the best strategy, also in managing social networks. In 2021, the Bank handled almost 20,000 conversations: it did so actively, leaving no comments unanswered and always trying to provide answers and offer solutions. When managing comments on the Facebook channel, BPER has set up a manual tagging system on all comments received and managed for several years now. This activity makes it possible to better analyse the volumes and sentiment related to the different topics that are handled on a daily basis, giving the possibility to obtain important insights and returns from the conversations.

The Branch - relationship and identity

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

This is done not only by changing the space and introducing new customer service behaviours, but also by introducing new technologies. The path taken is not merely 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.

Equipment such as Smart Tills and ATMs allow us to respond to changing customer habits and offer new, simpler and faster ways for managing transactional needs while improving the organisation of space and activities within the branch.

The new branches have been redesigned to facilitate listening and encourage open and equal dialogue; barriers and counters have therefore been eliminated, to be close to people and establish a strong relationship with the branch visitors. The new model thus has a direct impact on a series of elements of the in-branch relationship: from the supervision of reception to organisation of the flows according to the need in question, to active management of the wait time. The relationship and service to the customer have been completely redefined, communication has been revised in new interactive and customisable ways and cash operations have taken on new forms.

The new layout incorporates new behaviours to ensure an appropriate customer journey, including educating customers about digital change with the aim of improving the service experience, particularly with respect to the use of new equipment.

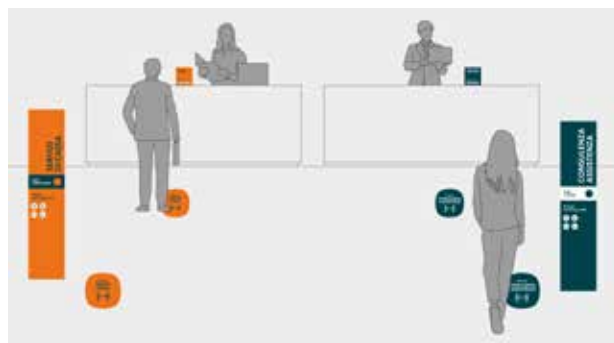
The rethinking of spaces and technologies also has a considerable impact on certain social and environmental variables: a significant reduction in cash, the almost total elimination of paper and printer use (except for contractual and legal obligations), thanks to the use of new technology, and the significant 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, behaviours and manners in which BPER Banca customers interact with physical spaces. It therefore became necessary to put in place coordinated actions that, in addition to the image, would take care of the impact on the customer experience in the branch. In 2020, 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 used throughout 2021 and was extended to the entire BPER Banca network.

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

During 2021, BPER Banca maintained its commitment to safeguarding and protecting the personal data in its possession, whether these refer to its customers, employees or any other type of data subject; with this in mind, constant attention was paid to protecting the confidentiality, integrity and availability of personal data, maintaining a constant commitment to security issues.

In order to ensure these protection requirements, the BPER Group has defined its own strategy for the protection of its customers' information assets, in accordance with Regulation (EU) 2016/679 - GDPR, the Privacy Code pursuant to Italian Legislative Decree 196/2003 and all privacy regulations, in the context of the "Group Policy for governing the risk of non-compliance with data protection regulations" and in the internal regulations underlying this Policy.

In particular, BPER has defined a system of controls based on organisational measures and operating procedures that comply with the regulatory principles of privacy by design and privacy by default; based on the principle of proportionality, this system is applied to all the companies belonging to the Group.

From an organisational point of view, the need to protect personal data is ensured by means of a structure based on the two fundamental figures established by the privacy legislation: the Data Controller and the Data Protection Officer (or DPO).

The Data Controller determines the purposes and means of the personal data processing carried out; the role is assigned to each Group company in relation to the personal data of the different categories of data subjects processed by each company. For operational and representation purposes, the Data Controller is identified as the Privacy Delegate, who is responsible for implementing the measures and technical and organisational measures established by the privacy legislation.

The Data Protection Officer (DPO) operates at Group level and his activities are supported by the Privacy and Data Protection Office. The DPO is responsible for monitoring compliance with data protection rules, providing advice and support to the Data Controller on data protection issues, and issuing opinions on the impact of data processing on the fundamental rights and freedoms of data subjects.

To confirm the high level of attention that BPER places on these issues, at the end of 2021, 12,773 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 operations.

With regard to breaches of customer privacy, six complaints were received in 2021 related to the Group's banking scope, which were upheld. A request was also received from the Data Protection Authority, again for an issue identified and promptly resolved in favour of the data subject.

Three cases of loss or theft of Group customer data were assessed (Data Breach), all relating to the Parent Company, for two of which the Data Protection Authority was notified, while in the remaining cases no risk to the rights and freedoms of the data subjects was detected and it was therefore not necessary to notify the Authority.

4.5 Information Security Management

Since 2020, BPER has had a specific and qualified structure for managing security, whose mission is to govern the IT, logical and physical security of the BPER Group, defining the strategic objectives and methods necessary to achieve them, and to ensure the confidentiality, integrity and availability of the entire information assets of BPER and its customers. Appointed in 2020, the contact person for this structure is the C.I.S.O. (Chief Information Security Officer).

Security management is based on external regulations (such as Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market - PSD2, and the European Regulation 2016/679 - GDPR), while simultaneously drawing on international best practices in the field of cybersecurity (e.g., ISO27001, NIST).

Security is ensured through:

- processes, as BPER adopted a regulatory framework in 2020 for defining policies and procedures based on what is indicated by the regulator and industry best practices (for example, the management of logical accesses to the information system, the management of security incidents, the management of security measures); in 2021, the regulatory provisions were implemented and the existing processes were made more efficient
- people, in that since its inception, BPER has continuously strengthened the structure both in quantitative terms through a constant increase in the number of staff employed, and in qualitative terms through investments in specific professional training. In 2021, the security structure had three offices with specific missions: Security Governance, Information Security and Physical Security
- tools, as BPER has equipped itself with IT tools and technological platforms designed to make the security measures taken to protect the company's assets more efficient and improve them. In this regard, in view of the external and internal context (including the pandemic, the acquisition of a business unit from the ISP Group and the constant increase in threats), in 2021 BPER raised its security levels by implementing specific technologies in order to mitigate the risks to which it is exposed. Among the various projects, BPER strengthened its methodologies in terms of Identity Governance and Management in order to allow a precise governance of IT authorisations, refined its system for monitoring security events, implemented a strong authentication for administrative users and is able to detect vulnerabilities on the IT system through appropriate technologies. In terms of physical security, among the various projects, the responsible office pursued the safe introduction of the Self-Assisted Cashier (CSA) and the extension of the alarm room perimeter in centralised mode.

Transversal user training is equally fundamental to ensuring security. As confirmation of the high level of attention paid to this issue, during 2021 BPER offered its employees specific courses on security (e.g., on password management, malware, phishing, social networks and social engineering); these courses are constantly updated and accessible through an internal platform. In addition, in order to spread the culture of security at all company levels, an internal community was opened at the end of 2020, on which updating, in-depth and training articles in the field of Security were published throughout 2021 to raise staff awareness of the risks arising from security threats and to transfer an appropriate level of awareness.

Finally, as set out in the corporate processes, BPER followed up on the vulnerability management process and started the process of having external companies audit the systems during 2021. In addition to these audits, BPER is subject to cyclical checks by external companies that verify the state of the general security environment.



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



5.1 Adequate and responsible offer

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

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

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

As part of the development of new products and services, ESG factor assessments are integrated into the valuation sheet through the representation of the ESG characteristics of the instrument and/or issuer, which is highlighted in the product documentation. The offer is also monitored periodically (at least annually) in order to analyse the results of the different types of ESG-compliant products/instruments.

The BPER Group’s commercial offering is regulated by a Group Regulation on the Product Governance process which refers to external and internal regulatory sources.

The objectives of the Product Governance process 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’s risk appetite
- 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 Sustainability strategy. The Group banks have adapted to Italian Ministerial Decree 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 2021, the Group banks recorded 1,766 requests for financing by counterparties with a Lawfulness Rating. All of the approved requests benefited from improved economic conditions and, in 649 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 residential leases. The main products are described in the following paragraphs. 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 residential loan. 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.

Thanks to the multi-channel orientation, the Group banks are able to offer visually impaired customers specific tools to carry out financial transactions, bank transfers, mobile phone top-ups and more. In fact, the MSITE (internet banking application for access by mobile devices) provides specific software (so-called screen readers) that "read" what appears on the monitor or display and describes it through a vocal summary. To allow these customers to be as independent as possible, there is now also an option to see the web pages in a larger format, as well as new functions linked to password management. To increase accessibility for blind people, both the Smart Banking App and the bper.it website will be updated in 2022.

Furthermore, as of June 2019, the BPER Group was 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 "D") and prepaid cards (marked by the letter "P").

BENVENUTO IN BANCA (Welcome to the bank)

BPER Banca also confirmed its commitment to the ABI project "Benvenuto in banca" in 2021: 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 migrants is published, available in ten languages.

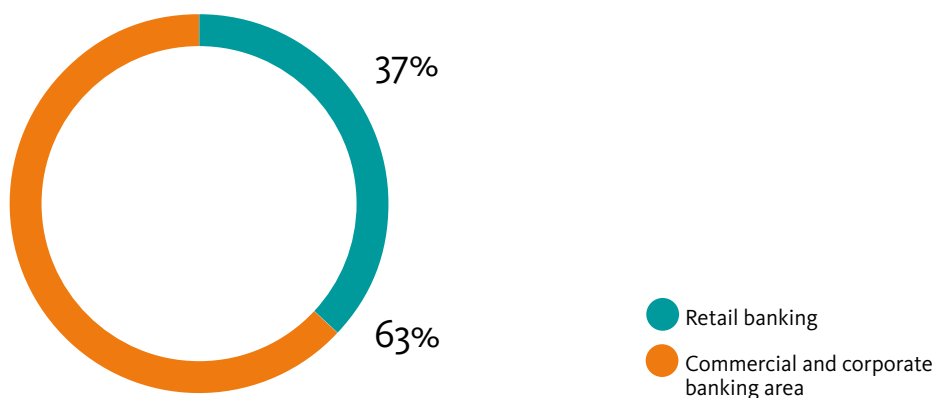
The significant increase in options from which customers may choose, along with the growing complexity of financial instruments, have highlighted and underlined the importance of a financial expertise plan.

5.2.1 Products and services with social purposes

Products and services with social purposes^{26,27}

Disbursed value (million €)	31.12.2020	31.12.2021
	Total	Total
Retail banking	1,120.1	1,123.4
Commercial and corporate banking area	2,396.9	1,931.5
Total	3,517.0	3,054.9

% products and services with social purposes delivered in 2021



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.

²⁶ The data refer to BPER Banca, Banco di Sardegna, Bibanca and Sardaleasing products.

²⁷ 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. The year 2021 saw a reclassification of social products compared to 2020: some products in the 2020 catalogue no longer exist in 2021, while four other products were only offered to Retail customers in 2021 (i.e., no longer Corporate). In 2021, ethical products with social purposes for the retail banking area and commercial and corporate banking area respectively accounted for 1.42% and 2.44% of the Group's total.

Mortgages for young people under 36

Italian Decree-Law no. 73 "Urgent measures related to the Covid-19 emergency, for businesses, employment, young people and territorial services" (so-called "Support Decree Bis"), converted into Italian Law 106 of 23 July 2021 envisaged under art. 64, among various interventions, provisions regarding a Guarantee Fund for first home purchases. In particular, the guarantee that can be granted by Consap has been increased to 80% of the principal amount if certain conditions are met, in relation to applications submitted up to 30 June 2022 and the tax benefits introduced by the Decree.

In line with the provisions of the decree, the BPER Group has expanded its offer with mortgage lines dedicated to customers under 36 years of age for the purchase of their first home with a Consap guarantee, at subsidised conditions, on which they can benefit from the tax benefits governed by Italian Decree-Law no. 73, art. 64, Italian Law no. 106 of 23 July 2021.

A communication campaign and a dedicated section on the bper.it website have also been prepared to support this offer.

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 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, Banco di Sardegna - ENM

	2020		2021	
	no. transactions	Amounts disbursed €	no. transactions	Amounts disbursed €
BPER Banca	184	4,340,000	151	3,900,000
Banco di Sardegna	214	5,380,000	255	7,637,000
Grand total	398	9,720,000	406	11,537,000

The decline highlighted by the 2020 and 2021 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%/90% 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 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.
Innovfin	It is a loan 50% guaranteed by EIF, the European Investment Fund, 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. The placement of the product expired on 30 June 2021.
FIN NEXT and FIN NEXT SMALL	FIN NEXT and FIN NEXT SMALL are medium-term mortgage or unsecured loans for micro, small and medium-sized enterprises with their operational headquarters in Italy, backed by a guarantee from the European Investment Fund (EIF). BPER Banca signed a guarantee contract with the European Investment Fund to allocate a total of Euro 350 million to micro, small and medium-sized enterprises, benefiting from a 70% guarantee from the European Guarantee Fund (EGF), with the aim of responding to the economic impact of the Covid-19 pandemic by ensuring that the enterprises of participating Member States have sufficient financial resources to overcome the crisis, and to ensure their growth and development in the medium to long term.
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 regulations 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%.

COVID-19 Products

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 changes introduced by the Liquidity Decree of 2020 and updated from time to time by the emergency national legislation (i.e., Italian Law 178 of 30 December 2020 - Budget Law 2021, Support Decree Bis, Italian Law 234 of 30 December 2021 - Budget Law 2022), 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):

- FINPMI COVID 800k
- FINPMI COVID.

These products comply with the requirements of duration (maximum 96 months) 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/renege operations already in place.

Short-term credit lines with MCC guarantee

Until 2019, BPER Banca combined the Central Guarantee Fund only with credit lines characterised by a medium-long term profile; starting in 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.

Coronavirus Enterprises

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

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

SACE-guaranteed medium-term loans for enterprises affected by the Covid-19 epidemic have been made possible by the provisions of Italian Legislative Decree no. 23 of 8 April 2020, according to which SACE was authorised to issue Guarantees, which benefit from the counter-guarantee of the State, for loans to companies based in Italy and affected by the Covid-19 epidemic.

The financing covered by the SACE Guarantee ("SACE Covid-19"), lasts between two and eight years and 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 for which repayment had become objectively impossible as a result of the spread of the Covid-19 epidemic. This form of financing is not intended for restructuring/refinancing/consolidation operations, even partial, of other outstanding exposures.

Moratoria for financing in place

Art. 56

(Italian Law 27/2020 - pursuant to Decree Law "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, have been able to request since 2020, also from BPER Banca:

- the maintenance until 31 December 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-instalment loans due before 31 December 2021
- the suspension of instalments of loans or leasing fees with expiry until 31 December 2021, 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).

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 legislative measures adopted starting in 2020 to limit the economic crisis, BPER Banca maintained the Fin PMI Fast Forward 30k loan in 2021 with the following characteristics:

- it is 90% assisted (formerly 100% in 2020) by the Guarantee issued by the Central Guarantee Fund of Banca del Mezzogiorno-MedioCredito Centrale
- maximum amount of Euro 30,000.

FIN PMI Impact Fast Forward 30k is regulated pursuant to Letter M), art. 13 of Italian Decree Law 23/2020 (Liquidity Decree) and Italian Decree Law 73/2021 (Support Decree bis) 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, associations among professionals and non-commercial entities (including those of the third sector and civilly recognised religious entities), as long as the activity of these subjects has been affected by the health emergency.

Welfare Solution

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

CURRENT ACCOUNTS

Basic Account

The characteristics of the account were defined by the Agreement between the MEF, Bank of Italy, the Italian Banking Association (ABI), Poste Italiane and Associazione Italiana Payment and Electronic Money Institutes. It is reserved for new customers without bank accounts or with limited operational requirements. Specifically, it is intended for consumer customers residing in Italy or in the European Union, without discrimination and regardless of their place of residence (also including consumers without a fixed address and asylum seekers); it meets the purpose of financial inclusion with limited operation and has a simple, transparent and easily comparable cost structure.

The Bank has the right to make the appropriate banking checks on the potential client in accordance with the regulatory provisions in effect. The offer is broken down into the following solutions:

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

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

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

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

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

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

SPECIFIC PRODUCTS FOR MINORS AND YOUTH

TEEN account

Account for minors aged 13-17 in combination with TEEN! CARD: the Bancomat/VPay debit card with contactless functionality, easy to use and with a limited monthly ceiling.

GRANDE! Savings account

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

BPER Card Pay Up Teen

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. As of July 2021, the range of health protection products has been expanded to include ACuore XL, a new health insurance product with a five-year duration for the coverage already included in ACuore.

The extension of the coverage duration protects the insured party against the possibility of cancellation by the insurer due to claims and also allows the policyholder to obtain a frontal discount of 8% on the taxable premium, as a repayment of the advantage of stabilising the insurance relationship over a multi-year period.

In addition, the customer can finance the policy premium, which is settled in a single advance at the moment the policy is taken out by means of a personal loan at 0% interest.

Concessions for customers related to the Covid-19 emergency

Following up on the initiatives already undertaken in 2020, and with the aim of welcoming and building the loyalty of new customers (and employees) from the acquisition of the ISP Group business unit, BPER has launched a marketing initiative aimed at customers who meet certain requirements (with particular reference to age).

These customers have been given a group policy to cover them in the event of admission to a care home as a result of infection with Covid-19; the insurance is underwritten by Arca Assicurazioni and is paid for in full by BPER Banca and the beneficiary customer.

In order to be even closer to its customers, the Bank, together with Arca Assicurazione, has devised an initiative called "CI PUOI CONTARE" ("You can count on it"), which offers specific free coverage for six months in the event of a positive Covid-19 test reserved for new customers who have subscribed to certain products in the catalogue which are part of an identified perimeter.

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 between 18 and 55 years of age who:

- at the time of submitting the application, are residents in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia, Sicily or in the 116 municipalities included in the earthquake crater* in Central Italy (Latium, Marche, Umbria), in the smaller marine islands in Central-Northern Italy, as well as in the lagoon and lake islands (see the list of islands) or transfer their residence to the above-mentioned areas within 60 days (120 days if resident abroad) of the positive outcome of the preliminary investigation
- are not already owners of other business activities in operation on 21 June 2017
- have not received any other national support for self-employment in the last three years
- do not have a permanent job and undertake not to have one for the duration of the loan.

The incentive is aimed at companies established after 21 June 2017 or being established (the establishment must take place within 60 days - or 120 days in case of residence abroad - from the positive outcome of the preliminary investigation).

Notwithstanding the above, the following may also apply for funding:

- self-employed professionals (whether companies or individuals) who have not been registered for VAT in the 12 months preceding the submission of the application for an activity similar to the one for which they are applying for aid
- companies, including cooperatives, sole proprietorships established after 21 June 2017, or partnerships established within 60 days (120 if resident abroad) after the positive outcome of the assessment.

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

- productive activities in the industrial, artisanal, agricultural, fishing and aquaculture sectors
- the provision of services to companies and people
- tourism/trade
- freelance activities (both individual and corporate).

Eligible expenses for the measure are:

- renovation or extraordinary maintenance of real estate (maximum 30% of the expenditure programme)
- new machinery, plants and equipment
- computer programmes and services for technology, information and telecommunications
- operating expenses (raw materials, consumables, utilities, rent, leasing fees, insurance guarantees) - maximum 20% of the expenditure programme.

Resto al Sud covers up to 100% of these expenses, with a maximum loan of Euro 50,000 per applicant, which can go up to Euro 200,000 in the case of companies with four partners.

For sole proprietorships with only one proposing party, the maximum funding is Euro 60,000. To support the need for working capital, an additional grant will be provided:

- Euro 15,000 for sole proprietorships and professional activities carried out individually
- up to a maximum of Euro 40,000 for companies
- The grant is paid upon completion of the expenditure programme, together with the balance of the grants awarded.

The grants cover 100% of the eligible costs and are composed as follows:

- 50% non-repayable contribution
- 50% bank financing guaranteed by the SME Guarantee Fund. The interest shall be borne entirely by Invitalia. Repayment is at a fixed rate over eight years, including a two-year grace period. 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.

* For the seismic crater areas: there are no age limits for the 24 municipalities included in the seismic crater areas of central Italy in which more than 50% of the buildings have been declared unfit for use.

5.2.2 Products and services for environmental purposes

CREDIT POLICY GUIDELINES 2021

The Bank evolved its framework on ESG issues in 2021, identifying and assessing these risks at the Banking Group level.

The BPER Group's Risk Map was updated, and consequently the Group's Credit Risk Management Policy, classifying credit risk deriving from climate-related and environmental factors as a sub-risk of credit risk.

As part of the Risk Appetite Framework, two new third-level metrics were developed to monitor the physical and transition risk of our loan portfolio.

The 2021 Credit Policy Guidelines supplemented the new limits envisaged in the above-mentioned Policy, providing indications on economic sectors and subsectors that are sensitive to transition risk, with the aim of identifying companies and property exposures that are not aligned with the BPER Group's risk appetite. This guidance has been further evolved in the development of the 2022 credit policies, introducing more granular assessments of both transitional and physical risk.

The entire framework for defining the Group's capital allocation therefore identifies "attention" areas on sectors, or geographical areas, that are highly critical from the viewpoint of both economic and environmental sustainability; at the same time, it identifies economic sectors and sub-sectors and provinces on which, in the presence of favourable economic fundamentals, the "transitional" characteristic generates opportunities (also in consideration of the support provided by public policies to the transition towards a sustainable economy, with particular reference to the NRRP).

The BPER Group's credit policies in 2021 therefore supported the prospective assessment of individual transactions, and of the overall relationship with customers, from both an economic-financial and environmental sustainability perspective, taking into account the context in which the customer operates and which could influence its creditworthiness in the medium and long term.

The Group's pricing model is consistent with this approach, as it incorporates specific add-on discounts based on the capital allocation strategy identified, according to the principles outlined above, for the economic sectors. The Group also adopts specific commercial practices aimed at promoting green products, including through the application of pricing policies that are more favourable than those of traditional products (e.g., Green Mortgages). In addition, a pricing add-on on specific trade finance transactions was integrated in 2021, where the bank takes on interbank risk in countries with a high level of physical and environmental risk, impacting the economic resilience of the country.

For the monitoring phase, the identification of transitional and physical risks in accordance with the principles already applied at the granting stage allows monitoring exposure to specific risks at the whole-portfolio and sub-portfolio level, identifying opportunities in transitional areas, and addressing new financing and regular reviews of existing exposures, thus steering the capital allocation towards a more sustainable composition.

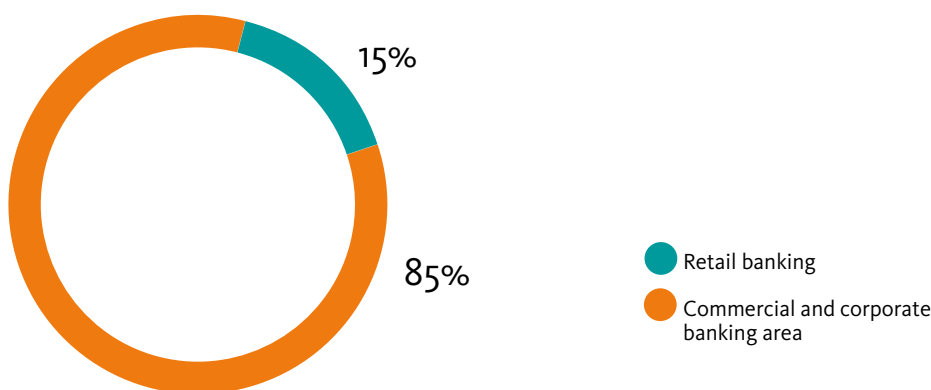
As part of their commitment to reducing environmental impacts, the Group's banks also offer a series of specific financing products for investments, households and businesses in the use of renewable energy, energy saving, circular economy and sustainability choices in general.

Products and services for environmental purposes²⁸

Disbursed value (million €)	31.12.2020	31.12.2021
Retail banking	4.0	34.1
Commercial and corporate banking area	52.0	186.3
Total	56.0	220.4

Compared to the previous year, there was a very high increase in the value of products and services with a social purpose in both retail banking and commercial and corporate banking. The growth stems in particular from the increase in the value of green loans disbursed for retail banking, while in relation to the commercial and corporate banking area, there was an increase in the value of project finance disbursed and the new disbursement of pooled loans.

Products and services with environmental purposes delivered in 2021



Transactions with ESG characteristics

In 2021, BPER contributed to financing transactions with ESG characteristics divided between project finance, shipping/structured finance and corporate key client pools and two waivers on existing corporate pool loans with ESG metrics for a total stipulated amount of Euro 662 million and disbursed amount of Euro 175 million.

Project Finance

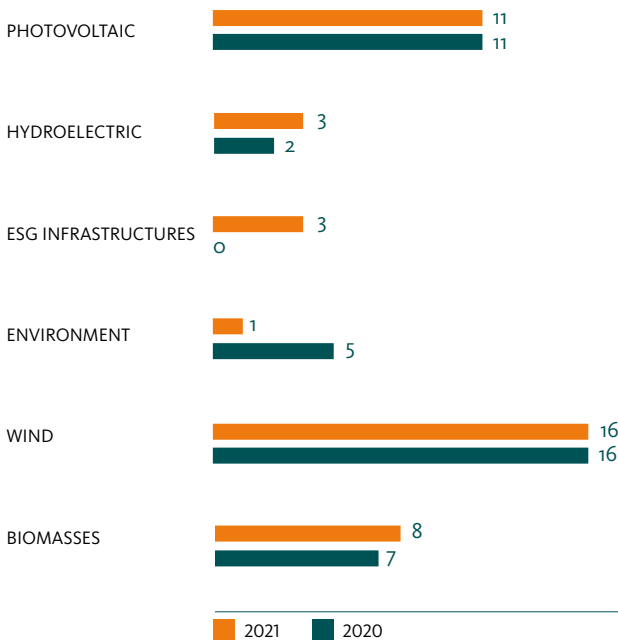
Project finance is part of the ethical products with environmental purposes and refers to the financing of projects aimed at the realisation of systems for the production of energy from renewable sources (wind, photovoltaic, hydroelectric, biomass, etc.) or for infrastructural initiatives under concession (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 31/12/2021, the BPER Group held an outstanding project finance portfolio relating to environmental projects for a residual debt of approximately Euro 295 million (of which approximately Euro 5.5 million ex-Unipol Banca and approximately Euro 16.06 million Banco di Sardegna), which includes 42 transactions (of which five ex-Unipol Banca and one Banco di Sardegna).

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 2021, ethical products impacts with environmental purposes for the Retail Banking area and Commercial and Corporate banking area respectively accounted for 0.04% and 0.24% of the Group's total.

Number of existing project financing contracts



NUMBER OF TRANSACTIONS AS AT 31/12/21	42
RESIDUAL DEBT AS AT 31/12/21	295 MILLION €
AMOUNT DISBURSED IN 2021	75 MILLION €

With regard to the four new loans in shipping/structured finance, territorial and corporate key client pool for a total stipulation of Euro 304 million and disbursement of Euro 100 million. these are new operations mainly aimed at financing the investment plan or the creation of new assets with ESG characteristics (measurable KPIs or SACE green guarantees).

The KPIs identified in each case include, by way of example: reduction of CO₂ emissions, recruitment of new qualified female resources, ranking of the beneficiary in the S&P global ESG score for the sector, monitoring of circular economy indicators.

Lastly, with reference to the two waivers with integration of lines stipulated in 2021 on loans already in place for a total BPER share of Euro 244 million, in both cases these are contractual amendments that also involved the inclusion of ESG metrics with KPIs linked, for example, to sustainability indicators (reduction in domestic energy consumption, % of renewable energy on total energy consumed, Gender Equality Index).

BPER LIFE4ENERGY

In 2016, BPER Banca was selected as a pilot bank for a project finance instrument - the Private Finance For Energy Efficiency (PF₄EE) instrument - which the Bank was able to use on an exclusive basis until 31/12/2021 and which is currently being extended. The agreement was signed at the end of a long due diligence with BPER Banca and Banco di Sardegna, and envisaged the establishment of a portfolio of loans up to Euro 50 million dedicated to small, medium and large-sized companies.

Through the PF₄EE instrument, the European Commission sought 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, other)
- initiatives related to production facilities
- district heating/cooling systems
- public lighting infrastructure
- high efficiency heat and electricity cogeneration plants.

For commercial purposes the project has been renamed BPER LIFE4ENERGY.

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 ARTIGIANCREDITO. The investments are aimed at promoting energy efficiency and developing the use of renewable energy in companies within the Emilia Romagna region.

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, biomethane with the exception of photovoltaic systems.

Fin Energy provides a loan that varies thousand 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 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 reductions 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. Project development continued in 2020 and 2021 and will continue in 2022.

SACE GREEN- Outside agreements

Medium-term financing in accordance with the European Taxonomy introduced by Italian Decree Law no. 76 of 16 July 2020 - Conversion Law no. 120 of 11 September 2020 - "Urgent measures for simplification and digital innovation" (so-called Simplification Decree), converted into Italian Law no. 120 of 11 September 2020.

This loan is subject to expert due diligence by SACE which, based on the type of intervention and the environmental purpose to be pursued, determines the terms and conditions of the guarantee provided in favour of BPER.

This guarantee supports the energy transition and the pursuit of the environmental objectives of the Green New Deal.

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.

In the same sector, BPER participated as agent bank in September 2021 for a share of Euro 14 million in a pool of Euro 28.07 million intended to partially cover the cost of purchasing a ferry (Euro 40.1 million) under construction at a Turkish shipyard with a bi-fuel engine (that can run on LNG), which will also be equipped with a special battery that will make it possible not to use diesel generators (with the related emissions) when docked.

Also in 2021, BPER participated on an equal footing with another financial institution in a syndicated loan for a total of Euro 55 million to build a wind farm in southern Italy.

In December 2021, BPER Banca and Banco di Sardegna initiated a due diligence process with SACE in order to enter into an agreement in early 2022 to support businesses of all sizes in achieving objectives compatible with the environmental objectives dictated by the Green New Deal, with a view to increasing the BPER Banca Group's support in the ecological transition and climate change.

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 envisages in terms of costs and guarantees provided, thanks to tariffs on a municipal basis, the application of criteria independent of the type of construction and raised the limits to cover damages up to the reconstruction value. In order to strengthen the range of home protection products, in collaboration with the company Arca Assicurazioni, the Bank has extended its catalogue with the Civil Home Fire policy which provides coverage at a very low customer cost exclusively for the owned or leased building against risks arising from fire, lightning, explosion and bursting.

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 was 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 is essentially 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 had already been 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 more ecological and sustainable, or to acquire other eco-sustainable instruments.

In November 2021, the BPER Banca Group revised the green loans in its catalogue for mortgage loans, adding "construction and renovation" to the "purchase" purpose; for personal loans, customers requesting a Green Loan were given the possibility of accessing a pre-amortisation of a maximum of 18 months for work covered by Ecobonus/Superbonus deductions.

Ecobonus

The 110% Superbonus (Ecobonus and Sismabonus) is a tax benefit provided for by the Relaunch Decree (Decree Law 34/2020, converted by Italian Law 77/2020) which allows a 110% deduction for expenses incurred within a certain period of time as part of specific interventions aimed at: improving energy efficiency, reducing seismic risk, installing photovoltaic systems or infrastructure for recharging electric vehicles in buildings.

Compared to the previously active provisions, it includes some important novelties:

use of the tax bonus by transferring the tax credit to banks and other financial intermediaries;

"Invoice discount" by the supplier of goods/services related to the subsidised interventions.

BPER has prepared a comprehensive offer to support its customers in carrying out recovery works linked to the subsidies provided. The offer includes pre-financing products, insurance products, a specialised consultancy service, both technical and fiscal, as well as the Bank's purchase of the tax credit for immediate payment of the tax bonus without waiting for its recovery through the annual tax deduction quotas established by the regulations.

Specifically, individuals can receive liquidity by transferring the tax credit generated by their renovation and redevelopment works and, if necessary, request financial support for the implementation of the various types of interventions.

Businesses, on the other hand, will be able to recover the tax credit resulting from the "invoice discount" applied to their customers and possibly obtain financial support for the costs of construction sites through an advance on contracts.

BPER launches recycled PVC payment cards

In partnership with IDEMIA, a world leader in Augmented Identity, the BPER Banca Group has abandoned standard PVC and transformed its card stock into recycled PVC, thus confirming its strong commitment to a certified green policy oriented towards responsibility.

The introduction of recycled plastic (rPVC) into the paper production chain has made it possible to replace standard PVC and thus play an active role in reducing pollution. In addition, the use of eco-friendly water-based inks with low amounts of VOCs (Volatile Organic Compounds) reinforce the environmental qualities of this innovative paper. Together with the BPER Cards, the envelopes

used to mail the cards and the accompanying letters have also become sustainable thanks to the use of recycled paper. The approach adopted by the Group, which issues credit, debit and prepaid cards through the product company Bibanca, envisages a gradual replacement of the entire catalogue of BPER Cards using a criterion of sustainability and waste reduction: in fact, their disposal will follow the ordinary depletion of stocks in standard PVC without the massive replacement of cards in stock, which would increase costs in terms of environmental impact. The transition process began in February 2021 as part of the project to acquire around 600 branches from the business unit acquired from the ISP Group, which saw BPER Banca engaged, in an initial phase, in the replacement of around 560,000 cards



and, in the migration of over 33,000 plastic cards in June. Two-thirds of the products in the catalogue were issued in recycled PVC and by the end of October 2021, all new issues and renewals of BPER Cards were made exclusively from environmentally sustainable materials. A responsible choice that will have an impact on around 3 million BPER Cards in the coming years.

FINANCING FOR THE CIRCULAR ECONOMY: SUPPORT FOR PRODUCTIVE CONVERSION FOR BETTER RESOURCE 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 organisations 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 Legislative Decree no. 76 of 16 July 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:

- 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
- 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 a 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 2021.

The commitment that this main sector demanded from the banking world was significant due to the emergence, in addition to the difficulties caused by the ongoing 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, the activation of ceilings and specific initiatives that met the need for working capital were arranged. The beneficiaries remain individual or associated farmers and agri-food companies.

5.3 ESG Investments

The themes of sustainable development and responsible finance have become strategic in the choices of investors who are increasingly interested in green and sustainable products. Also following the introduction of regulations by Europe, 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 2021 which, in addition to financial performance, integrate the analysis of environmental, social and governance factors within their investment processes.

Investments owned

As at 31/12/2021, the Group held a total financial portfolio of Euro 28,233 million, partly characterised by ESG criteria, according to the values and percentages shown in the table.

	Total (million €)	%
Portfolio with ESG Score	1,619.2	6
Ethics Portfolio	812.8	3
Green Bonds	766.7	3
Sustainability Bonds	246.5	1
Social Bonds	559.9	2

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); 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 812.8 million, equal to 2.88% (+107% compared to 2020) 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 aims to stabilise and maintain the SRI investments of the “Ethical Portfolio” at the achieved standards by the end of 2022.

The Group plans to draw up and adopt an ESG investment policy in the near future; as a consequence of the coming into force of the future sustainable investment policy, the Group will adapt its investment processes with logic and steps that are consistent with the approach that will be the basis of the ESG investment policy guidelines.

FONDO SÌ

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

The fund invests in SMEs which, as part of their business activities, are able to generate social, environmental and cultural impacts. The Bank increased its commitment to the initiative during 2021 from Euro 1 million to Euro 2 million.

INVESTCORP-TAGES IMPACT FUND

BPER Banca has joined the Investcorp-Tages Impact Fund launched by Investcorp-Tages Limited, the 50/50 joint venture established in May 2020 between Investcorp and Tages Group.

It is a fund of private equity funds that invests in European managers providing capital to companies with a focus on creating social impact in line with the United Nations Sustainable Development Goals ("UN SDGs").

The Bank joined the initiative by subscribing Euro 5 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.

The issue attracted strong market interest, with demand exceeding Euro 1.25 billion from over 110 institutional investors. This reduced the spread from the initial level of +200 bps above the 5-year Mid Swap to the final level of +175.

Issued as part of an Environmental, Social and Sustainability Bond Framework (the "Framework") and based on the Euro 6 billion EMTN program, the bond financed a selected portfolio of SMEs to which disbursements covered by the public guarantee established in the Liquidity Decree to deal with the Covid-19 emergency have been granted.

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").

BPER Banca will publish an annual report on the allocation of the proceeds of the Social Bond issue ("Annual Review"), certified by a third-party provider.

The Framework, SPO and Annual Review and the related affidavit will be provided on the Bank's website at the following page: <https://istituzionale.bper.it/investor-relations/obbligazioni-e-prospetti/esg-framework>

The offer of ESG investments

In line with investors' growing interest in environmental, social and good corporate governance issues, during 2021 BPER Banca (Advisory Function of Optima SIM) continued its popularisation of sustainability issues by producing new "Advisory Tips" editorials (around 18 publications) for assistance and training for employees and, indirectly, customers. The topics covered included advised ESG products, both bonds and balanced and equity products. Considering the importance of the topic, an internal training project was launched for specialist resources. Three in-depth webinars were organised in collaboration with ARCA SGR, Raiffeisen and JP Morgan AM with a focus on sustainable and responsible investments on both the regulatory and market side and the related strategies adopted by the relevant asset management companies. With the collaboration of the Polytechnic Institute of Milan and partner companies such as BlackRock, Fidelity, JP Morgan AM and Pictet AM, several specialists also participated in Master's courses for further in-depth study of the subject. Sustainability issues were also addressed in MiFID training.

The commercial catalogue saw a significant increase in the number of products "categorised" as "sustainable ESG" due to the change in underlying strategies to align with the entry into force of the Sustainable Finance Disclosure Regulation "SFDR". As at 31 December 2021, there were approximately 657 ESG products in the catalogue (51% of total products in placement), of which 540 were Funds/Sicavs and 117 underlying insurance policies. Of these instruments, 317 are equity strategies, 253 monetary/bond strategies, 77 balanced, 7 absolute return and 3 commodities-based. A great deal of work on adapting the catalogue of Bank-placed products to ESG strategies was carried out in synergy with ARCA SGR, such as the placement of the ARCA Oxygen Plus balanced fund, whose strategy focuses on investing in securities of companies with low carbon emissions.

Thanks to the increase in the number of ESG products being placed, customers' growing awareness on the issue and the entry into force of the SFDR regulation, net inflows of ESG products increased from Euro 636 million in 2020 to Euro 1.7 billion in 2021. The stock under management of these sub-funds as at 31/12/2021 was Euro 12.7 billion, compared to Euro 2.1 billion in 2020.

ARCA SGR

ARCA Fondi SGR has adhered to the United Nations Principles for Responsible Investment (UN PRI) since 2019. The integration of ESG criteria into its investment processes and services is driven by the opinion that companies targeted by ESG investments are more resilient, less likely to encounter legal, reputational and/or operational problems, and therefore more sustainable in the long term.

In order to assess the effects that the activities, products and services of the issuers may have in the field of sustainability, ARCA Fondi SGR has defined a process for assigning an overall rating that weighs the rating attributed to the three Pillars (Environmental, Social, Governance) with a greater focus on environmental issues. Furthermore, by favouring investments in instruments with the highest ESG rating, limiting purchases on issuers assessed as "not in line with environmental, social and governance sustainability issues", ARCA Fondi SGR aims to generate a positive impact on the community, contributing to sustainable development and encouraging the pursuit of positive financial results in the long term.

During 2021, ARCA Fondi SGR developed its ESG product range by launching the distribution of investment solutions designed to facilitate gradual entry into balanced portfolios with a strong orientation towards environmental sustainability (Arca Opportunità Green), transforming the pre-existing equity fund (Arca Azioni Europa) into a product with clear ESG connotations and launching Arca Oxygen Plus, a fund whose objective is to minimise the carbon footprint of the investment and which qualifies as a product pursuant to article 9 under EU Regulation 2088/2019. The launch of Oxygen Plus was accompanied by a nationwide reforestation initiative sponsored by the SGR, resulting in the planting, in 2021 alone, of over 1,800 trees in three areas located in Emilia, Campania and Lombardy. In 2022-2023, this initiative will be confirmed and strengthened with a reforestation plan that will reach a total of more than 10,000 trees and 15-20 national sites.

The development of the ESG range will continue in 2022 with the launch of new funds, both balanced (under article 9) and with benchmarks aligned with the objectives of the Paris Agreement; the transformation of ARCA Azioni Europa ESG Leaders and America ESG Leaders into climate impact funds is also planned.

Finally, the introduction of a new product is planned, whose investments will be characterised by the themes of the sea and water resources (ARCA Blue Leaders); this product will be associated with concrete initiatives to protect Italy's marine and river heritage (cleaning of beaches, banks, etc.).

For information on the Responsible Investment Policy, see <https://www.arcafondi.it/s/sostenibilita>.

ESG Masses

Category	ESG Label Funds	NAV 31/12/21 (€)
Equity	ARCA AZIONI AMERICA ESG LEADERS	511,717,931
Equity	ARCA AZIONI EUROPA ESG LEADERS	689,070,057
Equity	ARCA AZIONI FAR EAST ESG LEADERS	223,304,537
Absolute return	ARCA GREEN LEADERS	113,010,933
Absolute return	ARCA OPPORTUNITÀ 2026	239,724,459
Absolute return	ARCA OPPORTUNITÀ 2026 II	185,590,614
Absolute return	ARCA OPPORTUNITÀ 2026 III	237,765,706

Absolute return	ARCA OPPORTUNITÀ 2026 IV	179,286,682
Absolute return	ARCA OPPORTUNITÀ SOSTENIBILI 2025	190,199,445
Absolute return	ARCA OPPORTUNITÀ SOSTENIBILI 2025 II	45,173,303
Absolute return	ARCA OPPORTUNITÀ SOSTENIBILI 2025 III	136,347,781
Absolute return	ARCA OPPORTUNITÀ SOSTENIBILI 2025 IV	137,906,196
Absolute return	ARCA OXYGEN PLUS	274,450,856
	Total (A)	3,163,548,500
Balanced	ARCA PREVIDENZA ALTA CRESCITA SOSTENIBILE	1,113,128,184
Balanced	ARCA PREVIDENZA CRESCITA SOSTENIBILE	1,085,313,727
Balanced	ARCA PREVIDENZA RENDITA SOSTENIBILE	1,091,865,858
	Total (B)	3,290,307,769
	Total (A+B)	6,453,856,269
	Total masses	36,928,000,000
	% ESG Label	17,5%

ARCA Previdenza BPER Group positions

Compartment	Assets (€/million)	Number of positions*
ARCA PREVIDENZA OBIETTIVO TFR	174	3,532
ARCA PREVIDENZA ALTA CRESCITA SOSTENIBILE	219	4,534
ARCA PREVIDENZA CRESCITA SOSTENIBILE	154	3,490
ARCA PREVIDENZA RENDITA SOSTENIBILE	140	2,894
Total	687	14,450

*Number of members: 8,915

BANCA ETICA AND ETICA SGR

BPER Banca is a shareholder of Banca Etica and, with a 10% stake, of Etica Sgr, 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 over 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 46,000 shareholders and 82 million in share capital, a savings collection of over Euro 2 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 housing and legality. In the Impact Report, Banca Etica measures the social and environmental improvements achieved thanks to the loans granted.

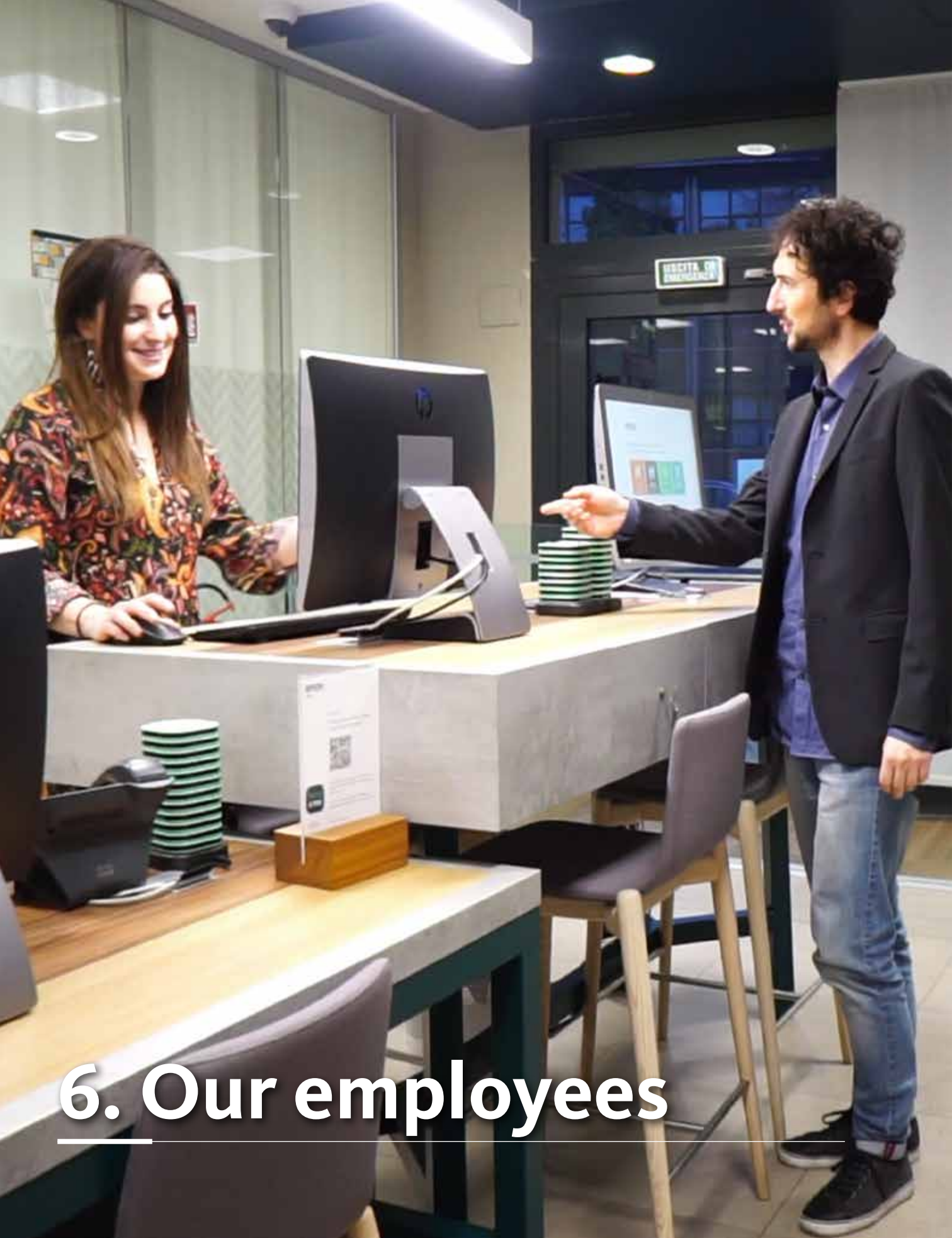
For more information: www.bancaetica.it/

Etica SGR

Etica Sgr is a 100% Italian company specialising in mutual funds with sustainability and responsibility objectives. Since its creation in 2000, it has been committed to promoting a model of responsible and ethical growth and development, based on the assumption that the world of finance can play a fundamental role in directing capital towards sustainable activities. Etica Sgr's investment solutions have always been based on its proprietary stock selection methodology (ESG EticApproach®), which selects the companies and countries that pay the most attention to sustainability and collective well-being according to environmental, social and governance parameters (ESG analysis). In addition, through its engagement activities, the management company is committed to raising the awareness of the companies in which the funds invest towards greater corporate social responsibility.

Through its economic and financial activities, Etica Sgr aims to create economic value that can generate impact for the environment and society. Each year, the environmental, social and governance performance of the investment funds is measured and the results are compiled in a document called the Impact Report, which can be found on the company website.

For more information, see www.eticasgr.com/ci-presentiamo



6. Our employees



The BPER Group puts people at the heart of its business project. Despite the changes that have affected the Group's organisation in recent years, constant attention has continued to be paid to Human Resources, especially with projects that enhance and develop professional and personal skills. In fact, the various merger and acquisition operations 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 acquisition project of the Intesa Sanpaolo Group's business unit, 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 organisational 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 involved an extraordinary mobilisation aimed at creating structured mentoring, training and support plans which, starting in February 2021, involved 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 (as defined in the Group Guidelines for the Management of Human Resources).

Employees by employment contract, gender and contract type

	31.12.2020		31.12.2021	
	M	F	M	F
On temporary contract	8	5	2	1
On permanent contract	7,269	5,835	9,912	8,120
Apprenticeship	46	40	59	60
Total internal employees by gender	7,323	5,880	9,973	8,181
Of which full-time employees	7,252	4,766	9,868	6,233
Of which part-time employees	71	1,114	105	1,948
Total internal employees	13,203		18,154	
Temporary workers	62	102	214	284
Self-employed workers	4	3	7	2
Internships	6	5	6	5
Total workforce by gender	7,395	5,990	10,200	8,472
Total workforce	13,385		18,672	

In 2021, the BPER Group counted on a workforce of over 18,000 people, 99.3% of which employed under permanent contracts and 1% under part-time contracts. The considerable increase compared to 2020 was due to the acquisition of the business unit from the ISP Group mentioned above. The Group is constantly evolving and this dynamic, apart from being organisational, is managerial as well: the attention to the adequacy of staff, necessary for proper management of the costs they generate, is also reflected in the use of contractual forms that ensure agile and flexible responses.

The recruitment of external resources was strongly focused on the need for specialised skills, while staff substitutions were limited. According to the nature of the position to be covered and the related type of hiring, the following contractual options offered by current legislation were used:

- permanent contracts for the recruitment of candidates with specialist skills
- 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



	2020		2021	
	M	F	M	F
New hires by age range				
<30	115	98	76	85
30-50	91	89	164	125
>50	7	2	20	11
Terminations by age range				
<30	13	10	11	6
30-50	35	20	101	59
>50	565	394	259	179

In 2021, net of the entries deriving from the acquisition of the business unit from the ISP Group, 481 new resources joined the BPER Group, of which 46% women and 54% men. 33% of those newly hired are in the younger age groups (<30 years). The incoming turnover rate was 2.6%, while the outgoing turnover rate was 3.4%.

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, BPER continues to invest 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 which continued throughout 2021 and is 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 organisational and management methods. For more information, please refer to the dedicated Annex.

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

2019-2021 BUSINESS PLAN

The projects relating to the 2019-2021 Business Plan concerning the Human Resources Department were successfully concluded. There were three main initiatives, which are described below:

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 Banca Group places great attention on training and continuing professional development. The training provided in 2021, 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. These include in particular the integration of the more than 5,000 people from the branches resulting from the acquisition of the business unit from the ISP Group. In order to train the new colleagues in BPER's procedures, processes and products, over 300 digital tutorials were prepared and 1,000 BPER "coach" colleagues were involved, who in the eight weeks prior to the merger, trained five "coachee" colleagues from the acquisition of the ISP Group's business unit on the contents of the service model to which they would be assigned. Each BPER coach organised one digital training meeting per week with the five assigned coachees. The organisation of this complex training project made it possible to minimise the impact on customers in the transition to the BPER 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. Also in 2021, the delivery of the training plan was strongly affected by the lockdown caused by the Covid-19 virus. All in-person initiatives were suspended and the entire training offer was redesigned for use in webinar mode, maintaining the emergency smart learning tool that allowed all colleagues to benefit from online training not only from their workstations but also from home, via their personal devices. In order to do this, all BPER's internal trainers were involved in a certification course for digital trainers, enabling them to continue to design and deliver training also remotely. In addition, the digital content of the MiFID and Ivass certification maintenance courses of 30 hours each was developed in a synergistic manner. 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 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 2021 was also paid to legislative and regulatory issues, such as privacy, cyber security, anti-money laundering, the MiFID regulations, consumer equipment loans, transparency, Italian Legislative Decree 231/01 and the State-Regions Agreement regarding Italian Law 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	2020			2021		
	M	F	Total	M	F	Total
Executives	5,652	1,049	6,701	8,982	2,564	11,545
Managers	132,005	56,276	188,281	247,315	113,783	361,097
Professional staff	170,597	203,018	373,615	248,313	314,028	562,341
Total	308,253	260,343	568,597	504,609	430,375	934,984

In 2021, over 930,000 hours of training were provided, an increasing trend compared to the previous year. In fact, in 2021 the average number of hours per employee was 52, up from 43 in 2020.

Average training hours provided

Category	2020	2021
Executives	25	36
Managers	43	55
Professional staff	44	50
Total	43	52



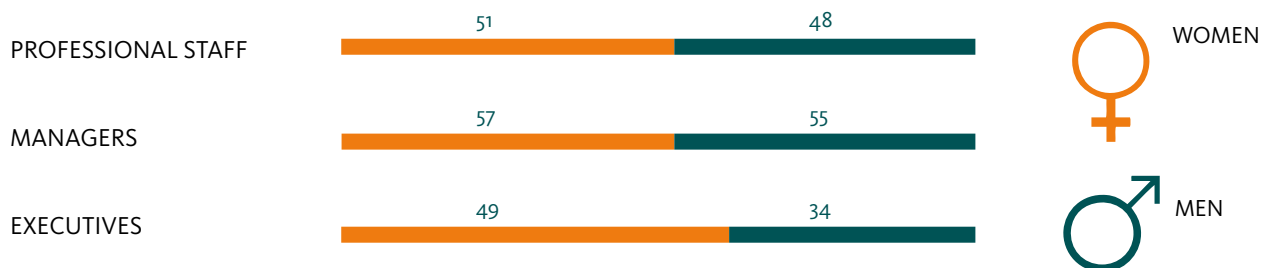
TOTAL TRAINING HOURS

934,984

AVERAGE TRAINING HOURS PER EMPLOYEE

52

Average training hours provided by gender and category in 2021



Training days	2021
Number of employees who received at least one day of training	15,860
% of total employees	87

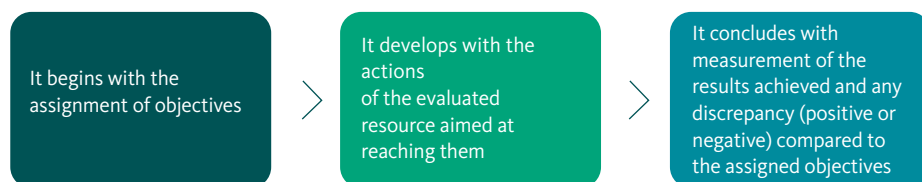
Below is a breakdown of the training hours provided dedicated to the OMM 231/01 and to anti-corruption:

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

Category	2020			2021		
	M	F	Total	M	F	Total
Executives	88	24	112	556	159	715
Managers	581	241	822	13,157	5,725	18,882
Professional staff	611	740	1,351	12,969	16,350	29,319
Total	1,280	1,005	2,285	26,681	22,234	48,916

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 organisational changes
- managing and retaining talent
- developing managerial effectiveness today
- developing the managerial skills that will be needed tomorrow
- planning career paths.

In the performance of management activities, constant attention is paid to the development of employee skills. The proper and balanced assignment of roles alone already gives people the opportunity to make the most of their background, but also to strengthen their skills in areas in which they are lacking.

This experience is often combined with the provision of training (technical, regulatory and behavioural) along with the administration of 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, this attention is not interrupted upon achievement of specific goals in terms of age or seniority.

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 resources and the dialogue that the Group nurtures from their recruitment to their exit is also confirmed by the number of interviews that Personnel Management carries out each year; in 2021, partly as a result of the extraordinary acquisition transaction, there were 4,632 interviews, a number which more than doubled compared to those completed in 2020 (equal to 2,054). In addition to accompanying people through their most significant management changes, as is the case in ordinary situations, the interviews not only allowed BPER to welcome new colleagues from the ISP Group's business unit integration, but also to listen directly to their experiences and expectations.

Percentage of employees receiving regular performance and career development reviews²⁹

Category	2020		2021	
	M	F	M	F
Executives	96%	100%	88%	93%
Managers	98%	97%	99%	97%
Professional staff	94%	92%	96%	94%
Total	96%	94%	97%	95%

During 2021, the Group's management development experience continued. It began in 2019 with Executives (exempla) and was extended to middle management in key positions (exemplaz) from 2020.

The objective of the exemplaz project is twofold:

- 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
- to accelerate the managerial growth of female personnel in line with the "A pari merito" project in the field of gender diversity and inclusion.

600 colleagues participated in 2020, of whom 283 women (47.2%) and 317 men (52.8%); 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. In particular, during the year, six inter-functional Development Committees were set up, with the participation of 42 executives responsible for the various corporate functions and with the technical support of the HR function. In the individual committees, the results of the skills diagnosis activities were shared and, also depending on further parameters such as the future business needs, the professional history and experience of each participant, the career paths to be proposed were defined. Some pathways, which already began in the last quarter of the year, will run together with subsequent ones throughout 2022.

A second phase of the process started in December 2021 and employed the same criteria and methods to involve the colleagues who joined the company following the transaction related to the acquisition of the Intesa Sanpaolo Group business unit. A further 138 colleagues were invited to participate, of whom 79 were women (57.2%) and 59 were men (42.8%). 124 colleagues decided to join, of whom 73 were women (58.9%) and 51 were men (41.1%). Assessment, personalised feedback and targeted development paths will also be provided for them during 2022.

²⁹ The percentage of employees who receive an evaluation is calculated based on the total number of employees present at the time the performance evaluation process is closed; the closing period varies according to companies.

6.2.3 Remuneration policies

The BPER Group's remuneration policy is based on solid principles, shared and firmly anchored in the awareness of being a strongly-rooted company in the areas in which it operates and which plays a role in supporting the development of local economies. In this scenario, the remuneration policy is designed with the objective of ensuring an aligned balance between the total remuneration paid and the creation of value for shareholders, with a view to long-term sustainability.

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

- directing behaviour towards the Group's and company's priorities
- attracting and supporting highly qualified personnel and supporting people's motivation, favouring diversity and inclusion, 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 equity and upholding the gender neutrality of remuneration policies by confirming the careful monitoring of personnel costs, taking into account the working conditions of all employees
- supporting behaviours consistent with the Code of Ethics and with the regulations and provisions in force.

Also in 2021, the "2021 Report on Remuneration Policy and Remuneration paid" confirmed the Group's constant attention to communication, information and transparency in order to increase shareholder awareness regarding remuneration and incentive systems and the focus on the issues of sustainability in its broadest sense, 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.

The need to promptly respond to the changed scenario resulting from the pandemic became apparent as early as spring 2020, with the specific aim of guaranteeing operations while paying the utmost attention to the safety and security of human resources and customers. The remuneration structure adopted in the previous year was again confirmed in 2021, although some refinements were introduced to ensure a gradual improvement, also drawing on ex-post verifications of the results of previous years. The prudential approach of the remuneration policy adopted was reaffirmed, taking into account the recommendations of the supervisory authority regarding the mitigation of variable remuneration at least until 2021.

Specifically, the main changes introduced and contained in the 2021 Report regard:

- adaptation of the Policies to the supervisory indications in relation to the Covid-19 pandemic
- increasing the minimum deferral period of the short-term incentive scheme from three to four years for key non-management personnel
- revision of the criteria for identifying Key Personnel
- the application and monitoring of gender neutrality for remuneration policies and monitoring the gender pay gap, including its evolution over time
- the use of Real Shares, instead of Phantom Stock, in incentive schemes
- the implementation of the new provisions contained in the update of the Issuers' Regulation, which regulate in particular:
 - some aspects relating to the disclosure of remuneration policies, such as the representation of the incentive curve underlying the MBO system for the Chief Executive Officer and General Manager
 - disclosure of changes in remuneration paid to certain categories of staff (including average employee remuneration) and the relationship with company performance
- the introduction of KPIs linked to ESG (Environmental, Social, Governance) objectives such as sustainable finance, reputation and environment, inclusion and diversity, within the incentive system of the CEO and Deputy General Managers
- the refinement of the MBO short-term incentive scheme to reflect the changed scope of the Group.

The BPER Group's remuneration policy therefore supports the achievement of short- and medium/long-term objectives, in accordance with the levers identified in the BPER 2021 Strategic Business Plan. In particular, the "Strategic Chart", which summarises the outline

of the priorities of the Strategic Plan for 2021, is the founding element of the MBO system and the definition of the objectives for the entire structure, and has been integrated, as of 2021, with the ESG priorities as follows:

- Sustainable finance
- Reputation and Environment
- Inclusion and diversity.

6.3 Corporate identity and internal communication

Internal communication was central to engaging employees in 2021, promoting corporate culture and values and supporting the organisation and the business.

In the context of the Covid-19 emergency, in particular, the Human Capital and Internal Communication Office acted to widely disseminate provisions and information and to raise awareness among Group personnel to adopt correct behaviours and minimise risks through various ad hoc initiatives.

Communication and engagement campaigns were developed in the field of ESG, equal opportunities and professional development. In this sense, the "A pari merito" programme promotes commitment to people, so that they are proud to work in an environment that values the uniqueness of each individual without differences in gender, age, different abilities, health, ethnicity, sexual orientation and identity or political ideologies, to ensure that everyone has the same opportunities based on merit and aspirations. A new activity was carried out relating to ESG themes, "Piantiamola di inquinare!" (Let's stop polluting!), which aimed to promote green mobility and environmental sustainability during the year. The project included awarding prizes to the people most active in adopting non-polluting means of transport.

During 2021, internal communication also carried out an important activity to support the integration and reception of people entering following the acquisition of the ISP Group business unit.

6.4 Diversity and inclusion

The BPER Banca Group recognises the value of diversity as a key resource for innovation, productivity and growth of the organisation and the country. In order to generate the necessary cultural change and foster an inclusive environment that does not discriminate on the basis of gender, age, different abilities, health, ethnicity, sexual orientation and identity or political ideologies, the Group has long promoted initiatives through the "A Pari Merito" programme, aimed at respecting the values of fairness and objectivity and is committed to protecting the maximum expression of the individual's potential as an element of distinctiveness.

In 2021, the Board of Directors approved the "Policy for the enhancement of diversity", a policy document with which the BPER Banca Group formalised the path taken to create an inclusive working environment and enhance the professional contribution of all people.

The Policy is accompanied by an action plan, in which objectives and expected results are defined. The activities undertaken in 2021 are listed below:

- **Development paths**

Exemplaz is the development pathway dedicated to the professional growth of people working in a managerial or professional position. The programme is aimed at evolving managerial skills in companies and promoting the skills needed to improve employability through advanced training and development programmes.

In the Diversity & Inclusion (D&I) area, it pursues the objective of supporting and accelerating the managerial development of women. For this reason, the target group of candidates was defined based on criteria differentiated according to the male and female population in order to achieve a numerical gender balance. In continuity with the path undertaken in 2020, which involved 283 female colleagues, i.e., 47.2% of the members, in December 2021 a second wave opened up to a further 79 women, all from the acquisition of the ISP Group business unit (i.e., 57.2% of this pool of 138 people). 73 female colleagues decided to join (58.9% of the total), for whom the relevant development paths will also start in 2022.

Among the training and development activities, in addition to webinars and virtual classes for in-depth analysis and training of managerial skills, the project included specific mentorship paths where the presence of women among the mentees reached 62% of the total number involved.

• **Training**

The D&I training offer is aimed at the entire company population and aims to improve employee self-efficacy and involvement, helping them overcome situations that could generate stress, negative impacts on individual well-being and work performance.

The main courses planned for 2021 include:

- Conscious bias: developing an inclusive approach in everyday life
- Diversity management: gender and the impact on leadership
- Inner female leadership
- Back to work: I became a mum, I became a dad
- Professional role and parental role: managing the life line
- Parents in the storm: how to learn from our teenage children.

• **Performance Management**

The enhancement of the diversities of each person and the attention to a greater inclusion of female staff in development paths become specific performance objectives for Function Managers through the integration of precise indications in the individual performance management process.

• **Remuneration policies**

Market analyses and comparisons are constantly carried out in order to verify and guarantee pay equity in line with the role performed, the complexity managed and personal merit.

By monitoring remuneration-related data and intervening in processes, particularly the salary review process, the Group addresses any actions that are inconsistent with company policies.

• **Welfare policies**

BPER has always offered a wide range of corporate welfare services and tools to support the need to reconcile life and work, situations of individual fragility, health and well-being.

In particular, the following are applied:

- flexible forms such as part-time work, in its various formulations
- smart working
- collective welfare, health and insurance plans
- "Solidarity Time Bank".

For more information, please see the next section.

• **Governance and monitoring**

The Diversity Team, a cross-functional operational core, was set up to design and implement the programme's initiatives, as well as to monitor and report on the results achieved on the basis of the defined objectives and performance indicators (KPIs).

• **External communication and engagement in society**

With the aim of affirming the brand's positioning on D&I and laying the foundations for increasingly inclusive communications, the brand purpose with regard to D&I issues was defined through a co-design process involving management in surveys and focus groups.

The activities implemented in 2021 include:

- the editorial plan for content on social channels and the bank's website, external editorial projects and podcasts aimed at guiding external brand communication on D&I issues, with messages for spreading the culture of inclusion
- a financial education programme aimed at women to eliminate the knowledge gap in asset management.

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 and adheres to the "Women in Banking Charter: enhancing gender diversity" of ABI (Italian Banking Association).

In 2021 BPER Banca also adhered to the "Charter for Equal Opportunities and Equality at Work" of the Sodalitas Foundation, which includes a commitment to implement an inclusive human resource management programme through concrete actions and to monitor the progress made.

Total workforce



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.

Ratio of remuneration of men/women³⁰

	2020	2021
Executives		
Base salary	0.67	0.68
Total remuneration	0.62	0.65
Managers		
Base salary	0.92	0.91
Total remuneration	0.91	0.91
Professional staff		
Base salary	0.99	0.99
Total remuneration	0.98	0.97

Total remuneration includes "one off" variable remuneration for past years for (male) Executives from merged banks.

³⁰ The base salary corresponds to the Gross Annual Salary and total remuneration to the taxable income.

6.5 The Welfare Plan

The year 2021 was characterised by the continuation of the Covid-19 health emergency, which inevitably had an impact on welfare. During the year, the welfare plan was also extended to employees coming from the acquisition of the ISP Group business unit, who were able to benefit from agreements extended to their areas of origin. The development of a new welfare portal was also completed to allow better management of the Welfare Plan, also accessible from smartphones, with simplified and customisable functions.

In 2021, the BPER Banca Group joined the Covid-19 vaccination campaign, which allowed Group employees and their family members to be vaccinated free of charge and on a voluntary basis in the workplace or in affiliated local facilities. The vaccination plan implemented with the support of UniSalute provided, in addition to the anti-Covid vaccination for each employee, an insurance policy for adverse reactions to the anti-Covid-19 vaccine (occurring within 30 days of its administration) that guaranteed the dispatch of an ambulance and daily compensation for any hospitalisation.

The possibility of using the welfare credit, in accordance with current regulations, to claim reimbursement of expenses incurred for the purchase of computers for their children's distance learning activities also continued.

The Welfare Plan of the BPER Group³¹ consists of:

- benefits for which the company bears the cost, including the supplementary pension fund³², supplementary pension³³ established according to the defined contribution scheme to which the employee also contributes, health and dental policy, long-term care, coverage for accident risks, electronic meal vouchers, gift vouchers and special conditions
- benefits made available by the company that employees can purchase for themselves or their families, 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 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 people with attention to the environment of the cities where they live and work together information, initiatives and agreements relating to mobility. With the launch of the new welfare platform from 2022, the Mobility Area will also be revamped and expanded with additional information on mobility and sustainability.

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), which group together the mobility initiatives of the BPER Group, Bank and employees. In 2021, as envisaged by Italian Decree Law no. 34 of 19 May 2020, the "Relaunch Decree" converted into Law no. 77 of 17 July 2020, 14 PSCLs corresponding to workplaces with at least 100 employees were prepared and delivered to the municipalities of Modena and Bologna as well as to the municipalities of Milan, Bergamo, Brescia, Lanciano, Cagliari, Sassari, Avellino and Varese.

During 2021, following the health emergency, the "Agile work - Hub working" project was extended 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, reducing the mobility of people and physical presences in the various organisational units.

In addition, the daily company shuttle service connecting the Modena Railway Station to the Service Centre in Modena was strengthened in order to facilitate the movements of those who live outside Modena and use public transport, limiting urban traffic entering and exiting the city.

³¹ The Welfare Plan is applied to all BPER Group companies, with the exception of: Nadia, BPER Lux, Arca and Modena Terminal.

³² This is a pension plan activated according to the defined benefit system.

³³ As at 31/12/21: the average percentage of employees assigned to the pension fund is 2.25%; the average percentage of payment by the company is 3.90%; membership is voluntary, 96.5% of employees are enrolled in the pension fund.

In order to spread the culture of cycling and encourage its use for travelling to and from work, the "Piantamola di inquinare" initiative continued, dedicated to sustainable mobility this year. Launched in collaboration with Wecity, the initiative was very successful. Over the three-month period, colleagues were asked to walk or cycle to work and their performance was recorded on a dedicated app. The competition was fierce, and with the contribution of more than 800 colleagues, avoided the release of 12 tonnes of CO₂ into the atmosphere, exceeding the set targets.

In accordance with the regulations, the participants in the initiative were awarded prizes in their pay slips and for the first 50 winners, 50 trees were planted to add to the BPER Banca forest created in collaboration with Treadom.

Nati per leggere (Born to read)

BPER Banca has supported Nati per Leggere (NpL), the National Programme that promotes reading in the family from the first months of a child's life since 2019.

In 2021, the activity that had begun in 2020 of donating a book to colleagues about to become mothers and fathers continued as a gesture of good wishes but above all as an invitation to read together with their child from the first months of life.

TOP EMPLOYER ITALIA 2022: BPER BANCA ALWAYS AMONG THE BEST EMPLOYERS

BPER Banca also confirms "Top Employer Italia" for 2022, relative to 2021 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 organisational 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 81/08
- pursuit of the "precaution principle" based on the provisions of Art. 15 of Italian Legislative Decree 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.

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.

In 2021, 615 Safety and Security risk assessment inspections were carried out, all of which were concentrated in the context of the acquisition of the ISP Group business unit.

With regard to the Covid-19 pandemic, the 2021 Risk Assessment Document was supplemented with a specific section (Annex 8) which analyses all the actions implemented by the company. The objective is to ensure full compliance with the regulatory provisions issued at national and local level as well as the contents of the "Shared protocol for the regulation of measures to combat and limit the spread of the Covid-19 virus in the workplace", also through the adoption of the principles and guidelines issued from time to time at international (WHO, ECDC) and national (ISS, INAIL) level, including additional provisions considered "best practices" to protect the health of employees and customers.

In 2021, the activities of the health emergency table set up in 2020 at the beginning of the emergency continued (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), Operational Services Management (OSM), the Chief Risk Officer (CRO), the Business Continuity Manager, the Organisation Department, the Risk Department and the Service Desk Department, coordinated by the Group's Crisis Manager.

The precautions already taken in the first phase to protect operations were confirmed in 2021, such as: the activation of a significant number of workstations in "smart working emergency" mode, shifts in organisational units, the closure of some branches, changes to opening hours and the restriction of customer access to premises.

It was only at the beginning of the second half of 2021, thanks to the reduction in the number of positive cases nationwide and the move of most regions into the low-risk band, that the restrictions on customer access to branches were eased, allowing a ratio of one customer for every operator available to serve them at that time.

The information provided to all personnel related to the introduction or modification of the safety measures adopted took place effectively and promptly through the continuous implementation of FAQs on the company intranet in relation to the coronavirus or by mass e-mails. For more information, please refer to the dedicated Annex.

On 27 December 2020, following the approval by the European Medicines Agency (EMA) of the first Covid-19 vaccine, the first vaccination campaign was also launched in Italy with the aim of achieving herd immunity for SARS-CoV2 as soon as possible. After an initial phase, which was limited in terms of the number of doses delivered, the vaccination campaign developed in a continuous crescendo. Vaccines were offered to the entire population according to an order of priority, which took into account the risk of disease, the types of vaccine and their availability.

In May 2021, BPER joined the national vaccination campaign within the company, working in synergy with institutional bodies and with the support of UniSalute, setting up various centres throughout the country and achieving excellent results in terms of the number of doses administered. In addition to free vaccination for all employees and their families, the organisation provided an insurance policy for adverse reactions with daily compensation and support through the publication of FAQs in a dedicated section of the company intranet. With the entry into force from 15 October 2021 of the obligation to hold a Green Pass (Covid-19 green certification) for access to workplaces, BPER prepared suitable procedures for controllers and staff, given appropriate delegations from the Employer to the controllers to verify workers' possession of Green Passes, established rules for the company physician to grant exemptions to workers with valid certifications, prepared and implemented continuously dedicated FAQs in a specific section on the company intranet.

The System for the management of health and safety issues, described in the Risk Assessment Document (DVR), is governed by a second-level company Policy, which was followed by a document containing Process Operating Instructions for the drafting and updating of Emergency Management Plans. Further and more detailed regulatory tools will follow. Furthermore, the system envisages the identification and implementation of a process based on the definition of risk assessment criteria and the consequent implementation of prevention and protection measures. The action plan on health and safety in the workplace consists of the objectives envisaged by the aforementioned principles, particularly:

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

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

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

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

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

According to these indications, the Prevention and Protection Service of BPER Banca has implemented a Health and Safety Management System within the company (not certified) which from 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 231/01 refers to occupational health and safety regulations, thus personnel are requested to comply with all the listed provisions. To ensure the utmost respect of the principles and rules of behaviour by employees as prescribed in the "Model", in the company regulations and in the Code of Ethics, the company evaluates transgressions under the disciplinary realm and adopts the sanctions set out in the Disciplinary System, if necessary. The Head of the Prevention and Protection Service (RSPP) plays a crucial role in Health and Safety management; he/she annually verifies the achievement of expected results, as formalised in the DVR, by preparing specific reports and defining periodic work plans. On the basis of the results arising from specific assessments (for example inspections at the branches, environmental monitoring, assessment of robbery risk), the Group updates the plan of activities to be carried out.

Workers can 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 (guaranteed trade union figure provided by law) while maintaining anonymity and fulfilling the reporting obligation. 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 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, Organisation Department, Cost and Supply Chain Management, Security Office.

All the Group's employees (100% of the workforce) as well as workers (as defined in Article 2 of Italian Legislative Decree 81/08) are considered in the (non-certified) Occupational Health and Safety System, which is internally audited.

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 2021 there were 47 injuries for employees and four accidents for outsiders³⁴. The total injury rate – reported as a frequency index – was 1.81 for employees and 3.93 for outsiders.

³⁴ Only temporary workers are included among external staff; self-employed workers and trainees are excluded.



RECORDABLE WORK-RELATED INJURY RATE OF BPER GROUP

1.81

Health and Safety indicators of the BPER Group

Employees

Injuries	2020	2021
Total number of recordable work-related injuries ³⁵	39	47
Hours worked	19,703,911	25,996,777

Employees³⁶

Rate	2020	2021
Fatality rate as a result of work-related injury	-	-
Rate of high consequence work-related injuries (excluding fatalities)	-	-
Rate of recordable work-related injuries	1.98	1.81

It should be noted that, of the total recordable injuries of 2021 relating to employees, approximately 49% is attributable to traumatic accidents related to falls and slips.

In 2021 there were no deaths due to injuries of employees or temporary workers, nor serious and recordable injuries at work. In addition, in 2021 there was one occupational disease recorded 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 structures. The trend in accidents is assessed annually by the company physician and discussed at the annual meeting required with the Employer and the Worker Safety Representatives.

The courses held in 2021 were those required by the 2016 State-Regions agreement and those specific to the risks managed in the emergency management plans. Specifically, they regarded: general training of workers and Officers, special training of Executives, Fire Officers for sites with low fire risk, Fire Officers for sites with medium fire risk, First Aid Officers, First Aid Update, Update of Worker Safety Representatives, Workers Update, Officers and Managers.

2020 saw the further implementation of anti-theft procedures and technologies, thanks to a specific risk assessment. In 2022, 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.

³⁵ The total number of work-related injuries that can be recorded does not include commuting accidents

³⁶ 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.
- 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 recordable work-related injuries/total no. hours worked) * 1,000,000.

SPORTELLO DI ASCOLTO (COUNSELLING SERVICE)

Activities of the “Sportello di Ascolto” (counselling service) continued in 2021, 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 Labour Agreement and by company regulations. Further 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 2021 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) (Italian Law 300/70).

2021 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 activation, together with the structures of the Chief Operating Officer (COO) area, of the “emergency remote working” mode that involved about 11,000 people, mainly colleagues from the centre and semi-centre. The positive impact on management was made possible by the significant organisational and technological investment supported by the company. Therefore, the Group's staff used agile working in a simplified manner (without signing an individual agreement) in 2021 for the purposes of social distancing and health protection, in accordance with organisational compatibility and in agreement with their manager. During 2021, colleagues in the Centre and Semi-centre facilities were able to apply voluntarily for contracted ordinary remote work which, once the state of emergency is over, will give them the opportunity to work up to a maximum of 10 days per month in agile mode. With reference to the specific additional measures established for the emergency, some branches of the network were temporarily closed, alternating openings and shifts were used as well as limited customer access, with mitigation of issues through appointment planning activities and promoting the use of remote alternatives in smart-banking mode. For resources in specific situations (frail, with family burdens), special leave was granted to manage pandemic-related absences. 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 Labour relations

The Group's negotiations with trade unions are inspired by the objective of maintaining strong Industrial Relations based on respect and loyalty. Relations with the trade unions seek to promote fair negotiations, without any discriminatory or disparate treatment, enabling 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 and renewed on 16 February 2021/ 28 December 2021 until 31 December 2024. Employees and directors are free to participate in political organisations out of working hours, and the same shall bear no relation to the position they hold. The Group refrains from any direct or indirect pressure as regards political representatives and does not permit the disbursement of direct or indirect contributions, in cash or in kind, or in any other form, to political parties, movements, committees and political and trade union organisations, or to their representatives.

There were strike hours during 2021 called by some national trade unions, linked to a trade union dispute called on 16 December in which 198 employees of the BPER Group and two sector trade unions took part; the reason for the strike was not related to the BPER Group.

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

The activities of the Group's Joint Commission for Sustainable Trade Policies continued, focusing on gradually improving the corporate climate to promote a cooperative and constructive spirit in the workplace, encouraging the respect for the key role played by customers. To deal with the ongoing Covid-19 health emergency, the Group maintained a series of solutions to protect the health of resources and secure their operation through the activation of working methods that allowed a limited physical presence in workplaces, also considering the evolution of the form of the pandemic from time to time; maintenance and 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 organisational units and the closure of some branches.

In light of the continuing health emergency, the Group continued to recognise a package of paid and unpaid leave for all Group employees; for certain categories of employees (parents with children under 14, immuno-compromised persons, parents with disabled children, pregnant women not on maternity leave) it set aside a ceiling of ad hoc leave.

The company continued to support the spread of organisational models that favour the reconciliation of work and private lifetimes, also leading to favourable impacts on the environment and on people's mobility. The ordinary smart working project, which was extended to all centre and semi-centre resources, may be requested by employees on a voluntary basis, compatibly with the company's technical, organisational and production needs and without prejudice to the priorities established by law, taking into account the personal and family conditions of the workers to whom the company will provide the computer "equipment" (company laptop) necessary to make it possible to perform the service in agile mode.

The company and Trade Unions (OOSS), in consideration of the efforts made by the workers for the integration of the business units from the ISP Group, agreed to recognise a special welfare payment to Group employees to enhance their ordinary and extraordinary commitment. In line with the provisions of the agreement of 30 December 2020, discussions were held in 2021 with the Trade Unions aimed at harmonising the treatment applied to employees of companies that had recently undergone extraordinary transactions. These discussions ended with the definition of new provisions on supplementary pension schemes, health coverage, provisions in the event of premature death in service, long-term care policies and new provisions for employees who are called upon to travel within the country; the possibility of requesting reimbursement of public transport passes for daily mobility allowance recipients was also introduced, also aimed at encouraging the use of these means of transport in order to reduce CO₂ emissions.

At the end of 2021, an agreement was also reached to encourage generational and professional turnover through new hires and to allow for a gradual reduction in the workforce, including through incentivised retirements and the use of the sector Solidarity Fund, all to be implemented by 31 December 2024.

Finally, it is planned to continue discussions in 2022 aimed at harmonising still-undefined provisions with particular attention to welfare, leave, various allowances and implementing the agreements reached in December 2021.

6.9 Performance indicators

Distribution of employees by professional category and gender

Category	2020			2021		
	M	F	Total	M	F	Total
Executives	233	31	264	265	51	316
Managers	3,045	1,359	4,404	4,536	1,990	6,526
Professional staff	4,043	4,492	8,535	5,172	6,140	11,312
Total	7,321	5,882	13,203	9,973	8,181	18,154

Distribution of employees by professional category and gender³⁷

Category	2020			2021		
	M	F	Total	M	F	Total
Executives	2%	0%	2%	1%	0%	2%
Managers	23%	10%	33%	25%	11%	36%
Professional staff	31%	34%	65%	28%	34%	62%
Total	55%	45%	100%	55%	45%	100%

Employees by employment contract (permanent and fixed-term), by geographical area

	2020	2021
Total North	6,924	10,161
On permanent contract North	6,837	10,056
On temporary contract North	5	1
Apprenticeship North	82	104
Total Centre	1,055	2,199
On permanent contract Centre	1,051	2,194
On temporary contract Centre	1	-
Apprenticeship Centre	3	5
Total Islands	2,587	2,544
On permanent contract Islands	2,585	2,544
On temporary contract Islands	2	-
Apprenticeship Islands	-	-
Total South	2,611	3,226
On permanent contract South	2,609	3,216
On temporary contract South	1	-
Apprenticeship South	1	10
Total Outside Italy	26	24
On permanent contract Outside Italy	22	22
On temporary contract Outside Italy	4	2
Apprenticeship Outside Italy	-	-
Total	13,203	18,154

³⁷ Some percentage values in the table have been subject to approximation operations.

Workforce diversity (Protected Categories and other diversity indicators)

		31.12.2020	31.12.2021
Executives	Non-Italian citizenship	1	1
	Belonging to protected categories	6	7
Managers	Non-Italian citizenship	12	14
	Belonging to protected categories	199	294
Professional staff	Non-Italian citizenship	24	35
	Belonging to protected categories	693	939

Total number and rates of new employee hires and employee turnover by gender and region³⁸

	2020				2021			
	New hires		Terminations		New hires		Terminations	
	No.	%	No.	%	No.	%	No.	%
North	195	3	446	6	333	3	322	3
Men	109	3	274	7	202	4	218	4
Women	86	3	172	5	131	3	104	2
Centre	10	1	37	4	15	1	38	2
Men	8	1	29	5	13	1	26	2
Women	2	0	8	2	2	0	12	1
South	28	1	149	6	10	0	90	3
Men	15	1	116	7	5	0	66	3
Women	13	1	33	4	5	0	24	2
Islands	166	6	404	16	121	5	163	6
Men	81	6	194	15	39	3	59	5
Women	85	7	210	16	82	6	104	8
Outside Italy	3	12	1	4	2	8	2	8
Men	-	0	-	0	1	8	2	17
Women	3	23	1	8	1	8	-	0
Total	402	3	1037	8	481	3	615	3
Men	213	3	613	8	260	3	371	4
Women	189	3	424	7	221	3	244	3

Total number and rates of new employee hires and employee turnover by age group³⁹

	2020				2021			
	New hires		Terminations		New hires		Terminations	
	No.	%	No.	%	No.	%	No.	%
Total	402	3	1037	8	481	3	615	3
< 30 years	213	57	23	6	161	29	17	3
30 - 50 years	180	2	55	1	289	3	160	2
> 50 years	9	0	959	19	31	0	438	6

³⁸ The percentages reported within the table are the result of the ratio with total number employees subdivided by geographical area at 31 December.

³⁹ The percentages reported within the table are the result of the ratio with total number of employees subdivided by age group.

Distribution of employees by professional category and age

	2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	-	62	202	264	-	80	236	316
Managers	3	2,027	2,374	4,404	4	2,952	3,570	6,526
Professional staff	369	5,686	2,480	8,535	551	7,347	3,414	11,312
Total	372	7,775	5,056	13,203	555	10,379	7,220	18,154

Percentage distribution of employees by professional category and age⁴⁰

	2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	0%	2%	2%	0%	0%	1%	2%
Managers	0%	15%	18%	33%	0%	16%	20%	36%
Professional staff	3%	43%	19%	65%	3%	40%	19%	62%
Total	3%	59%	38%	100%	3%	57%	40%	100%

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 2021	3	315	318
Of which returned and still employed in 2021	2	162	164
Return to work rate as at 31.12.2021	100%	100%	100%
Employees who took parental leave in 2020	3	240	243
Of which returned and still employed in 2020 ⁴¹	3	121	124
Return to work rate as at 31.12.2020	100%	100%	100%
Of which returned and still employed in 2021 ⁴¹	3	35	38
Work retention rate as at 31.12.2021	100%	92%	93%

Number of employees who received leaves

	2020	2021
Compulsory and optional parental leave (including breast-feeding) and child care	1,193	1,251
Study	89	88
Other	13,323	15,231
Total	14,605	16,570

Absenteeism

	2021
Total no. hours absenteeism	2,314,189
Total number of theoretical hours	32,789,962
Absentee rate	7.06

⁴⁰ Some percentage values in the table have been subject to approximation operations.

⁴¹The difference between returning employees and those on leave consists of employees whose parental leave is still in progress as at 31 December or by resignations on return to work or in the following 12 months.

With respect to employees who took parental leave in 2020, there were three cases of resignation upon return to work.



7. Environmental impacts





The countries that attended COP 26 in Glasgow (November 2021) confirmed the goal of limiting global warming to 1.5°C compared to pre-industrial levels, resulting in significant reductions in global greenhouse gas emissions, with the aim of achieving net zero emissions by mid-century. In this context, the financial sector will play a central role in safeguarding the environment and creating a more socially and economically equitable, inclusive and resilient society.

First with the Action Plan for Financing Sustainable Growth (March 2018) and then with the Green Deal (December 2019), Europe is decisively and pragmatically driving the process of directing financial flows towards sustainable investments, systematically integrating the three pillars of sustainability (ESG) into risk management, and is strengthening transparency in economic activities of a sustainable nature in the medium to long term. Several regulatory interventions have been implemented, including the EU SFDR (Sustainable Finance Disclosure Regulation) 2019/2088 that came into force in March 2021 and aims to minimise greenwashing by providing full disclosure in terms of sustainable products and ESG investment procedures.

Furthermore, Regulation 2020/852⁴², also known as the Taxonomy Regulation (TR), introduced a common classification framework for environmentally sustainable activities. It is a guide for policymakers, companies and investors for investing in economic activities that contribute to the transition to a low-carbon economy. This evolution requires a careful analysis of the climate and environmental risks to which the financial sector may be exposed in the medium to long term, in order to determine how the sector itself and its assets will be affected by the effects of climate change. As required by the ECB in its "Guidance on Climate and Environmental Risks"⁴³ (November 2020), each bank must define and implement the most appropriate climate adaptation strategy for the context in which it operates. The assessment of climate and environmental risks (both physical and transitional⁴⁴) on the banking business can be strengthened through medium- to long-term climate scenario analyses.

In this regard, the Task Force on Climate-Related Financial Disclosure (TCFD)⁴⁵ recommends the use of scenario analyses to assess climate change risks, guiding the bank towards reducing direct and indirect impacts. The guidelines developed by the TCFD aim to measure the adequacy of the member companies' climate strategy and support them in communicating climate-relevant aspects to the outside world in a transparent and timely manner.

In 2021, the BPER Banca Group intensified its commitment to these issues, first by adhering to the UN Principles for Responsible Banking (PRB) (see chapter 1) and then by signing the TCFD (December 2021) in order to carry out an initial alignment of its strategies with the recommendations on climate-related risks and opportunities and to improve its reporting on climate-related issues.

Climate change generates new risks but also new opportunities that BPER has taken into consideration, with the intention of gradually steering its business in an increasingly green direction in line with the demands of the ECB but above all, to support its customers on the path to ecological transition.

⁴² Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to encourage sustainable investment and amending Regulation (EU) 2019/2088

⁴³ ECB Guide on climate-related and environmental risks - Supervisory expectations for risk management and disclosure, 27 November 2020

⁴⁴ According to the ECB Guide: physical risk means the financial impact of climate change, including more frequent extreme weather events and gradual climate change, as well as environmental degradation, i.e., air, water and soil pollution, water stress, biodiversity loss and deforestation. Physical risk is therefore classified as "acute" if caused by extreme events such as droughts, floods and storms, and "chronic" if caused by progressive changes such as rising temperatures, sea level rise, water stress, loss of biodiversity, changes in land use, habitat destruction and resource scarcity. This risk may lead directly to material damage or a drop in productivity, for example, or indirectly to subsequent events such as the interruption of production chains. Transition risk is the financial loss that an institution may directly or indirectly incur as a result of the process of adjusting to a low-carbon and more environmentally sustainable economy. For example, this could be caused by the relatively sudden adoption of climate and environmental policies, technological progress or changing market confidence and preferences.

⁴⁵ The Task Force on Climate-Related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board (FSB) to address and quantify the risks generated by climate change on the stability of the global financial system. In 2017, the TCFD developed a set of recommendations to promote greater transparency on financial risks related to climate change and to guide companies in reporting the information that investors and financial markets need for assessing climate-related risks and opportunities.

As mentioned above, the realisation that physical and transitional risks from climate change are clearly economic risks has contributed to increase attention also from European banking authorities (EBA and ECB) in order to push banking institutions to integrate these risks into their climate adaptation plans. During 2020 and 2021, these European authorities published several documents with the aim of directing financial institutions in their framing physical and transition risks within a strategic, comprehensive and forward-looking ESG approach, guiding them in the transition to a low-carbon economy.

At the same time, the EU has also made clear commitments to mitigate the risks of climate change with the goal of reducing greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. Achieving these reductions over the next decade is key to Europe becoming the first climate-neutral continent by 2050, in line with the provisions of the European Green Deal. The achievement of this goal will also depend on the good use of the funds made available by the Next Generation EU, which aims to stimulate sustainable recovery in the EU. The National Recovery and Resilience Plan (NRRP) is also part of this context as a tool that outlines the objectives, reforms and investments that Italy intends to make through the use of the aforementioned Next Generation EU funds, in order to mitigate the economic and social impact of the pandemic and make Italy a fairer, greener and more inclusive country with a more competitive, dynamic and innovative economy, in line with the requirements of the European Green Deal.

The Group's commitment to sustainability is formalised in the document "BPER Group commitments towards the environment" and in the "BPER Group Sustainability Policy" approved on 25 February 2021. This path towards sustainability will lead BPER to join the Net Zero Banking Alliance in 2022, the initiative promoted by the United Nations with the aim of accelerating the sustainable transition of the banking sector through the commitment of member banks to align their loan and investment portfolios to the achievement of zero net emissions by 2050.

7.1 Task Force on Climate-Related Financial Disclosures (TCFD)

The BPER Group has been committed to the transition to a low-carbon economy for some time now, acting to mitigate its direct and indirect emissions and projects in line with the commitments defined by the UN 2030 Agenda and the Paris Agreement.

In addition, BPER launched a process in 2020 to acquire useful information for the management of environmental and climate-related risks, aimed at understanding how the economy will be impacted by climate change and in order to carry out a high-level assessment of the impact that physical and transition risks will have on the corporate and investment portfolio (see the next section). Based on this analysis, BPER has developed and will continue to develop projects to ensure that the above-mentioned risks can be properly addressed and managed over time, with the consequent possibility of transforming them into new sustainable and resilient business opportunities.

In order to align its reporting with international best practices, in 2021 BPER decided to formally join the Task Force on Climate Related Financial Disclosure (TCFD) and align its climate-related reporting with the TCFD Guidelines.

A summary table is provided below to help identify the information related to climate change in this Sustainability Report that is in line with the TCFD indications.

TCFD Pillar	TCFD recommendations	References in the Sustainability Report
Governance	a) Description of the board's oversight of climate-related risks and opportunities	Ch. 1, section 1.5 Governance, sub-section "ESG issue governance"
	b) Description of management's role in assessing and managing climate-related risks and opportunities	
Strategy	a) Description of climate-related risks and opportunities identified by the organisation in the short, medium and long term	Ch. 7, section 7.2 "Climate-related risks and opportunities"
	b) Description of the current and prospective impacts of climate-related risks and opportunities on the organisation's business, strategy and planning	
	c) Description of the resilience of the organisation's strategy, taking into account different climate scenarios, including those at or below 2°C	
Risk management	a) Description of the processes put in place to identify and assess climate-related risks	Ch. 1, section.1.5.2 "Risk management" Ch. 1 section 1.5.2 "Risk management", sub-section "Risk identification"
	b) Description of climate-related risk management processes	
	c) Description of how the processes of identifying, assessing and managing climate-related risks are integrated into overall risk management processes	
Indicators and Objectives	a) Disclosure of metrics used by the organisation to assess climate-related risks and opportunities, in line with the risk management strategy and process	Ch. 7, section 7.3 "Management of direct environmental impacts" Section 7.3.3 "Energy consumption" Section 7.3.4 "Energy saving measures" Section 7.3.5 "Emissions generated"
	b) Disclosure of greenhouse gas emissions Scope 1, Scope 2 and, where appropriate, Scope 3 and the related risks	
	c) Description of the objectives identified by the organisation for managing climate-related risks and opportunities and for assessing performance against those objectives	

7.2 Climate-related risks and opportunities

The integration and management of ESG risks into the regulatory and prudential supervisory framework is an issue of considerable relevance for the European Banking Authority (EBA), as well as for the European Central Bank (ECB). In fact, as also indicated in the "Guide on climate-related and environmental risks", ECB considers the process leading towards ecological transition as involving both risks and opportunities for the entire economic system and financial institutions, while the physical damage induced by climate change and environmental degradation can have a very significant impact on the real economy and the financial sector. This is underscored by the fact that for the third consecutive year, the ECB has identified climate-related and environmental risks as key risk factors to be prioritised in the Single Supervisory Mechanism (SSM) risk map for the banking sector over the period 2022-2024. This is why supervised institutions must integrate climate-related and environmental risks into their overall risk management system in a proactive, strategic and forward-looking manner, so as to mitigate and communicate them in accordance with relevant regulatory requirements.

During 2021, BPER Banca pursued the path outlined by the ECB path, the aim of which was to meet the 13 supervisory expectations of the banking authority in the area of climate-related and environmental risk management and disclosure. The ECB assessed any shortcomings in BPER Banca's disclosure with respect to the transparency of its risk profile and its alignment with the expectations of the ECB's own guidelines (from 13.3 to 13.7) on material climate-related and environmental aspects for the Bank. Based on this

periodic assessment, the ECB found that BPER Banca made significant progress in terms of disclosure with respect to the two dimensions analysed, positioning itself above its competitors.

For these reasons, in 2021 BPER carried out an assessment to verify the actual possibility of defining science-based targets for the reduction of Scope 3 emissions in its loan portfolio in the medium (to 2030) and long term (by 2050), in accordance with the Paris Agreement and useful for maintaining its high positioning.

In addition, further considering that the use of scenario analysis is also strongly recommended by the Task Force on Climate-Related Financial Disclosure (TCFD) as a tool for assessing risks related to climate change, BPER continued to carry out a new scenario analysis it had already started in 2019. In particular, the Group is committed to assessing both scenarios in line with the Paris Agreement, as well as alternative scenarios such as "Business As Usual" (BAU) scenarios in which a significant temperature increase is assumed, and physical climate-related risk and transition scenarios in which the assumptions of the "Business As Usual" scenario are significantly altered.

Based on sectoral data for 2021 as well, 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.

The important focus on risks related to climate change will also be reflected in the development of credit policies for the year 2022, introducing more granular assessments of both transition and physical risk.

Listed below are some of the results of the study on the impact of physical and transition risks on the loan and investment portfolio, carried out in 2021 through the following projects:

- assessment of the carbon footprint of loan and investment portfolios with risk class analysis by sector
- scenario analysis on the loan portfolio, to estimate the physical risk on both the loan portfolio and real estate collateral as well as to assess the potential of the investments needed by the sectors with higher transition risk in order to adapt to two different scenarios: business as usual, Paris Agreement with assessment of the impact on the portfolio with respect to the additional debt space per sector.

7.2.1 Portfolio carbon footprint

The Carbon Footprint⁴⁶ analysis separately relates to the loan portfolio and the investment portfolio of the Group's four legal entities (BPER Banca, Banco di Sardegna, Bibanca and Sardaleasing) and refers to the scope of corporate customers⁴⁷ on which greenhouse gas (GHG) emissions, financed emissions and the Intensity Scope⁴⁸ were defined.

The methodology used is aligned with the PCAF (Partnership for Carbon Accounting Financials) guidelines, "The global GHG Accounting and Reporting Standard" on carbon accounting, and uses point data where available and, alternatively, sector and size estimates.

The GHG emission volumes have been compiled both at individual counterparty and corporate group level.

The information used as input for estimating GHG emissions is derived from:

- public and restricted access databases⁴⁹ containing information and statistical data on emissions by NACE sector and country, with additional details on emissions from large combustion plants in EU Member States
- non-financial statement (NFS) database containing GHG emissions reported in Non-Financial Statements published by groups and companies.

⁴⁶ The carbon footprint is a measure that expresses the total greenhouse gas emissions associated directly or indirectly with a product, organisation or service in CO₂ equivalent.

⁴⁷ The analysis excluded corporate customers with a turnover of less than Euro 2 million, as they were not significant.

⁴⁸ The Intensity Scope is calculated as the ratio between total GHG emissions and company turnover. The Intensity Scope measures the amount of emissions in grams of CO₂ equivalent of a given company per euro of turnover. It is therefore a coefficient that allows the assessment of the degree of pollution that different companies produce for the same turnover.

⁴⁹ The main sources used include the databases E-PRTR (Industrial Reporting under the Industrial Emissions Directive 2010/75/EU and European Pollutant Release and Transfer Register Regulation (EC) 166/2006) issued by the European Environmental Agency - EEA, ISTAT, EUROSTAT and CRIF S.p.A. proprietary databases.

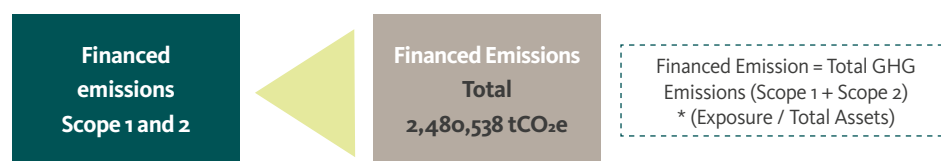
The methodology used to calculate GHG emissions adopts a bottom-up approach that processes emissions according to different analysis steps:

- the first step calculates GHG emissions (tCO₂e) at local unit level
- the next step defines the emissions for the companies to which they belong.

Carbon footprint loan portfolio⁵⁰

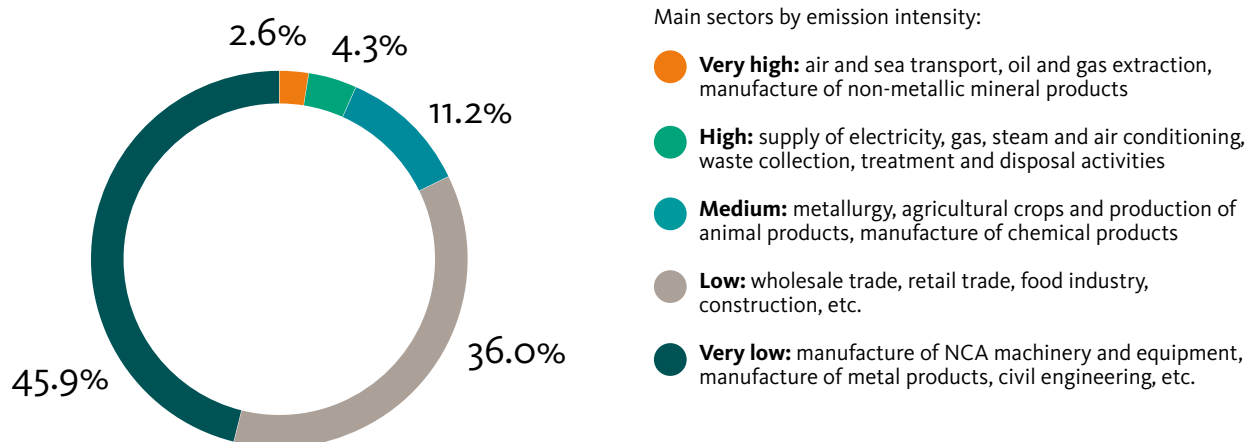
The total emissions financed by BPER amount to 2.48 million tCO₂e, whose Scope 1 component alone is equal to 0.40% of the Italian Scope 1 system (418 million tCO₂e).

Carbon Footprint Credit Portfolio - Final View



From the analysis conducted on Ateco Sectors (two-digit aggregation), BPER's gross exposure by emission intensity clusters can be classified.

Carbon Footprint Credit Portfolio by exposure and intensity cluster



The analysed portfolio is mainly concentrated on sectors (using two-digit Ateco aggregation) with Low or Very Low Intensity. Exposure to sectors with High or Very High Intensity is rather limited (4.3% and 2.6%).

An analysis of the receivables portfolio at a more aggregate level, i.e. by macro-sector (Ateco Section A, B, C, etc.), shows that:

- BPER has 46.6% exposure to the manufacturing sector. There are segments with very different intensity levels within this sector, in relation to which BPER shows greater exposure to the less polluting ones
- the transport sector in BPER's portfolio has low exposure to the most polluting types of transport (such as air and sea transport), and therefore has a lower than normal emissions intensity.

⁵⁰ The analysed loan portfolio consists of approximately 29,600 counterparties (companies with active loan risk), representing about 58% of the total exposure.

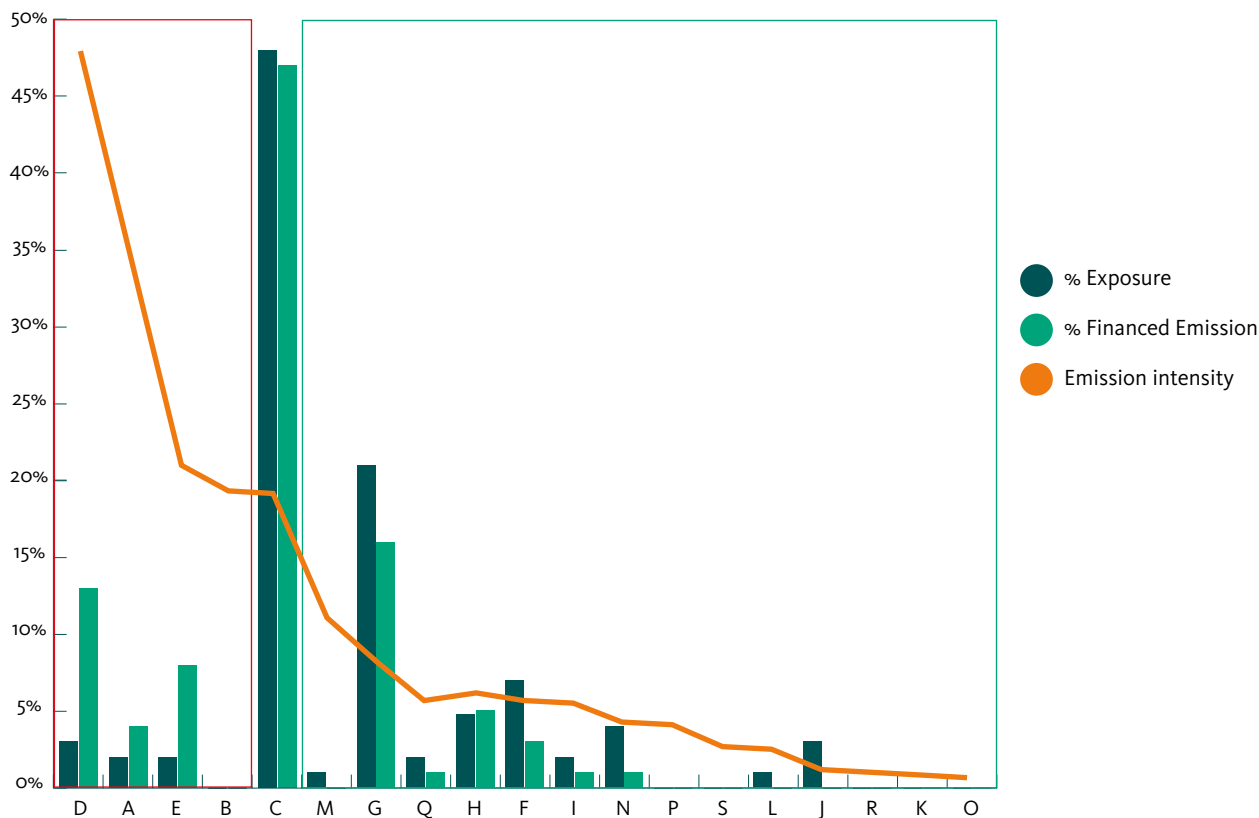
See below for details on the intensity of Emissions, Exposure and Financed Emissions for the Ateco Sections (low polluting sectors are represented with a green border, high polluting sectors with red).

Carbon Footprint Credit Portfolio - Detailed view by Sector

NACE / ATECO sector		Exposure (%)	Financed Emissions (%)	Intensity Scope*
D - Supply of electricity, gas, steam		2.7%	13.4%	376
A - Agriculture, forestry and fisheries		2.0%	4.0%	268
E - Water supply; sewerage, waste treatment and remediation activities		2.4%	8.0%	169
B - Mining and quarrying		0.2%	0.3%	150
C - Manufacturing activities	Manufacture of chemicals, coke and refined petroleum products, Manufacture of other non-metallic mineral products	9.5%	30.2%	395
	Textile Industries, Leather Manufacturing, Paper Manufacturing	3.5%	3.4%	125
	Food industries, Manufacture of fabricated metal products, Manufacture of NCA machinery and equipment	33.6%	13.6%	35
M - Professional, scientific and technical activities		1.3%	0.2%	91
G - Wholesale and retail trade; repair of motor vehicles and motorbikes		21.4%	15.9%	63
Q - Healthcare and social work		1.7%	0.8%	49
H - Transport and storage	Land transport and storage	3.8%	3.1%	22
	Sea and air transport	0.5%	2.2%	784
F - Construction		7.0%	3.3%	43
I - Accommodation and food services		1.9%	0.5%	41
N - Rental, Travel agencies, Business support services		3.6%	0.7%	33
P - Education		0.0%	0.0%	31
S - Other service activities		0.3%	0.0%	21
L - Real estate activities		1.3%	0.0%	16
J - Information and communication services		3.0%	0.2%	9
K - Financial and insurance activities		0.1%	0.0%	6
R - Artistic, entertainment and recreational activities		0.2%	0.0%	6
O - Administrative and support service activities		0.0%	0.0%	2

*Intensity Scope = Total GHG emissions / Turnover

Carbon Footprint Credit Portfolio - Summary view by Sector

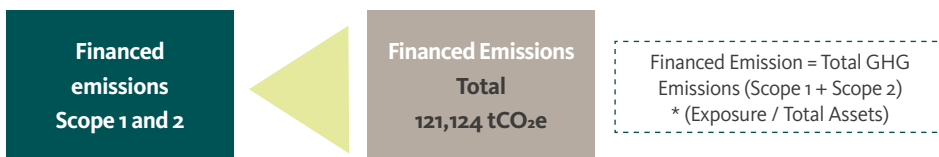


The view by macro-sector clearly shows how BPER's portfolio of loan exposures is concentrated on medium or low-polluting sectors, while highly polluting sectors are residual compared to the total.

Carbon footprint investment portfolio⁵¹

BPER's total financed emissions⁵² amount to about 121,000 tCO₂e excluding government securities, counterparties without balance sheet data and intra-group counterparties from the calculation.

Carbon Footprint Securities Portfolio - Final View

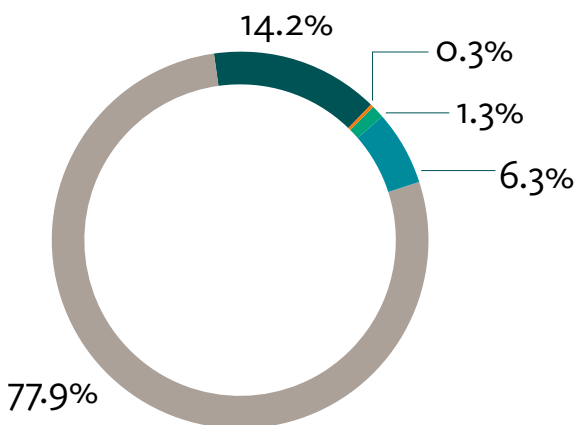


From the analysis conducted on Ateco Sectors (two-digit aggregation), BPER's exposure by emission intensity clusters can be obtained.

⁵¹ The analysed securities portfolio consists of approximately 600 issuers.

⁵² With regard to the securities portfolio, the financed emissions refer to BPER's investments in the various companies.

Carbon Footprint Securities Portfolio by exposure and intensity cluster



Main sectors by emission intensity:

- **Very high:** mining support service activities, water transport, waste collection, treatment and disposal activities
- **High:** supply of electricity, gas, steam and air conditioning, crude oil and natural gas collection and extraction activities
- **Medium:** land transport, real estate activities, manufacture of pharmaceutical products
- **Low:** financial services activities (excluding insurance and pension funds), telecommunications
- **Very low:** auxiliary activities related to financial services and insurance activities, insurance, reinsurance and pension funds (excluding compulsory social security)

The investment portfolio analysed is mainly concentrated in Low or Very Low Intensity sectors (77.9% and 14.2% of total exposures, respectively). Exposure to sectors with High or Very High Intensity is rather limited (0.3% and 1.3%).

A more aggregated analysis of the Loan portfolio by macro-sector (i.e., Ateco A, B, C, etc.) shows that:

- the issuers of securities in the BPER portfolio with High intensity are minimal compared to the total
- the "Financial Activities" sector, which accounts for more than 80% of BPER's gross exposure, has a Medium-Low emission intensity.

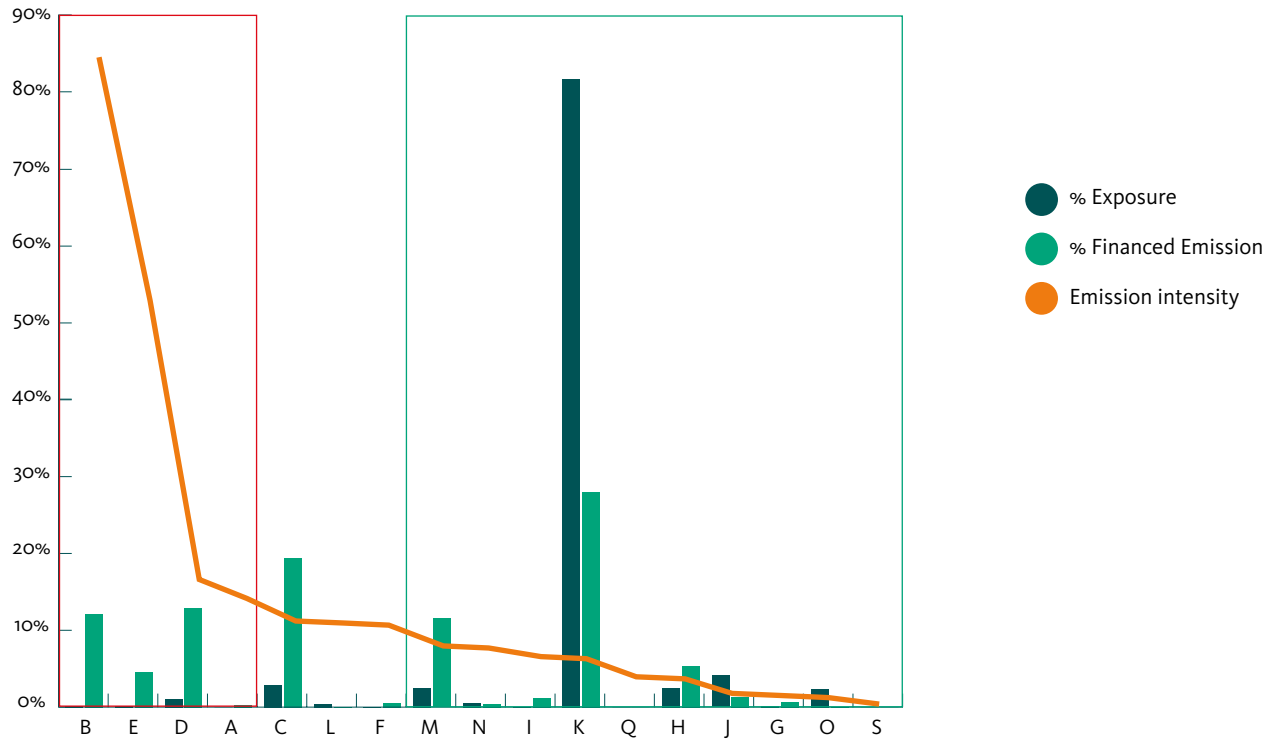
See below for details on the intensity of Emissions, Exposure and Financed Emissions for the different sectors (low polluting sectors are represented with a green border, high polluting sectors with red).

Carbon Footprint Securities Portfolio - Detailed view by Sector

NACE / ATECO sector	Exposure (%)	Financed Emissions (%)	Intensity Scope*
B - extraction of minerals from quarries and mines	0.2%	12.3%	1,333
E - water supply, sewerage and waste management	0.2%	4.7%	843
D - electricity supply	1.1%	13.1%	264
A - agriculture, forestry and fisheries	0.0%	0.3%	223
C - manufacturing	2.9%	19.6%	184
L - real estate activities	0.5%	0.1%	166
F - construction	0.1%	0.6%	150
M - professional, scientific and technical activities	2.5%	11.7%	129
N - rental, travel agencies, business support services	0.6%	0.5%	121
I - accommodation and food services	0.1%	1.3%	110
K - financial and insurance activities	82.6%	28.3%	82
Q - healthcare and social work	0.0%	0.0%	67
H - transport and storage	2.5%	5.4%	49
J - information and communication services	4.2%	1.4%	36
G - wholesale and retail trade; repair of motor vehicles and motorbikes	0.2%	0.7%	34
O - public administration and defence; compulsory social insurance	2.4%	0.1%	26
S - other service activities	0.0%	0.0%	5

*Intensity Scope = Total GHG emissions / Turnover

Carbon Footprint Securities Portfolio - Summary view by Sector



The Group's securities portfolio is concentrated in low-polluting macro-sectors, while highly polluting sectors are residual compared to the total.



7.2.2 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”⁵³.

BPER worked on the scenario analysis with the aim not only of carrying out an impact assessment on the portfolio but also of identifying growth strategies consistent with sustainability, both from an environmental and an economic-financial point of view. The analysis referred to four legal entities of the Group (BPER Banca, Banco di Sardegna, Bibanca and Sardaleasing) and was conducted with reference to:

- the estimation of the physical risk on the loan portfolio at both company and real estate collateral level
- the estimation of the transition risk on the loan portfolio at company level.

The analysis of physical risk is carried out considering two different time horizons: 2020s (as-is) and 2040s (future).

The future horizon was identified in line with the indications of the TCFD Guidelines, which recommend choosing time horizons with the following characteristics:

- compatible with the institution's financial and investment planning and the duration of its main assets and counterparties
- in line with national and international climate policies (to 2030 and 2050).

The Representative Concentration Pathways RCP4.5 scenario was considered, in line with the TCFD recommendations to use a scenario consistent with the Paris Agreement to limit the temperature increase to ~2° in the long term compared to the pre-industrial period.

In fact, the RCP4.5 scenario estimates an expected average temperature increase of ~2.4°C by 2100; BPER has also evaluated the RCP2.6 scenario, which estimates an expected average temperature increase of ~1.6°C by 2100. Since the estimated impacts of the two scenarios are only marginally different over the time horizon considered (2040s), RCP4.5 was deemed the most appropriate because it is more conservative from a risk management perspective and, to date, highly plausible given the current reduction policies and projected GHG emission trends (COP26 - Glasgow November 2021).

As suggested by the TCFD, BPER used high granularity data, assessing the geographical threat on the single address of the production site/facility based on high geographical resolution hazard maps, depending on the scale of each phenomenon analysed (e.g., coastal flood 25m, pluvial and fluvial flood 90m, landslide 300m, other)⁵⁴.

For the purposes of the physical risk scenario analysis, the natural hazards considered were: earthquake, flood (pluvial, fluvial, coastal), extreme wind and landslide, which are among the main natural hazards present in Italy⁵⁵. The list of natural hazards has been enriched by including seismic phenomena, as although they are not influenced by climate change, they constitute a very relevant danger for Italy in terms of economic losses caused.

With respect to real estate collateral, the physical risk assessment expresses the degree of risk to which the property may be exposed. This assessment is carried out based on the precise location of the building (address) and taking into account not only the probability of occurrence of the various natural phenomena but also the potential impacts on the building. The final assessment is expressed through a synthetic indicator, which is then aggregated into risk classes (low, moderate, medium, other).

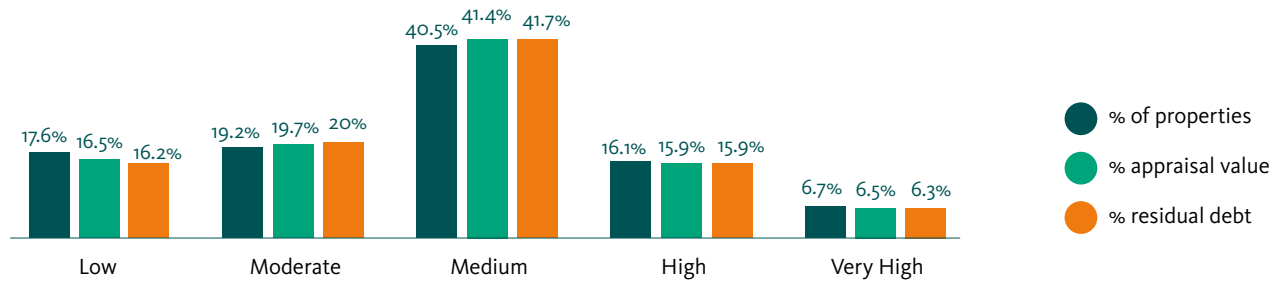
The percentage of BPER's high-risk (high and very high) property portfolio over the 2020s time horizon stands at 22.8% in terms of quantity of properties per risk cluster, 22.4% in terms of appraisal value and 22.2% in terms of residual debt value.

⁵³ TCFD - Task Force on Climate-Related Financial Disclosure-June 2017.

⁵⁴ The indicators used in the analysis are the result of processing by CRIF-RED s.p.a from data and climate models provided by accredited international bodies (e.g., World Resource Institute, Copernicus Climate Change Service (C3S), Joint Research Centre (JRC) of the European Commission, INGV or the Cordex climate projections, for which we thank the Regional Climate Working Group and the Coupled Modelling Working Group of the World Climate Research Programme, coordinators of CORDEX and responsible for the CMIP5 project. We would also like to thank the climate modelling group (CNRM - Centre National de Recherches Météorologiques) for producing and making the model outputs available. We further thank the infrastructure of the Earth System Grid Federation, a global coordination led by the US Department of Energy's Climate Modeling Diagnostics and Comparison Programme, the European Earth System Modelling Network and other partners of GO-ESSP (Global Organisation for Earth System Science Portals). Data licences are available on the relevant sites

⁵⁵ The TCFD guidelines recommend assessing a broad spectrum of natural hazards, but focusing on those that are most relevant to the area under consideration.

Property distribution by risk class - 2020s



With regard to the evolution determined by climate change over the future horizon considered (2040s), the infographic below shows the evolution of the risk level of BPÉR's real estate collateral with reference only to the residual debt falling into the "high risk" category (high and very high)⁶⁶.

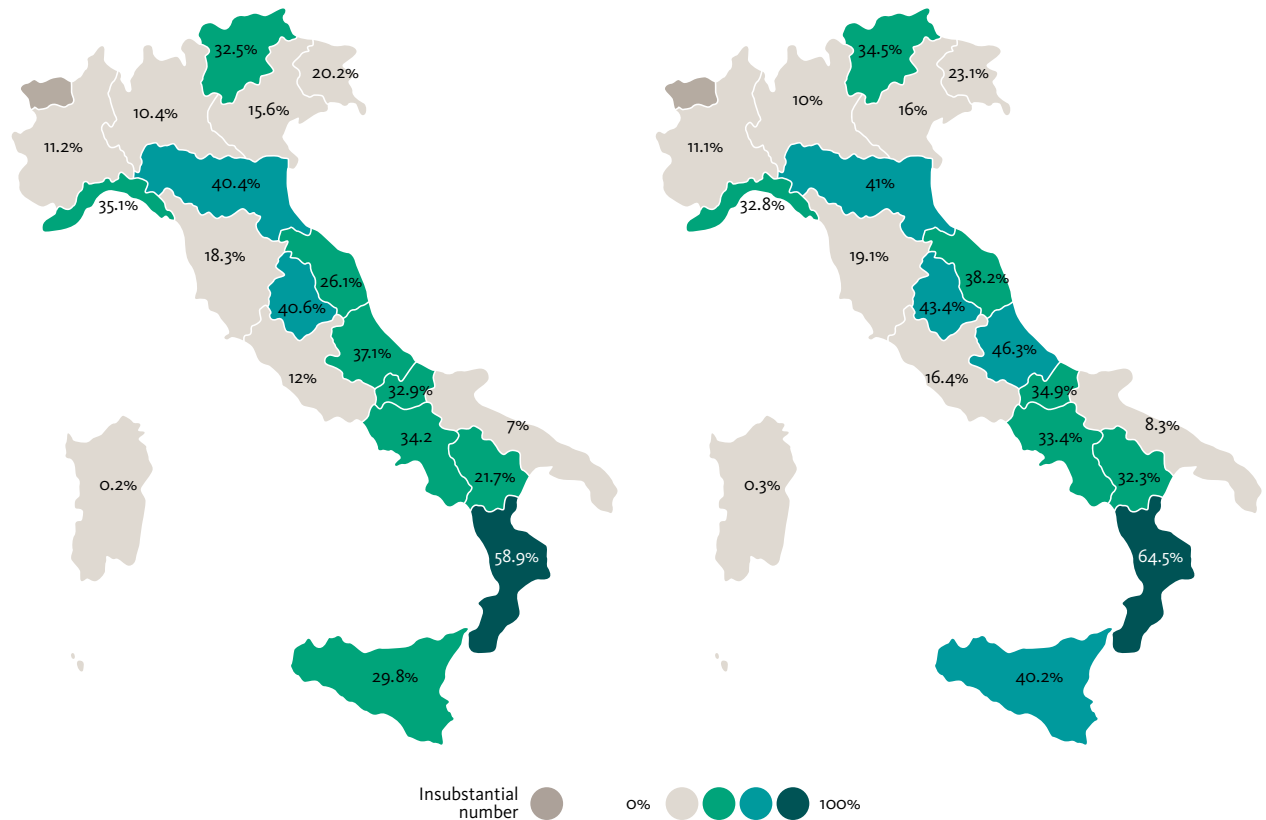
Real estate collateral, climate scenario RCP 4.5 - evolution of riskiness

% high risk exposure* 2020s

Average portfolio 2020s = 22.1%

% high risk exposure* 2040s

Average portfolio 2040s = 23.9%



* High, Very High Class

⁶⁶ The evidence is intended as the result of the analysis of a specific portfolio and therefore cannot be generalised in an absolute sense.

Looking at the evolution of the risk level, it can be seen that the effect of climate change is limited at the overall portfolio level and leads to changes in hazard exposure both positively (reduced risk) and negatively (increased risk). This phenomenon is the result of the spatial variability of the effects of climate change: while for some meteorological variables, the climate scenarios predict clear and homogeneous trends (e.g., temperature, which is predicted to increase fairly homogeneously throughout the country), for other variables the trends may be conflicting depending on geographical areas, microclimatic characteristics and their interactions with regional and global atmospheric circulation (e.g., extreme rainfall).

With reference to companies with active credit risk towards BPER, the physical risk assessment expresses the degree of risk to which the company is exposed. This assessment is carried out taking into account all the company's production sites, and specifically their precise location (address) and the relevant Ateco code. The final assessment of the company is obtained by aggregating the assessments for each production site, with criteria that consider the importance of each one.

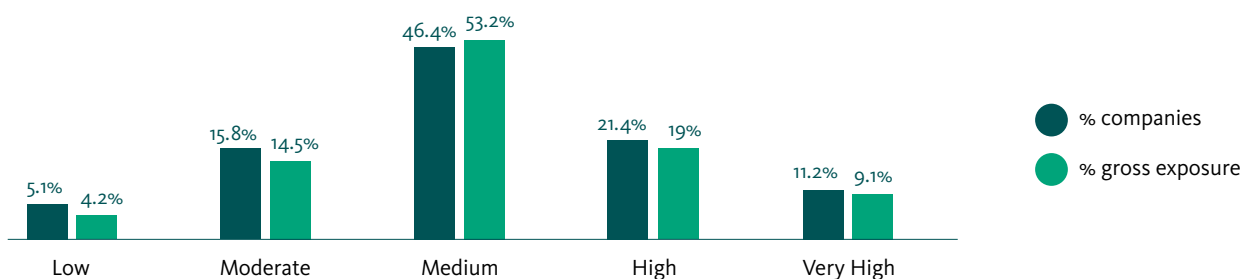
Consistent with the TCFD Guidelines that recommend using a methodology that reflects sectoral and sub-sectoral variability in the impacts of physical risk on companies in addition to geographical hazard, the assessment considers two main drivers:

- geographical risk level, which assesses the probability of a natural event occurring at a micro-territorial level
- sectoral vulnerability, which assesses the impact on the company of each of the hazards considered, based on the vulnerability (different for each hazard) of the sector in which it operates.

The joint assessment of these drivers produces an estimate of the overall risk level of the production site for which the expected impact is assessed as a whole: damage to the building, but also to goods and machinery inside it. The potential impact in terms of damage to operations (e.g., business interruption and consequent loss of turnover as a result of warehouse flooding and loss of goods) was also assessed. The final assessment is expressed through a synthetic indicator, which is then aggregated into risk classes (low, moderate, medium,...).

The percentage of BPER's high-risk (high and very high) loan portfolio over the "as-is" time horizon (2020s) stands at 32.6% in terms of number of companies per risk cluster and 28.1% in terms of gross exposure.

Loan portfolio distribution by risk class - 2020s



The risk levels differ according to the "territory-economic sector" combination of the individual companies.

On average, the sectors most at risk are electronics (high-precision goods and particularly vulnerable machinery) and agriculture (particularly vulnerable, among the hazards analysed, to extreme wind and flooding). ICT and services in general (consultancy, personnel recruitment, etc.) are among the sectors with the lowest risk, as they are less sensitive to risk in terms of the use of goods and machinery and less at risk of business interruption following catastrophic events.

A number of sectoral-local phenomena are also noted; for example, the ceramics district in Emilia where the strong territorial concentration of portfolio companies in a single area with a high seismic hazard determines a higher risk for this sector in this specific territory.

Looking at the evolution of risk with reference to the "future" time horizon (2040s), at overall loan portfolio level the effect of climate change is limited, with the percentage of high-risk exposure rising from 28.2% to 29.6%.

The varying sensitivity of production sectors to natural phenomena can amplify or mitigate the impact of climate change; therefore, different production sectors can have different responses when subjected to climate change of equal intensity. For example, the presence of production sectors in Sardinia that are sensitive to flooding phenomena amplifies the expected effect of the increase in extreme rainfall over the time horizon considered and increases the risk level of portfolio companies in the region⁵⁷.

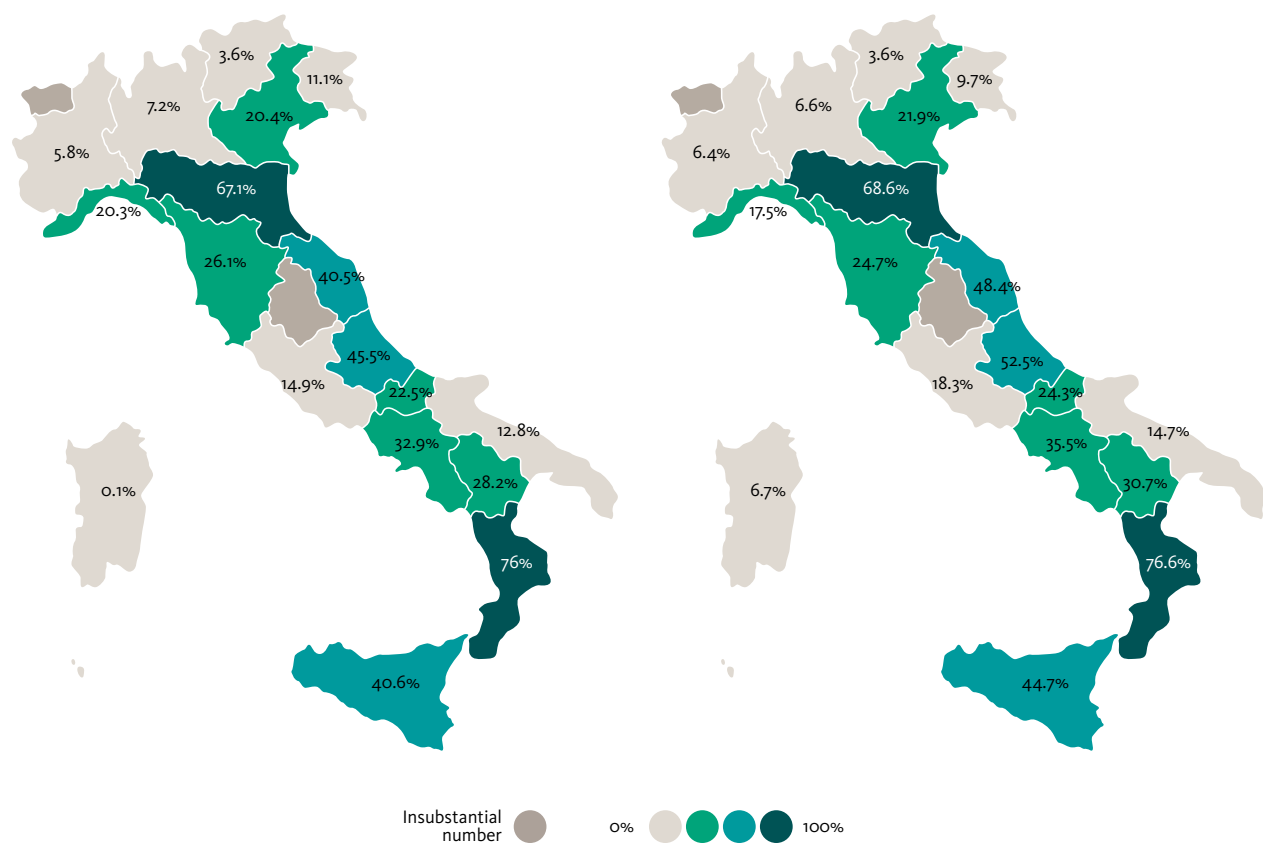
Loan portfolio, climate scenario RCP 4.5 - evolution of riskiness

% high risk exposure* 2020s

Average portfolio 2020s = 28.2%

% high risk exposure* 2040s

Average portfolio 2040s = 29.6%



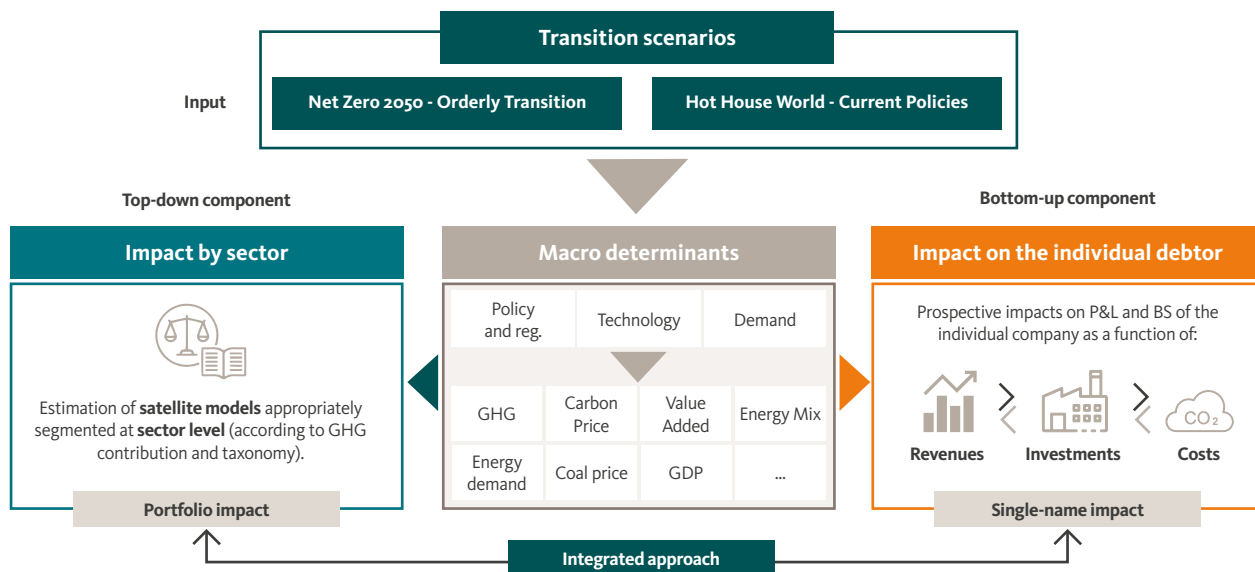
* High, Very High Class

⁵⁷ The evidence is intended as the result of the analysis of a specific portfolio and therefore cannot be generalised in an absolute sense.

Transition risk assessments of the loan portfolio

Transition risk represents the economic and financial impact suffered by the company as it transitions to an environmentally-sustainable economy (e.g., low-carbon).

Transition risks are estimated based on climate scenarios derived from temperature increase forecasts in the coming years. The approach used by BPER to calculate loan portfolio transition risk is aimed at verifying the potential of the investments needed by the sectors with a higher transition risk in adapting to two different climate scenarios taken as reference, and can be summarised by the following infographic.



Methodological details of the individual components of the framework are given below.

With reference to the transition scenarios, the "hot house world" scenario was identified as the baseline and the "net zero 2050" as the scenario on which to assess the impact of the transition within scenario analysis logic. In particular:

- in the "hot house world" scenario, it is assumed that only policies already implemented are preserved; this scenario is useful insofar as it provides a benchmark for transition-friendly scenarios. This is the worst-case scenario, in which climate change fully manifests to the point of global warming
- the orderly transition scenario is the most favourable, in which climate change policies are adopted now and in a credible and coordinated manner. Since the measures are implemented immediately, it is possible to make a more effective but also more gradual transition, with interventions being initially less decisive and gradually becoming more stringent. As there is a longer adjustment period, this also implies lower transition costs in adhering to climate policies that limit global warming to 1.5°C, reaching global net zero CO₂ emissions in 2050.

The macro-determinants indicate that climate change scenarios impact three transition macro-factors, namely policy/regulation, technology and demand. In fact, the transition can lead to the generation of new regulations (global and European, rather than national or sectoral); it can generate the need to adopt new technology in moving towards a sustainable economy and thus cause a change in demand. These macro-factors can be summarised through macroeconomic variables. For the implementation of the framework, a series of macroeconomic variables made available by the NGFS (Network for Greening the Financial System) were selected and integrated, analogous with the most recent exercises proposed by the EBA for the assessment and estimation of transition risk.

The top-down component of the framework estimates the impact that each economic sector may experience in relation to the ecological transition process. Specifically, this component is defined on a series of macroeconomic models that project the evolution of the sector medians of operating costs, revenues and margins based on the relationships with the NGFS macroeconomic variables.

The bottom-up component of the framework makes it possible to quantify the impact of the ecological transition suffered at the individual counterparty level.

Starting from the main KPIs in the company's balance sheet, this component estimates the potential impacts in terms of cost and turnover, recalibrating the estimated impacts on the individual company at sector level.

Lastly, the investments are defined based on the GHG estimated at the "single name" level and the objectives delimited by the transition scenarios: this means that the investments needed to reduce GHG emissions are quantified, considering geo-sectoral coefficients that take the national energy mix and the peculiarities of the sector into account.

BPER's scenario analysis related to the focus on transition risk concerns the scope of loan portfolios in Italy, i.e., all companies with active credit risk and operating in Italy or in the Republic of San Marino. Companies with a turnover of less than Euro 2 million or legal status related to single companies were excluded from the assessment. Companies with no, or only a partial, product sector (Ateco code), or those belonging to holding⁵⁸ categories, were also excluded. In addition, partnerships, sole proprietorships and intra-group companies were excluded. In addition, an updated Ateco code was used for the companies analysed, about 26,000 with a total exposure of almost Euro 17,5 billion.

A description of the various transition risk classes is provided below:

- companies are classified as high risk if they must heavily invest in the direction of their business in view of a transition to a sustainable economy and/or if they will suffer a drop in profitability in a transition scenario
- companies that might experience non-negligible costs and investments in the transition to a sustainable economy are classified as medium-high risk. This classification is mainly related to the increase in operating costs and the consequent reduction in EBITDA margin
- companies that may experience minor difficulties in the transition to a sustainable economy are classified as medium risk:
 - a series of additional investments of limited magnitude
 - an increase in costs tending to be in line with the increase in turnover
- companies that have already started a transition process and are already oriented towards a sustainable economy are classified as medium-low risk. This is confirmed by a fair increase in costs but above all in turnover, with the opportunities outweighing the risks
- companies that have already made transition investments and are already implementing sustainable business models are classified as low risk. Transition is an opportunity that projects an increase in EBITDA margin.

The analysis was carried out by considering the impacts of transition over two different time horizons: 2020s (as-is) and 2040s (future) in line with the TCFD Guidelines that recommend choosing time horizons compatible with the Institute's financial and investment planning and with the duration of its main assets and counterparties, as well as in line with national and international climate policies. Looking at the distribution of BPER's Italian loan portfolio with respect to transition risk (average of the impacts on the two horizons taken as a reference), it can be seen that 85% of counterparties have a medium-low impact, while only 0.52% have a high exposure to transition risk. At the same time, it can be noted that the profiles with the highest transition risk impact - which have already implemented one or more energy transition adaptation measures - account for approximately 32% of credit exposure with respect to the assessed portfolio (shown in the table below with high and medium-high impact levels).

⁵⁸ The agricultural and non-profit sectors are also excluded from the assessment because of the peculiarities and different ways in which the transition impacts these types of economic activities

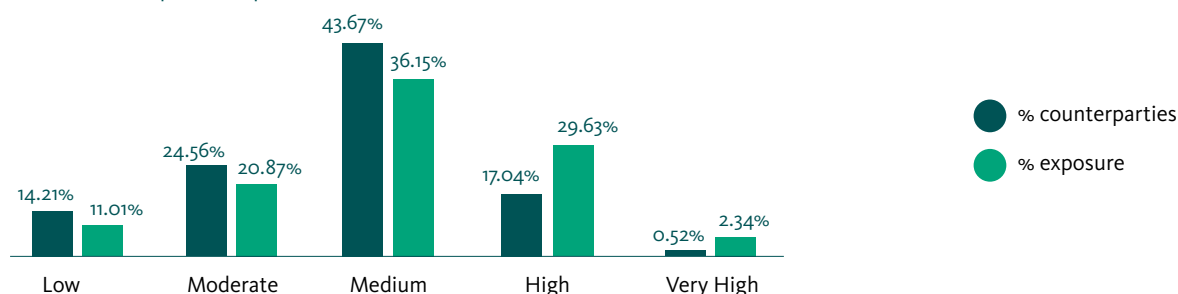
Transition risk (TR) by number of companies and exposure - Sector view (Overall exposure)

Overall TR impact level*	Counterparties (%)	Exposure (%)
High	0.52%	2.34%
Medium high	17.04%	29.63%
Medium	43.67%	36.15%
Medium low	24.56%	20.87%
Low	14.21%	11.01%

* for companies in the industrial and manufacturing sector with a turnover of more than Euro 2 million

Transition risk

Number of companies/Exposure



The following is a view of the impact of transition risk by sector, showing a possible clustering of BPER's loan portfolio in four macro areas, according to the logic below:

Sectoral macro-aggregation	TR	Additional investments	Expected impact in terms of EBTDA Margin	Expected impact in terms of turnover	Counterparties (%)	Exposure (%)
Sectors with a high transition risk impact in terms of both investment and costs	● Medium high	●	●	●	2%	3%
Sectors with medium impact but significant investments	● Medium	●	●	●	16%	19%
Sectors with medium impact but negligible investments	● Medium	●	●	●	48%	43%
Sectors with negligible impact	● Low	●	●	●	34%	35%

With reference to the impact of transition risk on companies and exposures by sector aggregation⁵⁹, the following is confirmed for BPER:

- very low exposure to sectors with a high impact from transition risk in terms of both investment and costs (just under 3%)
- significant exposure to sectors with medium transition risk impact:
 - where a significant amount of investment can be driven by a positive effect on turnover and margins (around 20% of the portfolio)
 - where no major investments are required but where the opportunities offered by the transition can still be a driving force for companies in the sector (around 43%)
- discrete exposure to sectors with negligible transition risk impact (around 34%).

⁵⁹ The sectors are defined according to the aggregation of the Network for Greening the Financial System - NGFS and group enterprises with different types of activities. The assessments of the transition risk exposure level are obtained by calculating the arithmetic mean of the assessments made at the level of individual positions under each sector aggregation, based on CRIF data processing.

The transition to a 2022-2050 forward-looking low-carbon economy envisages:

- major cost impacts for the most exposed sectors, which can lead to margins in the most impacted sectors falling by up to 80% compared to current performance
- simultaneously, real opportunities for low, medium and medium-low impact sectors, with double-digit increases in turnover (from 10% to 60%) if supported by ad hoc investments
- additional investments that can even reach peaks of 10% of turnover for sectors where the transition requires major changes.

Thanks to the analyses carried out, BPER is in a position to pursue a policy that supports companies with growth prospects in seizing the opportunities offered by environmental transition, supporting their investments; at the same time, BPER can support companies in their efforts to mitigate the transition risks with the aim of guaranteeing stable margins in the medium to long term.

7.3 Management of direct environmental impact

To ensure sustainable management of the environmental resources used in its activities, the BPER Group continued its monitoring process in 2021 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 waste management. It is thereby possible to constantly measure internal performance, evaluate variations and identify any 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 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 also launched a similar energy efficiency project ("Switch Off" project) to monitor energy consumption and achieve greater energy efficiency.

Another important project in the Business Plan was "BPER Banca per l'ambiente" (BPER Bank for the Environment), which envisaged:

- the implementation of an initial environmental analysis (according to UNI EN ISO 14001) of the parent company to improve the management of risks and opportunities related to environmental issues
- the implementation of a sustainable mobility project stream.

In 2021, 14 Home-Work Commute Plans were approved for the various BPER Group offices with more than 100 employees, as required by Italian Decree Law no. 34 of 19 May 2020 (Relaunch Decree), converted into Law no. 77 on 17 July 2020. Also in the area of Sustainable Mobility, the Wecity initiative was launched in June 2021. 800 employees participated in the initiative, resulting in a saving of 12 tonnes of CO₂.

The new 2022-2024 Business Plan is currently being drafted; it will include several improvement activities in terms of both Energy and Sustainable Mobility.

In 2021 Nadia S.p.A., the company that manages part of the BPER Group's properties, launched an "Environment" project with the aim of pre-mapping buildings and construction sites in order to define the environmental context and the matrix of significant environmental aspects. The activity involves mapping at least 90 sites over a three-year period.

7.3.1 Acquisition and responsible use of resources

Paper is one of the main raw materials used in the banking sector.

The use of recycled paper in the offices and branches continued in 2021 as in 2020, amounting to 96%. Of the remaining 4%, some 65% have international certification that they come from sustainably and responsibly managed forests.

Several initiatives have been undertaken over the years to increase the purchase of recycled paper and to proceed with the digitalisation of internal processes and customer services.

In particular, the process dematerialisation project is also important to increase resilience in terms of business continuity. The main initiatives undertaken by the BPER Group to reduce paper consumption are listed below⁶⁰:

- "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 F24 digitalisation procedure update has avoided processing by the external service with consequent savings in paper not sent. In 2021, all the F24 tax forms were dematerialised (a total of 1,378 forms): a decrease of about 37% equal to a reduction in the use of 4,135,091 sheets of paper⁶¹ (19.68 tonnes)
- BPER CARD online statements: 66% of credit card statements (338,583 accounts) are sent via e-mail, saving 512,044 sheets of paper⁶², equivalent to 2.44 tonnes of paper
- Emilia-Romagna Factor's WIP (Web Interactive Platform)
- promotion of the use of AES (Authorised Electronic Signature) and QES Qualified Electronic Signature (initiative active since April 2021) to allow bank documents to be signed without printing them. The consumption of 167,50 tonnes of paper was avoided (+110.69%) in 2021. The use of AES and QES also reduces toner consumption
- "Arca Click" and the reduced frequency of sending coupon distribution reporting documents are two ARCA initiatives that have led to significant savings in terms of both paper consumption and cost. In particular, thanks to these initiatives, the use of 150,000⁶³ and 118,000⁶⁴ sheets of paper, respectively, was avoided (1.28 tonnes).

In 2021, the objective of rationalising the printers of the new branches acquired as part of the acquisition of a business unit from the ISP Group and replacing them with new energy-saving network printers, with Blue Angel RAL-UZ 205 certification, was also achieved.

QUALIFIED ELECTRONIC SIGNATURE (QES) PROJECT

In 2021 BPER Banca continued its process of dematerialisation and consequent reduction in paper consumption with a view to continuous improvement through the introduction of the Qualified Electronic Signature (QES). As part of the 2019-2021 Sustainability Plan, the project enabled customers to provide paperless documents and contracts, also remotely.

There are several benefits with this new digital service.

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 impact, the use of Advanced Electronic Signature (AES) allows the achievement of a considerable reduction in paper consumption, with a consequent further advantage for the environment in terms of reduced CO₂ emissions.

During 2021, 123.85 tCO₂e of CO₂ was prevented from being released into the atmosphere (AES and QES); the QES allows the customer to speed up the signature process, adding all the necessary signatures by simply entering a single one-time password.

The goal for 2022 is to further increase the adoption of QES to eliminate the other signature modes (AES and Paper).

⁶⁰ A4 size sheets weighing 4.76 g were considered for estimating the paper saved.

⁶¹ An average of three sheets per form was considered for calculating the sheets of paper.

⁶² An estimated amount of ten sheets saved per account.

⁶³ An average of 4.3 sheets per customer/year was considered for the calculation.

⁶⁴ A sheet per mailing was considered for calculating the sheets of paper.

Raw materials purchased

	2020	2021
Total amount of office paper used (Kg)⁶⁵	1,014,383	1,418,930
of which solely FSC certified paper (Kg)	34,861	35,192
of which solely FSC certified paper (%)	3	3
of which recycled paper (Kg)	968,291	1,364,929
of which recycled paper (%)	96	96
of which paper with other certifications excluding FSC (Kg)	10,812	18,809
of which paper with other certifications excluding FSC (%)	1	1



RECYCLED PAPER
96.2%

CERTIFIED PAPER
3.8%

REDUCED PAPER CONSUMPTION

191 t

(thanks to advanced electronic signatures, the dematerialisation of F24s, online BPERCard statements and Arca Fondi SGR initiatives)



⁶⁵ Paper is a material that can be categorised as "renewable", as it originates from a natural resource that is not exhaustible.

7.3.2 Waste management

In line with the European Green Deal and with a view to the circular economy, the Group continues to minimise the impact of waste disposal through careful management and by favouring recovery where possible, in order to turn waste into a resource.

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 uses specialised companies for its disposal, which immediately return it to the production chain. Therefore, the entire amount of paper waste is sent out for recovery.

Wherever possible, all new offices set up in the meantime are equipped with containers for separate waste collection, continuing with the project already started in the previous two years. The implementation of this model for existing offices continues.

The objective of this activity remains the drastic reduction in the production of undifferentiated waste, with the simultaneous elimination of bins.

In addition, in compliance with Italian Legislative Decree 152/2006, since July 2021 BPER Banca has been equipped with an IT platform to control and report on waste collection and disposal operations. The possible extension to other legal entities of the Group will be evaluated over time.

With regard to the waste data reported below, it should be noted that the Group has adopted the most recent version of the GRI reporting standard, as set out in GRI 306: Waste (2020). For the 2020 data, please refer to the 2020 Sustainability Report published in the Sustainability section of the web site <https://istituzionale.bper.it/>

Waste generated - 2021

	Waste for recovery	Waste directed to disposal
Waste generated	t	t
Paper	1,046.6	-
Toner	23.4	-
WEEE	24.7	-
Paper and cardboard packaging	25.9	-
Plastic packaging	15.8	-
Mixed material packaging	62.6	-
Wooden packaging	6.6	-
Mixed construction and demolition waste	68.0	-
Bulky waste	17.5	2.1
Plastic	4.4	-
Iron and Steel	181.7	-
Glass	1.2	-
Other	72.3	1.0
Total	1,550.7	3.1

Waste diverted from disposal - 2021

	Hazardous waste (t)			Non-hazardous waste (t)		
	On site	External site	Total	On site	External site	Total
Preparation for re-use	-	-	-	-	38.3	38.3
Recycling	-	0.8	0.8	-	745.9	745.9
Other recovery operations	-	0.4	0.4	-	765.3	765.3
Total	-	1.2	1.2	-	1,549.4	1,549.4

Waste directed to disposal – 2021

	Hazardous waste (t)			Non-hazardous waste (t)		
	On site	External site	Total	On site	External site	Total
Incineration, including energy recovery	-	-	-	-	-	-
Incineration, without energy recovery	-	-	-	-	-	-
Landfilling	-	-	-	-	-	-
Other disposal operations	-	-	-	-	3.1	3.1
Total	-	-	-	-	3.1	3.1

Paper waste
sent for recovery



→ 100%

7.3.3 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 have undertaken to increase the use of video conferencing.

Between 2020 and 2021, the number of electric and hybrid cars owned by the BPER Group and assigned to executives considerably increased, from 56 to 113, an increase of 102%. In fact, the use of electric and hybrid cars at company level increased from 39 cars in 2020 to 46 in 2021, and those for mixed personal-business use from 17 to 67.

The BPER Group is constantly and continuously pursuing the process of reducing its environmental impact through the use of low-impact cars. In fact, with the assignment of the car, BPER Group executives have received additional benefits such as a fuel card and a card with which they can recharge their cars at the charging columns present in the Group's sites. In addition, managers who chose plug-in or electric cars received an additional "sustainable mobility" contribution that lowered their monthly costs.

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.

Consumption of company vehicle fleet (GJ)⁶⁶

		2020	2021
Business use	Diesel oil	3,100	2,637
	Gasoline	587	1,160
	LPG	48	29
	Methane	11	34
Mixed business-personal use	Diesel oil	9,868	13,856
	Gasoline	327	847
	LPG	-	-
	Methane	-	-

The increase in consumption in 2021 is due not only to the gradual return to the office and the increase in business travel, but also to the acquisitions made by the BPER Group.

⁶⁶ 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 2021. Sources of conversion factors: "Guidelines on the bank application of the GRI (Global Reporting Initiative) environmental standards" published by ABI Lab in December 2021 for 2021 data and December 2020 for 2020 data.

Sustainable mobility

The main initiatives of 2021 are indicated in section 6.1 “Sustainable Mobility Activities”.

During the year, the project related to the car pooling app available to employees remained almost unused due to the Covid-19 pandemic and the subsequent use of smart working. Despite the sharp drop compared to the previous period, in 2020 car pooling prevented around 6.4 tCO₂ from being emitted into the atmosphere and 2.22 tCO_{2e} was saved in 2021, for a total of 17,082 km avoided.

The relationship with DKV Euro Service continued in 2021 along with the use of the DKV CARD CLIMATE fuel card, an eco-sustainable card that certifies the offsetting of fleet emissions; in fact, for every litre purchased, BPER Banca, Optima SIM and BPER Credit Management invest an additional contribution in offsetting projects certified by myclimate.

The non-profit organisation myclimate is one of the main providers of offsetting measures and satisfies the most stringent standards (CDM, Gold Standard and Plan Vivo).

In 2021, as in 2020, all fuel consumption was therefore managed through the supplier DKV. Consumption in 2021 (despite limitations imposed by the Covid-19 pandemic) increased due to the reduction of smart working and, of course, the expansion of the number of employees carpooling due to the acquisitions in 2021. Offset emissions amounted to 1,603.5 tCO₂ in 2021, which is much higher than in 2020 when they amounted to 1,102.8 tCO₂.



Electricity and thermal energy consumption

Given the significant change in the scope of consolidation due to the acquisition of a business unit from the ISP Group, the BPER Group's total energy consumption (electricity and heat) in 2021 increased by 40% compared to 2020, amounting to 472,891 GJ, of which 70% relates to renewable energies. 99% of the electricity purchased by the Group came from renewable sources.

Energy consumption⁶⁷

GJ	2020	2021
Heating	75,909	121,095
of which natural gas	73,210	116,592
of which diesel oil	1,692	3,636
of which propane air	1,007	869
Electricity purchased	242,150	323,655
of which from renewable sources	238,996	320,542
Electricity self-produced	2,171	4,544
of which from renewable sources	2,171	4,544
Renewable electricity produced and sold/fed into the grid	347	619
District heating	3,121	5,651
of which non-renewable	-	-
Non-renewable fuel consumption by car fleet	13,942	18,563
Total energy consumption	336,946	472,891
% Renewable over total	73%	70%

⁶⁷ Sources of conversion factors: “Guidelines on the application in banks of the GRI (Global Reporting Initiative) on environmental standards” published by ABI Lab in December 2021 for 2021 data and December 2020 for 2020 data.

Energy intensity⁶⁸

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 measurement	2020	2021
Energy intensity per employee	GJ/man	25.5	26.0
Energy intensity per sqm	GJ/sqm	0.5	0.4

Production of renewable energy

The BPER Group has 12 photovoltaic plants.

11 are operational (see table below) while the twelfth was built by Bibanca at the end of 2021, is located at the Sassari site and has a capacity of 64 kWp.

Renewable energy systems in 2021

Type	Company	Installed power (kWp)	kWh produced
FTV System – Modena	BPER Banca	112	113,727
FTV System - Carpi	BPER Banca	10	10,078
FTV System – Modena	BPER Banca	5	6,507
FTV System – Modena	BPER Banca	6	6,748
FTV System - Pianoro	BPER Banca	19	21,132
FTV System - Vignola	BPER Banca	10	12,297
FTV System - Bra	BPER Banca	20	14,973
FTV System - Bra	BPER Banca	20	20,609
FTV System - Campogalliano (2 units)	Modena Terminal	604	662,229
FTV System – Modena	BPER Banca	855	394,053
FTV System – Sassari	Bibanca	64	-
Total		1,724	1,262,352

In 2021, the BPER Group produced 1,262,352 kWh of renewable energy through its systems, rising by 109% compared with the previous year. Compared to 2020, the installed capacity also increased by around 4% due to the installation of the Bibanca photovoltaic system at the end of December 2021.

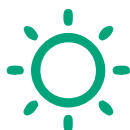
In fact, BPER Banca inaugurated a Photovoltaic Park in December 2020 which, with 2,312 panels and 855 kW of power, is one of the largest ever built in Modena. It has given a strong boost to the ability of the BPER Group to produce renewable energy, with immediate positive impacts on emission reduction and air quality (NOx not emitted annually 1,618 kg).

It is a modular pergola under which the Bank's employees can park their vehicles (690 spaces in total, 302 of which are covered).

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

⁶⁸ Total sqm: total gross sqm of the BPER Group's properties (1,257,403 for 2021 and 739,885 for 2020). Energy intensity per employee: calculated on the number of employees as at 31 December (18,154 for 2021 and 13,203 for 2020).

Photovoltaic systems



→ +109% kWh produced compared to 2020

7.3.4 Energy saving measures

The Parent Company's Energy Plan envisaged closing 2021 with a 10% reduction in energy expenditure. The targets identified were all achieved. In the years prior to 2019, a gas and electricity consumption monitoring system for all BPER Banca sites had been implemented which was 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 927,000 kWh/year
- implementation or integration of a control and monitoring system (BEMS) in the 13 Management Centres: completed at the end of 2021. Estimated savings of over 435,000 kWh per year
- air-conditioning and modification of the data centre room layout in the Modena Management Centre: completed in the last quarter of 2021; the energy consumption monitoring tools are currently being implemented
- implementation of a dedicated app to switch off personal computers, printers, etc. when not in use: not implemented but partly included in the new 2022-2030 Energy Plan
- implementation of a project to raise awareness by Group employees in order to disseminate good energy-saving behaviour practices, with a contest for the 200 most energy-intensive branches excluded from the BEMS: completed
- technological energy efficiency: implementation of the best available technologies (BAT) giving priority to those that benefit from economic incentives: completed
- construction of a photovoltaic self-production system with a nominal power of 855 kW: completed, the production of energy for 2021 was 394,053 kWh.

Banco di Sardegna launched the "Switch Off" project in 2014, installing BEMS in all branches with annual consumption \geq 25,000 kWh. These larger projects are combined with the initiatives undertaken by other Group companies on lighting, efficiency and waste reduction. Overall, the BPER Group reduced them by 2,947.63 MWh in 2020 and 3,227 MWh in 2021. The decrease in consumption caused by the pandemic period also weighs on the figure relating to the kWh saved.

As part of its new Business Plan, the BPER Group has drawn up the new 2022-2024 Energy Plan that sets targets for reducing emissions in line with the objectives of the Paris Agreement (2nd scenario). The actions included in the Group's new Energy Plan include:

- creation of a centralised management platform to standardise the BEMS currently in place (900 sites) and implement a predictive control of installations using AI algorithms, keeping the possibility of further integration open. This will optimise operations to reduce CO_{2e} emissions, save energy, reduce running costs and maximise comfort
- replacement of existing gas heat generators with electric heat pump systems in medium to large buildings
- replacement of existing lighting with more efficient LED lamps in order to reduce the share of consumption caused by lighting, achieving about 50% saving compared to current consumption from lighting

- doubling the power currently installed through the creation of 600kW self-production capacity for the Management Centres and 400 kW capacity in sites used as branches, with small to medium-sized systems (installed on the roof) of about 40 branches
 - creation of an application which, by running ad hoc software, automatically switches off active client PCs during the hours when operators are not working on them, with a consequent reduction in electricity wastage
 - complete the transition to the use of electricity from renewable sources as part of the strategies to reduce greenhouse gas emissions.
- The BPER Banca Group is thus clearly and decisively continuing on its path towards net-zero emission.

Personnel awareness

In 2021, BPER Banca continued to raise personnel awareness of sustainability issues. Some projects were unfortunately reduced or even cancelled 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. Already at the end of 2020, each of the Institute's colleagues received a BPER Banca branded water bottle to replace the plastic bottles often found on office desks. The initiative was also extended to the 5,000 new colleagues resulting from the acquisition of the business unit from the ISP Group. With the contribution of all colleagues and with the amount of water bottles delivered reaching 16,500, a reduction in the use of half-litre bottles of almost 3,5 million fewer per year is expected.



“Piantamola di inquinare!” (Let's stop polluting!) - the sustainable mobility project in cooperation with Wecity

With the aim of raising employee awareness of sustainable mobility issues and reducing its CO₂ emissions, in 2021 BPER Banca launched the initiative "Piantamola di inquinare!" (Let's stop polluting!) in collaboration with Wecity.

The sustainable mobility initiative was offered to all employees throughout the country and 800 colleagues participated, cycling, walking or riding scooters to work for three months.

An app was used to monitor the 73,709 km travelled, equivalent to over 20,822 home-office commutes, cutting emissions by around 12 tonnes of CO₂. In addition to an award included in their pay slip, the first 50 participants who travelled the most "green kilometres" between home and work received a gift from BPER Banca of planting 50 trees to add to the "Bosco BPER".

7.3.5 Emissions generated

To objectively identify and monitor emission performance, Scope 1, Scope 2 and Scope 3 emissions were calculated.

In particular, Scope 1 indicates the CO₂e emissions generated directly by the Group, deriving from the consumption of fuel used for heating, from car fleet fuel and from refrigerant gas losses. Scope 2, on the other hand, indicates indirect CO₂e 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.

In 2021, the increase in Scope 1 and 2 emissions was due to the gradual return to offices and branches by BPER Group employees, but above all to the acquisition of the business unit from the ISP Group, which significantly expanded the number of properties owned by the Parent Company.

At the same time, there was a massive reduction in Scope 3 emissions associated with air and rail travel due to the continuing pandemic and travel freeze.

Scope 1

	2020	2021
Total Scope 1 (tCO₂e)	7,845	11,866

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 2021 and December 2020, respectively for the 2021 and 2020 data.

Scope 2

	2020	2021
Total Scope 2 (tCO ₂ e) electricity purchased - Location Based	20,041	25,108
Total Scope 2 (tCO ₂ e) thermal energy purchased - Location Based	181	332
Total Scope 2 (tCO₂e) - Location Based	20,222	25,441
Total Scope 2 (tCO ₂ e) electricity purchased - Market Based	408	399
Total Scope 2 (tCO ₂ e) thermal energy purchased - Market Based	-	-
Total Scope 2 (tCO₂e) - Market Based	408	399

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 278.02 gCO₂/kWh for 2021, 296.5 g CO₂/kWh for 2020. 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 2021 and December 2020, respectively for the 2021 and 2020 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" has been used for this approach, which for Italy is equal to 459 g CO₂/kWh for 2021 and 466 g CO₂/kWh for 2020 (Source of emission factors: AIB, European Residual Mixes 2020 and 2019 for 2021 and 2020 data respectively, with transformation into CO₂ equivalent according to the procedure reported in the above-mentioned document).

Scope 3^{69,70}

	2020	2021
Aeroplanes (tCO ₂ e)	97	57
Trains (tCO ₂ e)	26	16
Purchased paper (tCO ₂ e)	758	1,059
Total Scope 3 (tCO₂e)	881	1,132

Climate-altering gases

In 2021 the total consumption of refrigerant gases for air conditioning in the Group's offices, and in particular for the cold rooms of Modena Terminal, contributed to an increase in climate-changing emissions of +44% compared to 2020. Modena Terminal and BPER Banca together accounted for a total of about 85.8% of the Group's refrigerant gas emissions (2880 t out of a total of 3356 t). The increase is due to the gradual return to the Group's various offices and branches after the 2020 lockdown due to the Covid-19 pandemic, as well as due to the acquisitions of the ISP Group business unit.

Emissions from climate-altering gases⁷¹

	2020		2021	
	t recharged	tCO ₂ e	t recharged	tCO ₂ e
Total	1.19	2,329	1.61	3,356



⁶⁹ Source of emission factors: "UK Government GHG conversion factors for company reporting 2021" for 2021 data; "UK Government GHG conversion factors for company reporting, 2020" for 2020 data.

⁷⁰ The 2021 figure for work-related travel (planes and trains) is not available for BDS, as the reservation system is not centrally aligned.

⁷¹ Source of emission factors: "IPCC 4th Assessment Report, 2007" Environmental Data (Linde) for the 2021 and 2020 data. In addition, the F-gases that contributed the most in terms of CO₂e are R-410-A, R-427A and R-407C

Emission intensity

	2020	2021
Scope 1 + Scope 2 Location-based		
Emission intensity per sqm (tCO ₂ e/sqm)	0.04	0.03
Emission intensity per employee (tCO ₂ e/person)	2.13	2.05
Scope 1 + Scope 2 Market-based		
Emission intensity per sqm (tCO ₂ e/sqm)	0.01	0.01
Emission intensity per employee (tCO ₂ e/person)	0.63	0.68

Emissions saved 2020

Method	Quantity	tCO ₂ e saved
Energy saving (in kWh)	2,947,626	1,374
Reduction in paper consumption (in t)	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

Emissions saved 2021⁷²⁻⁷³

Method	Quantity	tCO ₂ e saved
Energy efficiency (in kWh)	3,227,036	1,481
Reduction in paper consumption (in t)	191	141
Electricity purchased from renewable sources (in kWh)	89,039,423	40,869
Electricity self-produced from renewable sources (in kWh)	1,262,352	579
Total		43,071

In 2021, 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 43,071 tCO₂e, increased by 32% compared to 2020 (32,670 tCO₂e).

In line with what was reported in 2020, if the emissions offset with DKV Climate (1,603.49 tCO₂) are added to those offset through the planting of a BPER forest with Treedom.com (76.5 tCO₂) and to those related to the sustainable mobility initiative "Wecity" launched in June 2021 (12 tCO₂) and the ARCA SGR tree planting project "Mosaico Verde"⁷⁴ (12.6 tCO₂) both launched in 2021, the total emissions not released or offset is 44,775 tCO₂, which is equivalent to planting approximately 63,965 trees⁷⁵.



→ 44,775 tCO₂ avoided = CO₂ absorbed by 63,965 trees

⁷² Emissions saved in relation to energy efficiency, purchase of electricity from renewable sources and self-produced electricity from renewable sources were calculated with the Market Based methodology using the "European Residual Mixes, 2020, AIB". 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 2021" (739,396 kg CO₂e).

⁷³ 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 (AES) and the savings obtained from the dematerialisation of BPER CARD statements were considered.

⁷⁴ The estimate of 7 kg/year per tree was provided by AzzerCO₂: www.azzerCO2.it.

⁷⁵ An average of 700 kg of CO₂ absorbed by a tree in 10 years was used for the calculation.



8. Relations with the community

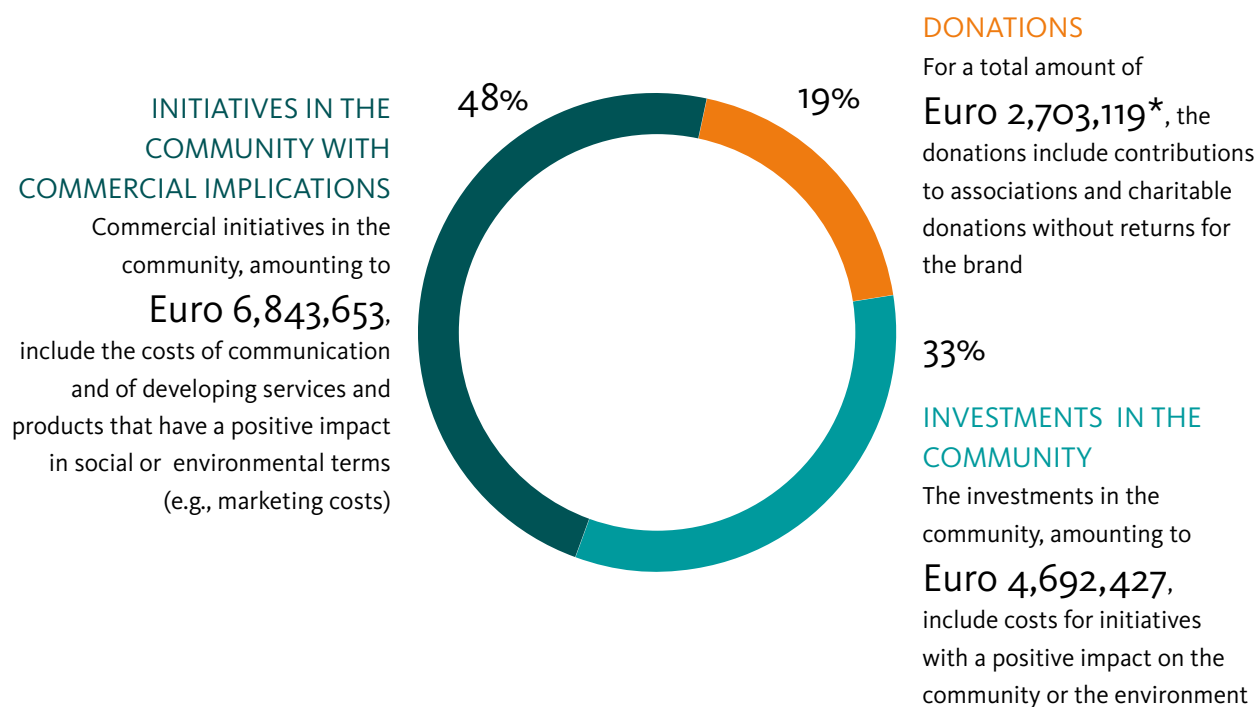


The BPER Group is committed to the enhancement of its presence in the territories also through partnership initiatives, sponsorships and donations; the activities supported favour those areas attributable to the Group's system of values such as welfare, development of cultural realities and support for the younger generations.

The attention paid to the social and environmental context of the local areas has promoted its significant participation in organisations and associations ⁷⁶among 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 organisations engaged in different social areas; however, this does not adequately explain what is actually being done by the BPER Group. For this reason, in 2021 as well, the Group decided to describe and catalogue the several projects implemented by using the framework of the Business for Societal Impact (B4SI)⁷⁷ as reference, which comprehensively describes the commitment to social and environmental projects through three macro categories: donations, investments in the community, and commercial initiatives in the community.

The category "Commercial initiatives" does not take into account activities carried out with employees and expenses incurred for health and safety in 2021.



* The decrease compared to last year's figure is due to contributions from the solidarity initiative "United Beyond Expectations", which had a greater weight in 2020.

⁷⁶ 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.

⁷⁷ Reference is made to the updated version of the former LBG Framework, today known as B4SI.

Relations with the community (Euro)

	2020	2021
Donations	3,454,606	2,703,119
Investments in the community	3,650,335	4,692,427
Commercial initiatives in the community	17,910,958	6,843,563
Total	25,015,899	14,239,109

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.

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”



The BPER Group'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 Regulation on the process of institutional promotion and donations". The support is always assigned on the basis of the different needs expressed by the Territorial 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 deliberating company bodies. Donations in the social field were of particular importance. The most significant initiatives include the contribution offered for three years to the Foundation Hospice Modena – Dignità per la vita Cristina Pivetti Onlus, for the construction of a local hospice.

The Group has made important contributions to deserving secondary school students in unfavourable economic situations, allocating scholarships 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 deserving theses on Corporate Social Responsibility issues, and one for those who have particularly excelled in economic and financial studies.

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

“BPER SUPPORT”

In 2021, BPER Banca continued to support the activities of the Empori Solidali (charitable emporiums) and associations that support the economically weakest in Italy, selected with the contribution of the Territorial Divisions. The Empori Solidali are a network distributed throughout Italy. Although their appearance and operation is similar to a traditional shop, they have a key social purpose: they provide tangible support to families who are in a fragile economic situation by distributing basic necessities free of charge. In addition to material support, they also offer services and orientation, training and inclusion activities. More than 40 Empori and associations supporting economically fragile families benefited in 2021 throughout the country.

CROWDFUNDING FOR THE THIRD SECTOR

The Parent Company adopted a new model of support for associations in the Third Sector committed, in particular, to involving young people in education, culture and the environment through the promotion of the fourth 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 thus co-financed the remaining 75%, up to a maximum amount of Euro 11,250 per association, enabling the activities of the identified projects to begin.

A description of the five projects of 2021 is provided below:

“Piccoli spazi urbani di libertà” (Small urban spaces of freedom), an initiative of the Gruppo Abele Association with the aim of building a free, playful-educational space that encourages contact between children and nature in the city areas of Turin and offers a learning experience through a participatory design process with children and youth aged 3 to 17 with the participation of the artist Antonio Catalano. In Verona, the Associazione Diversamente in Danza designed the project “Zero - non vale nulla ma fa la differenza” (Zero - it has no value but it makes a difference), for the creation of a dance show that tackles the theme of disability and inclusion, performing it in schools. Padua is the setting for the “Storie sull'onda” (Stories on the wave) project promoted by the MetaArte association to develop, together with students, a sound exploration and radio narrative composition workshop starting from places in the neighbourhood, and in particular a web radio inside the local residence for the elderly to build intergenerational relations. In the Centre-South, the educational project “ScannettAlert” was developed, which was proposed by Circolo ARCI Letterario Beatnik. It aims to create a thematic board game set in the city of Campobasso and which starts using the urban game as an instrument which then continues in the physical places of the city thanks to QR codes. “Un giardino per tutti (A garden for everyone) is the name of the project proposed by the Rome-based Fonte d'Ismaele association; it plans to set up workshops on the theme of the city, the environment and holidays in order to help children from the most vulnerable sections of the population in some of the capital's neighbourhoods explore different perspectives on being together and being a community.

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 organisation of cultural events open to citizens and accessible to all.

This is one of the reasons why the hashtag #LaBancaCheSaLeggere has been coined over the years, 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 (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.

In 2021, despite various limitations due to the pandemic, the festival was a great success with significant attendance and streaming views. Throughout the period of the health emergency, BPER Banca revised its proposal, transferring the meetings to be held via streaming on social channels, successfully maintaining the relationship with those who love reading and increasing the number of viewers who were able to follow the broadcast events at home.

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 the literary sphere, the Parent Company's important activity to support national and international awards was also significant, including, to name but a few, the Strega Award and its various forms (Premio Strega Ragazze e Ragazzi, Premio Strega Giovani, Premio Strega Europeo), the Silent Book Contest, the Estense Award, and the Flaiano Award, "Lettera Futura" - a literary fellowship reserved for first-time female writers and aimed at facilitating women's access to the Italian publishing scene, the Laudomia Bonanni International Literary Poetry Award, the Neri Pozza Literature Award, the Caccuri Award for non-fiction and the Letteratura e Segni - New Generation Festival in Mantua.

Actions to support culture and consistent with #LaBancaCheSaLeggere also include the close collaboration with Librerie.coop for free meetings with authors in the Ambasciatori and Zanichelli bookshops in Bologna, for the summer series "Stasera parlo io" (Tonight I speak) and "Le voci dei libri" (The voices of books), the series of meetings with authors in Sala Borsa, the annual "Lettura" (lectio magistralis) by Il Mulino publishing house and meetings at MAXXI L'Aquila.

The list above goes hand in hand with BPER Banca's 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) and the Giancarlo Dosi Junior Video Contest for Scientific Disclosure.

Lastly, support for the Actors' Pre-training Centre in Ferrara deserves mention, which involves girls and boys with the aim of promoting artistic and professional training in the film industry.

#LaBancaCheSaLeggere becomes #LaBancaCheSaAscoltare when it comes to conveying the message of closeness to the world of music. Indeed, the development and dissemination of culture also involves the support for leading concert seasons, music festivals or events of national and local importance that have alternated the offer of physical events with those on digital channels in 2021. The most significant include Ravenna Festival, Bologna Festival and Musica Insieme, IMAGinACTION, international music video festival.

#LaBancaCheSaInterpretare, on the other hand, supports initiatives linked to the theatre or cinema, supporting a number of famous drama theatres (including Duse in Bologna, Carcano in Milan, Comunale and Storchi in Modena, I Teatri in Reggio Emilia) and the production of important film projects that will see the light in 2022, such as those dedicated to Pier Paolo Pasolini or to the story of "Bella ciao", to the writer Giorgio Bassani or the photographers Nino Migliori and Luigi Ghirri.

Also in the film sector, support was given to the Giffoni Film Festival for children and youth, the Biografilm Festival - International Celebration of Lives and Sotto le stelle del Cinema, an event promoted by the Cineteca di Bologna.

Significant contributions were made to art through support for the following exhibitions: "Divine e Avanguardie, le donne nell'arte russa" at Palazzo Reale and "L'immagine sottratta" at the Museo del Novecento in Milan, the exhibition "I Macchiaioli. Capolavori dell'Italia che risorge" at Palazzo Zabarella in Padua, "Orizzonti del corpo" in Reggio Emilia, the photographic exhibition JOBS - New forms and spaces of work.

Support for culture also takes the form of collaboration with important universities, to which scholarships are awarded for the most deserving students involved in innovative projects or with which events are organised for the general public, such as DAMS '50, a three-day event celebrating the 50th anniversary of the DAMS faculty in Bologna.

Lastly, we would like to highlight the historical collaboration with the Festival Filosofia in Modena, "Macchine - Intelligenze umane e artificiali", the Cultural review "Laterza Agorà - Inventario del possibile", the Franciscan Festival in Bologna, the events for Parma Capitale italiana della Cultura 2020-2021.

Moreover, in order to create value for the areas in which it operates, the Parent Company has for years promoted round tables on mainly economic issues, in collaboration with QN - il Resto del Carlino, il Giorno, La Nazione and with Affari e Finanza - La Repubblica. 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.

During 2021, nine regional round tables were also promoted with L'Economia Corriere della Sera, and other economic events in collaboration with Il Sole 24 Ore, Milano Finanza and la Prealpina.

In the field of promoting journalistic skills, BPER Banca supports other initiatives and awards, such as the Guido Polidoro, Giuseppe De Carli, Biagio Agnes and Guidarello journalism awards and scholarships for students at the UniBo and UniSa School of Journalism.

Other local initiatives

There are numerous local initiatives to support local territories and typical products supported by Group Banks, as well as the most famous trade fairs in the areas where the Group is present. In addition, as part of the collaboration with local universities and other bodies, the Group's banks 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 2019/21 Business Plan project "BPER Banca per la Comunità" was the most concrete representation of the level of attention that the Bank devoted 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 (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 received a book from their paediatrician allowing families to be involved in reading education projects also through a specific monitoring activity.



Sognalib(e)ro

The Parent Company supports the literary award reserved for inmates in Italian prisons, in collaboration with the Municipality of Modena and the Ministry of Justice. 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.

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

The Group promotes amateur sporting activities by supporting associations and clubs that involve mainly young people. The most significant include: the youth sectors of important volleyball, football and basketball clubs (e.g., Virtus Pallacanestro Bologna, Modena Volley, Ravenna Volley, Junior Basket Ravenna).

Many national sporting events were also supported, including Granfondo Vie del Sale and Circolo Velico Crotone, as well as those dedicated mainly to youth such as Polimirun - the Milan Polytechnic running race and the Giro d'Italia U23 "Grand Prix of Gymnastics" in Milan.

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 2021 volume is entitled "Pagani Hypercars d'autore".

Community involvement in new territories

The project to acquire the business unit from the Intesa Sanpaolo Group, which consolidates and extends BPER Banca's presence throughout Italy, brought the need to invest in media relations and sponsorships with a dual objective: on the one hand to support BPER Banca's positioning at national level as a solid, historic and reliable bank, and on the other to convey the concept of proximity that is part of the claim "Nearby, beyond expectations", developing awareness in the new territories. Mainly concentrated in Lombardy and Marche with the involvement of Mayors, Chambers of Commerce and heads of trade associations in over 40 institutional meetings, the initiatives generated about 2,000 mentions in the media, including press releases and press conferences. Sponsorships supported the areas in which the bank has traditionally been most active: culture, sport and social work.

The most significant initiatives on the cultural front include the Concert for Bergamo by Maestro Riccardo Muti with the Cherubini Orchestra, recorded at the Donizetti Theatre and streamed on the Bank's website, preceded by a video tribute to the city of Bergamo; "SIPARIO! Arte a Teatro", an itinerant music festival involving four theatres in the provinces of Como and Varese and six theatres in the Marche region, staging always-different shows and artists; "La Campana di Sant'Ambrogio", artistic installations in 21 sites in Milan from which a video was made, commented by Vittorio Sgarbi and broadcast by RAI; "IMAGinACTION Tour", the Festival of Videoclips that this year stopped in Turin and Brescia; the national literary festival Macerata Racconta and the Micro Publishing Festival in Chiari, Brescia.

At the level of sport, the Parent Company has chosen to support teams and events located in new areas that have a national scope, such as the Bergamo Volleyball Women's A1 Team and Youth Sector, the 2021 Volleyball Nations League (VNL) in Rimini, Derthona Basket TO (sponsorship of the Men's A1 Team and Youth Sector), the Gymnastics Grand Prix, CUS Brescia for a Paralympic project concerning various sports disciplines and the "European Olympic and Paralympic Qualification Regatta" in Varese. There were also golf competitions for private customers in the Lombardy, Tuscany and Marche regions, and classic car races such as Coppa d'Oro delle Dolomiti and Coppa Mazzotti.

In the social field, significant collaborations have been set up with associations and universities with the aim of supporting fragile situations on the one hand, and encouraging research and development on the other. Two initiatives in particular were promoted on the theme of fragility: "Il Tortellante" - a solidarity event in collaboration with Massimo Bottura and the Associazione di Promozione Sociale Il Tortellante, which supports children with autism spectrum disorders and their families, and "NonChiamatemiMorbo", a talking photo exhibition and story of resistance to Parkinson's disease narrated by Claudio Bisio and Lella Costa.

Among the university collaborations developed in the new areas, worth mentioning are those with Bocconi University, with Digital Universitas Brescia, which provides scholarships for masters in Mechatronics, and with the Polytechnic University of Marche and the University of Urbino SITUM, also linked to the provision of scholarships for specialist courses.

BPER - ONYVÀ COLLABORATION

For its document digitalisation activities, BPER is extremely proud to collaborate with four autistic young people from the Modena-based social cooperative Onyvà, which promotes the professional growth, social reintegration, and managerial and behavioural autonomy of workers, both disadvantaged and not.

“La Galleria. Collezione e Archivio Storico”

“La Galleria. Collezione e Archivio Storico” is the cultural project that stems from an awareness of the importance of BPER Banca's cultural heritage, consisting of an art collection with various collection nuclei, and the historical archive with a true account of the history of the Bank founded in 1867 and of the areas where it operates, now one of Italy's largest corporate collections.

BPER Banca's collecting history began at the end of the 1950s with the purchase of artwork to furnish its representative offices. The desire to create a coherent collection of 15th- to 18th-century artwork from the Emilia-Romagna region soon arose, confirming the value that the area has always had for the Bank. Today the artistic heritage has reached national dimensions and consists of about a thousand works of historical and artistic importance that the Bank presents to the public at the “La Galleria” exhibition space in Modena.

“La Galleria. Collezione e Archivio Storico” of BPER Banca pursues the enhancement and protection of its valuable cultural heritage through a dynamic calendar of events, exhibitions and presentations. In addition to the area dedicated to the permanent collection, “La Galleria” houses a space for temporary exhibitions, allowing for a constantly evolving exhibition programme. In four years of activity, eleven temporary exhibitions have been designed and offered to present some of the collection's masterpieces to the public. To date, some 15,000 visitors have visited the exhibitions at “La Galleria”.

Seeking to be a place open to cultural exchange and dialogue, in 2021 BPER Banca's “La Galleria” worked on the planning and implementation of three important exhibitions and the publication of the fourth study book of the Historical Archive. The first exhibition, “Corrispondenze barocche” (Baroque Correspondences), was organised in collaboration with the Museo Civico di Modena with the aim of creating a common thread between a private and a public art collection, allowing a better understanding of the evolution of the pictorial language of Emilian artists of the Baroque period. Subsequently, on the occasion of Festivalfilosofia, in which “La Galleria” has participated since 2018, the exhibition “Elisabetta Sirani. Donna virtuosa, pittrice eroina” (Virtuous woman, heroine painter) was organised, focusing on the theme of “freedom” proposed by the festival, and connecting with the company's “A pari merito” programme for the enhancement of female talent and equal opportunities. Lastly, “Paesi vaghissimi. Giuseppe Zola e la pittura di paesaggio” (Vague Landscapes. Giuseppe Zola and landscape painting) is part of the exhibition programme of “La Galleria” with the goals of presenting part of the Ferrara collection and opening up to the Sustainable Development Goals (SDGs). Guided tours were offered to the public throughout 2021.

The Historical Archive of BPER Banca, founded with Banca Popolare di Modena in 1867 and declared “of particularly important historical interest” in 2005 by the Superintendency of Archives for Emilia-Romagna, represents and documents not only the Bank's history, but above all that of the areas of which it was and is an expression, of society and culture. More than 500 linear metres of documentation record the Bank's history since its foundation and testify to the path taken by the banking group and the banks that have been incorporated over time.

The study and cataloguing activities have led to the publication of four volumes over the last four years. The latest, “Oggi per domani. Breve storia del risparmio” (Yesterday for tomorrow. A brief history of saving), produced in collaboration with FEduF, takes its cue from World Savings Day and looks back at all the initiatives that the Bank has promoted over time to raise awareness on this issue.

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

In 2021, Banco di Sardegna confirmed its support to the local area and community by redistributing a portion of its profits, with a focus on the following areas: communication, culture, social and sports. These activities are also described in a specific report indicating the main Corporate Social Responsibility initiatives undertaken.

Due to the continuing health and social emergency, the Institute continued to support the fundraising campaign promoted together with the Dinamo Foundation and Nuova Sardegna, aimed at purchasing medical equipment for hospitals and analysis laboratories.

In addition, in order to deal with the consequences of the devastating fires that affected a large part of the island, the Bank launched the "Sardegna Fronte Comune Incendi" initiative, providing subsidised loans to the affected population. It also earmarked significant sums for social and environmental interventions, with particular attention to the needs of the most vulnerable sections of the population, such as children and the elderly.

Despite the fact that the regulations on physical distancing imposed restrictions on holding cultural and sporting events, the Bank confirmed its support for numerous initiatives and events. These include the island's music festivals with a top-notch programme, the Innois project for the enhancement of Sardinia's resources, skills and opportunities with the involvement of professionals and experts in the creation and development of sustainable growth projects, the Autunno in Barbagia festival in partnership with the Nuoro Chamber of Commerce, with the issue of a dedicated prepaid card; the "Sardinia towards UNESCO" project that promotes Sardinia's archaeological heritage in its activities dedicated to the island's schools; and the "Un Futuro da Giganti" initiative, which brings together the University of Sassari, Dinamo Banco di Sardegna and the Mont'e Prama Foundation to promote the excellence of the island and the university.

The Bank also confirmed its support for FEduF's financial culture development projects, holding meetings with secondary school students for the PCTO "Che Impresa, Ragazzi" and promoting online lessons to discuss savings, payment instruments and safety in online transactions.

The Bank is also a partner in the "La Nuov@Scuola" project, an initiative of the daily newspaper La Nuova Sardegna to promote newspaper reading in class in Sardinia's secondary schools and to stimulate students' awareness and critical sense, as well as actively involving them in editorial activities.

BPER also supported important activities aimed at young people in the agricultural and agrifood sector, as well as initiatives in favour of girls and women with concrete support for the Dafne Network working to help victims of violence.

Scholarships for promising students at the Sassari Conservatory were also renewed, as well as support for Sardinian universities.

The Time to Children initiative is instead dedicated to the 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 promotion of Sardinia's cultural heritage is also implemented through the constant attention paid to the Bank's historical archives and the organisation of the annual Christmas concert which for 2021 was produced in recorded form without an audience, in an all-female version with the performance of soprano Elisabetta Scano and conductor Alicia Galli. Banco di Sardegna also actively supports sport, sharing the value system of the Dinamo Banco di Sardegna basketball team, with which it has entered into a true partnership aimed at promoting initiatives of a charitable and solidarity-based nature for the development of young talent and social promotion.

Support to the community - Bibanca

Bibanca supported various Third Sector organisations operating in Sardinia in 2021, allocating part of its resources to various projects in the form of donations.

In particular, the funds were donated to initiatives in the following areas:

- support for poverty, such as the consolidation of activities for the collection and distribution of basic necessities and clothing for people in need
- psychological assistance and workshops for local cancer patients
- support for sport and cultural initiatives with social aims, creating a debate in schools on the obstacles and difficulties women often face when they decide to take up sporting activities.

Support to the community - Sardaleasing

In 2021, Sardaleasing provided its support to the Sardinian territory by supporting an initiative of particular historical and cultural significance, "Rediscovering the transhumance routes of the Barbagia shepherds"; a three-day trek on horseback to retrace and discover the ancient paths that shepherds used for the seasonal migration of their flocks.

Sardaleasing also supported the annual event "Ener.Loc-Energia Enti Locali e Ambiente" promoted by Fondazione Promo P.A. and held in Sassari, which in 2021 focused on the evolution of the market and citizens' demand in terms of sustainable mobility, building and infrastructure and green energy, also in light of the NRRP.

Support to the community - ARCA SGR

In 2021 ARCA turned its attention to the world of youth, supporting various projects and initiatives.

"Il tuo capital umano" promoted by Assogestioni aims to bring young university students closer to the world of asset management through orientation meetings at universities and the opportunity to access internships provided by asset management companies. "Fuori Classe della scuola" organised by FEduF provides three scholarships; a further scholarship has been allocated with the Intercultura Association.

"Notte dei Classici", with the participation of the Secondary School specialising in Humanities and Languages "F. Petrarca", of Trieste proposes to carry out readings, conferences, drama and music performances with the aim of enhancing classical, traditional and European culture, in a historical moment in which the digital revolution places the role of humanistic knowledge in a new perspective. ARCA also contributed to the organisation of a meeting as part of the project "Sentieri letterali nella contemporaneità" (Literary paths in the contemporary world) promoted by the Sondrio Territorial School Office and the Cremona Territorial School Office; these meetings are mainly aimed at schools and explore themes related to literature, politics, economics and current affairs.

As part of the ARCA Oxygen Plus project, ARCA planted 1,800 trees in three areas of Italy during 2021: Valdisotto (SO), Castelfranco Emilia (MO) and Parco del Vesuvio (NA).

In 2021, ARCA also continued to support VIDAS, a non-profit, non-partisan and non-denominational association that was set up to offer complete and free assistance to adults and children suffering from incurable or terminal illnesses: support for VIDAS took the form of two events associated with the fundraising campaign, a payroll giving programme and the collaboration of employees in Christmas shops.

In June 2021, during an event dedicated to the sea and to social and environmental sustainability, ARCA also organised activities dedicated to children in Gaslini Hospital.

Financial Education

Over 128,000 young people were involved in financial education in 2021.



"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 2021 the project was further developed; in addition to the family meetings, the new programme for schools was presented.

In the last three years, fifty events of animated readings and musical performances with orchestra have been organised as part of the cultural series for families, with the participation of the author of the book Elisabetta Garilli and the Garilli Sound Project ensemble. The drawings and video animations are by the illustrator Valeria Petrone. More than 3,500 children received a free illustrated book containing a QR code to listen to the cheerful music of the Garilli Sound Project. The illustrated book also received a special mention in the Panizon Award as a "must-have book". The school project offered to teachers through the Digital Education platform was launched in October and dedicated to financial education, with the immediate participation of 300 primary and nursery school classes.



The GRANDE! project

BPER Banca offers the last three classes of primary school the GRANDE! initiative. Also in the 2020/21 school year, more than 30,000 students in over 1,500 classes enthusiastically participated in the financial education project "Un economia che abbraccia tutti" (An economy that embraces everyone). Guided by their teachers, the students increased their economic skills to become attentive citizens in the future, able to make informed choices.

On grande.bper.it - the portal dedicated to schools - teachers and students can watch educational cartoons together and upload their own projects.

GRANDE! also speaks to adults: a section of bper.it is dedicated to older students, including rich content and useful tips for educating children about economic awareness in a fun and enjoyable way.



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 purely economic notions, includes the topics 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, 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

BPER again confirmed its attention to the world of teenagers in 2021, reaching them on Instagram, their channel favourite social channel today, with the Teen! project.

Teen Space is the Instagram profile that hosts contributions designed for teens: testimonials from influencers, book reviews, current trends, and much more. In fact, the profile addresses the economy by offering useful and attractive content related to the financial sphere, always with the fresh approach that characterises this space.



FEduF - Fondazione per l'Educazione Finanziaria e per il Risparmio (Foundation for Financial Education and Saving)

Collaboration with FEduF to promote financial education to students continues.

In October, the month of financial education, in collaboration with FEduF, BPER Banca offered schools meetings dedicated to the themes of behavioural finance and economics, presented in the form of a digital talk.

In particular, the following Talks were very engaging:

- "The true story of Mr F... and how we make decisions in our daily lives", led by Taxi 1729's science presenters
- "Neuromagic. When magic reveals our relationship with money", led by Massimo Bustreo, IULM lecturer, and illusionist Edoardo Ares
- "I'll tell you about the economy... with Legos", led by Luciano Canova using the LEGO®SERIOUS PLAY® methodology to explain some economic and financial concepts in a simple and entertaining way using the famous bricks. The young students also made models inspired by the concepts of conscious use of money.

In November, an event dedicated to the theme of financial fraud was also held in collaboration with the University of Bari entitled "Occhio alle scotte" (Watch out for fraud). Inspired by the scheme of Charles Ponzi, the lecture show was carried out in collaboration with FEduF and Consob.

In addition, in the 2020/2021 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 dialogue with students and pass on their technical knowledge. In the last edition, some 150 classes tutored by the Bank, completed the "Che Impresa ragazzi!" course. Among these, the Rosa Luxemburg school in Bologna stood out as the best business project out of more than 400 submitted.

Financial education on social media and other web channels

The Bank also disseminates financial education content through its proprietary channels in order to meet the information needs of its audience and promote an informed and responsible economic culture. One example is the podcasts published on the bper.it website.

The series Favolosa Economia (Fabulous Economy), with the spoiler "and they all lived happily ever after", keeps its promise of narrating economic themes, often considered far from people's common feelings, by telling stories that belong to everyone's collective imagination. For example, explaining the economic and social impacts of the climate crisis from the plot of Game of Thrones, the most watched drama of all time, or illustrating economic crisis management with references to the novel The Great Gatsby, by F.S. Fitzgerald.

The newly created financial education audio magazine, ConTanti Saluti, is a podcast that entertains and uses simple words and a light tone provided through couple Enrico Bertolino and Emanuela Rinaldi to help listeners to unravel doubts and uncertainties about money and finance.

The Bank's proprietary channels are important means for actively communicating with all our audiences. BPER Banca's profiles on Facebook and LinkedIn are a sounding board for all our activities and support our commitment to the territory, the community and people.

In 2021, BPER Banca also officially joined Instagram with an unprecedented and innovative project on the banking scene that aims to involve even more people who already follow the bank's channels, reach new ones and amplify the numerous contents, including financial education, that we produce.

8.1.3 Commercial initiatives in the community

This category represented based on the indications of the "Business for Societal Impact" Framework, includes both expenditure on projects/products with a significant environmental and social impact and investments in marketing and communication directly related to positive community impacts.

Please see chapter 5 for further details on the products and services.

8.1.4 Monitoring of impact on the local areas

The Parent Company started a process of analysis in 2018 to monitor and optimise the impact throughout the local areas of the initiatives supported. A "Corporate philanthropy benchmark analysis" was carried out involving 8 banks, belonging to the 10 largest banking groups in Italy. The analysis was useful for studying giving and sponsorship practices and respective organisational methods. This work made it possible to identify improvement areas for effective giving and sponsorship management by BPER Banca. The areas were then included in the Group Regulations for institutional promotion and donation procedures.

At the same time, the beneficiaries of donations and sponsorships above a certain target were asked to provide a feedback in the form of self-certification, which allowed to estimate the repercussions in terms of people involved and media impact of the activities.

Finally, in accordance with the 2020-21 Sustainability Plan, the calculation of the SROI (Social Return on Investment) was started on two important projects of a social and cultural nature: the financial education courses "A step towards the future" and the "Forum Eventi-Incontri con l'autore" event, already described in this chapter.

In relation to the "A step towards the future" project, the calculation of the SROI allowed to focus on favourable impacts, estimated in their monetary dimension. The results of the analysis show that the social return on investment expressed by the SROI is on average twice as high as the resources invested in the project. In fact, every euro invested in "A step towards the future" generates at least two euros of social return. The positive result is more pronounced in the periods in which the use of distance learning was more strategic (calendar year 2020 and school year 2020/2021), while it is more limited in the year 2019 when the project was in its start-up phase.

In relation to the Forum Eventi-Incontri con l'autore event, the social return on investment expressed by the SROI is Euro 3.7 for every euro invested in the initiative. The largely positive result is due to the strengthening of the bond with the clientele and the satisfaction of the cultural expectations of the spectators.

8.1.5 Assessment of synergy among projects: Youth target

128,506 total young people involved in Group activities (+16%)



318,377 total young people involved in supported projects



446,723 total youth involved

8.1.6 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.

In order to demonstrate and enhance its attention to the environment and the areas in which it operates, in 2021 BPER Banca actively supported ALL4Climate, the programme that aims to promote an active and constructive dialogue on the challenges of the climate crisis and help achieve the objectives of the Paris Agreement (COP21).

In fact, BPER Banca was one of the main partners of All4Climate-Italy 2021, the great programme of events and initiatives hosted in Milan from 28 September to 2 October 2021. The programme welcomed two major international events: Pre-COP26, the high-level UN meeting in preparation for the Conference of the Parties on Climate Change (COP26), held in November in Glasgow, and Youth4Climate, in which two young people from each of the 197 member countries of the UNFCCC (United Nations Convention on Climate Change) were engaged in working groups and debates on the topic of climate change.

BPER thus wanted to strengthen its commitment to combating climate change by also engaging in activities to raise awareness and disseminate culture.

Another important project was BPER Banca Plastic Free implemented at the end of 2020, thanks to which each Group employee received a branded water bottle, a valid substitute for plastic bottles for a total of 16,500 units, bringing an expected reduction in the use of half-litre bottles of almost 3.5 million each year. An important initiative to involve colleagues in BPER's commitment to reduce the use of plastic in the workplace (more information in Chapter 7).

An incisive action to raise awareness on the issue of environmental protection was certainly the round table "Meeting the challenge of climate change" held in October 2021 at the University of Brescia and organised by the Bank, Etica SGR and the Department of Economics and Management of the University where, with the climatologist and popularizer Luca Mercalli, the risks, consequences and opportunities arising from climate change were discussed in both environmental and economic terms. As part of the Green Social Festival organised in Bologna in 2021, 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 behaviour. 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.

BPER Banca participated in the tenth edition of the Sustainable and Responsible Investment Week (SRI Week 2021 to present the Forum for Sustainable Finance's research "Italian SMEs and sustainability reporting", which BPER co-sponsored). Like every year, the Bank joined "M'illumino di Meno". The signs of the Modena Service Centre and 164 branches throughout the country were turned off on the occasion.

During the two-year period 2020 and 2021, also due to the health emergency, some programmes related to sustainability education that were held in parks throughout the country were suspended.

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 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).

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, providing 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 Social 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 the prepaid cards (useful in terms of “recovery tool” for compulsive gamblers) and the Black Cards, accounting for about 0.1% of the total.

Special attention is paid to minors: the PAYUP TEEN prepaid cards have usage blocks for certain categories of expenditure that could be considered risky, such as games and betting, telephone and postal sales, door-to-door sales, alcohol and tobacco, drugs and political organisations. If a minor has a prepaid card that is not PAYUP TEEN, they are subject to checks and, in the event of use in gambling, the payment card is blocked and notifications are sent to parents. Lastly, the BPER Group has decided to avoid the marketing and promotion to customers of Scratch & Win tickets.

Compulsive gambling may also affect minors; for this reason the Bank promotes education and prevention campaign at schools. In this regard, as part of the collaboration with the Bergamo ATS and other banks in the area, materials with useful information were produced during the year on the correct use of prepaid cards, benefiting from the precious creativity of the students of two local secondary schools.

A training course was also organised with the ATS for branch owners and bank counter operators, useful for dealing with pathological gamblers and initiating useful actions for progressive recovery with the help of local social services.

Finally, in November, the Bank first financed and then presented in Bergamo the research carried out by Nomisma on the behaviour of the so-called Generation Zeta on the subject of betting and the relationship with gambling, as well as an analysis carried out on the over 65s (Silver Age) which also investigates the effects of the pandemic on the phenomenon.

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 labour or crimes against the environment.

Annex I

The EU Taxonomy of environmentally sustainable activities

Regulatory reference context

The European Taxonomy, as defined by Regulation (EU) 852/2020¹ (EU Taxonomy Regulation) and related Delegated Acts, establishes a classification system of economic activities to be considered environmentally sustainable from a climate and environmental point of view, setting specific technical screening criteria that define the conditions under which a given activity substantially contributes to the achievement of sustainability objectives.

The classification tool aims to create a common language for businesses and investors in order to mobilise capital flows towards sustainable investments, thus supporting the orientation of public and private strategies towards the achievement of EU environmental objectives², starting with those of climate change mitigation and adaptation, i.e., the first two of the six objectives considered by the EU Taxonomy for which specific technical screening criteria for economic activities³ have been defined and detailed in the Climate Delegation Act.

Article 8 of the EU Taxonomy Regulation introduces, as of 1 January 2022, a disclosure obligation for companies and financial market participants subject to the non-financial information reporting obligation, as established in Directive 2014/95/EU⁴ (NFRD), implemented in Italy by Legislative Decree no. 254 of 30 December 2016, indicating how and to what extent the company's activities are associated with economic activities considered environmentally sustainable. Details of the methodology and indicators to be used for the reporting required under the Taxonomy Regulation are set out in Delegated Regulation (EU) 2021/2178.

As laid down in Annex V of Delegated Regulation 2021/2178, BPER carried out an analysis based on the scope of prudential consolidation, in line with the reference regulations⁵, considering the gross book value of the assets in the balance sheet as at 31/12/2021⁶.

In order to prepare this disclosure, the BPER Banca Group considered the templates provided by the Platform for Sustainable Finance and the related Guidelines⁷, reporting the information required starting from precise data where available. In particular, for the purpose of reporting the mandatory disclosures, the Group used precise data on gross book values, where the use of income was known. In addition, the Group established proxies in order to estimate, on a voluntary basis, whether the economic activities of enterprises subject and not subject to NFRD were eligible for the EU taxonomy.

The FY 2021 disclosure is shown below, detailing the share of exposures in total assets in the balance sheet:

- economic activities eligible⁸ and ineligible for the Taxonomy
- central administrations, central banks and supranational issuers
- derivatives
- companies not subject to NFRD
- trading book
- interbank loans on demand.

¹ Regulation (EU) 852/2020: <https://eur-lex.europa.eu/legal-content/IT/TXT/PDF/?uri=CELEX:32020R0852>

² The six environmental objectives of the Taxonomy: climate change mitigation, climate change adaptation, sustainable use and protection of water resources, transition to a circular economy, prevention and reduction of pollution, protection of biodiversity.

³ Annexes I and II of EU Commission Delegated Regulation 2021/2139 (Climate Delegated Act).

⁴ Directive 2014/95/EU: <https://eur-lex.europa.eu/legal-content/IT/TXT/PDF/?uri=CELEX:32014L0095&from=IT>

⁵ In accordance with Title II, Chapter 2, Section 2 of EU Regulation 575/2013.

⁶ Please note that off-balance sheet assets are excluded.

⁷ https://ec.europa.eu/info/files/sustainable-finance-taxonomy-eligibility-reporting-voluntary-information_en

⁸ "An economic activity described in the delegated acts adopted pursuant to Articles 10 and 11 of Regulation (EU) 2020/852, irrespective of whether that economic activity meets some or all of the screening criteria laid down in those delegated acts".

MANDATORY DISCLOSURE

	Eligible		Ineligible	
	% of total assets	% of assets total covered**	% of total assets	% of assets total covered**
Exposures in economic activities*	16.3%	22.2%	12.0%	16.4%
Trading book			0.2%	-
Interbank loans on demand			0.4%	0.6%
Exposure to central administrations, central banks and supranational issuers			26.4%	-
Derivatives not held for trading			0.1%	0.2%
Exposure to companies not subject to NFRD requirements			44.4%	60.6%

*Exposures in economic activities: the figure corresponds to total assets and does not include exposures in central administrations, central banks and supranational issuers and derivatives, enterprises not subject to the obligation to publish non-financial information under Article 19 bis or 29 bis of Directive 2013/34/EU, trading book and interbank loans on demand.

**Total assets covered: this figure corresponds to total assets and does not include exposures to central administrations, central banks and the trading book.

The share of exposures eligible for the EU Taxonomy for FY 2021 for the BPER Group is 16.3%, of which more than 95% relates to loans and advances to individuals for the purchase or renovation of real estate.

Furthermore, in compliance with Article 7 of Delegated Regulation 2021/2178 and related guidelines, the share of eligible exposures is 22.2% as total assets covered⁹ (€99,972.3 million), with 73.3% of total assets (€136,347.9 million) in the denominator.

VOLUNTARY DISCLOSURE

	Eligible	Ineligible
	% of total assets covered	% of total assets covered
Exposures in economic activities - subject to NFRD	23.0%	77.0%
Exposures in economic activities - subject and not subject to NFRDs	30.0%	70.0%

The voluntary disclosure shows the share of exposures eligible for the EU taxonomy for FY 2021 calculated on total covered assets, also including estimates made on companies subject to NFRD. This share is 23% for the BPER Group.

The voluntary disclosures also show the share of exposures in eligible assets calculated also considering companies not subject to NFRD, which is 30% of covered assets.

⁹ The denominator excludes exposures to central administrations, central banks, supranational issuers and the trading book from the gross book value of total assets

Methodological details of eligibility assessment

The following assets were considered in assessing the eligibility of exposures, excluding companies not subject to NFRD:

- debt securities and equity instruments
- loans and advances to businesses
- project finance
- enforced real estate collateral
- loans and advances to individuals for the purchase or renovation of real estate
- consumer credit for the purchase of cars.

In addition, the figure was also voluntarily reported by including those companies not subject to NFRD in the assets listed above.

Specifically, the following proxies were applied:

- exposures to companies subject to the obligation to disclose non-financial information: the companies required to disclose non-financial information at Italian level¹⁰ were considered on a case-by-case basis, while at EU level, estimates based on the criteria set out in the NFRD regulation¹¹ were applied
- EU Taxonomy of enterprises' eligibility assessment (estimated data considered only in voluntary reporting): the counterparty's predominant activity (NACE code) was considered with respect to the economic sectors included in the Climate Delegated Act¹², which includes activities that can contribute to the climate change mitigation and adaptation objectives.

¹⁰ Source: Consob list of entities that have published the Non-Financial Statement

¹¹ All public interest entities, i.e., listed companies, banks and insurance and reinsurance undertakings, operating in the EU are subject to the NFRD obligation if they have had an average of more than 500 employees during the year and have exceeded, at the balance sheet date, a balance sheet total of Euro 20 million or total net sales and service revenues of Euro 40 million.

¹² Delegated Regulation (EU) 2021/2139

Annex II

Covid-19 Emergency

Measures taken by the BPER Group to protect and support its stakeholders

The measures adopted by the BPER Group in the various phases of the emergency have enabled it to protect the health of its employees and customers, as well as to guarantee the continuity of the services provided by the Bank.

Differentiated initiatives remain, according to the criticality of the areas concerned or to local peculiarities. The Group's employees are constantly updated on the measures currently in force, thanks to the communications in the dedicated area of the company intranet. Employees can continue to work in Emergency Smart Working mode where necessary or appropriate.

Management of human resources

To deal with the health emergency, the BPER 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 most severe phases of the emergency, a strong reduction in physical presences in the workplace: activation of a significant number of workstations in "emergency remote working" mode, acquisition of platforms to allow training activities to continue from home (so-called distance learning), shifts in organizational units, the closure of some branches, modification of opening hours to the public and limiting customer access to premises.

In line with the protocols defined from time to time at national level by ABI and the Trade Unions, access to branches in the red zone was allowed only by appointment for both advisory services and cash services, while in branches in other zones access for advisory services was allowed by appointment.

Faced with the resurgence of the virus in the first half of the year, the BPER Group maintained a strong focus on its employees, intensifying the use of levers such as emergency smart working and, also in light of the suspension of teaching/educational activities throughout the country, making paid and unpaid leave available to employees within specific categories (employees with children under 14 years of age, employees with disabled children, pregnant employees not on maternity leave, family members living with immuno-compromised persons). In the second half of the year, the BPER Group took the necessary measures following the issue of Italian Decree Law no. 127 of 21 September 2021, which required that access to private workplaces was also subject to the obligation to hold and display a Green Pass, i.e., Covid-19 green certification, at the request of the personnel appointed by the Employer.

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 and 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 Organisational Unit. Meetings were held almost exclusively in video-conference mode. Hygiene and sanitation facilities in branches and central offices were further strengthened and all the necessary emergency sanitation of workplaces was ensured in the presence of suspected cases of Covid-19. 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, 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 Head of the Prevention and Protection Service (RSPP) and the Human Resources Management function aimed at ensuring the operational continuity of the Organisational Units affected by coronavirus disease cases was constant and fruitful.

In parallel with the vaccination activities organised by the health authorities, the Bank also signed an agreement with UniSalute to offer its employees the possibility of vaccination in specially prepared and equipped hubs.

Business Continuity

The provision of services continued uninterrupted thanks to the use and reinforcement of the solutions previously identified in the Business Continuity Plan - Pandemic scenario - approved by the Board of Directors on 16 March 2021 (among which a strong use of remote work stands out).

In line with the measures taken, the Business Continuity plans were updated to ensure the continuity of essential services.

A "Covid Health Emergency Table" committee was in place throughout 2021 and is still in operation to monitor the situation and act promptly in the face of changes in the scenario.

Protection of the public

Throughout the year 2021, measures to protect employees and the public on the Bank's premises were increased and provisions were issued, also diversified by geographic area in accordance with constantly monitored local regulations, to adapt the premises to the Covid-19 risk.

Compliance with pandemic risk surveillance and limitation measures is also important for employees and customers.

All regulatory provisions were monitored and all safety protocols were supplemented by understanding the changes in national regulations as they were issued, and an internal Covid safety protocol was drawn up that was also applied to suppliers and external workers.

All risk mitigation measures were adopted within the Bank's premises and industry best practices were integrated in order to maintain a high level of safety in work activities in an effort to normalise activity as much as possible, including meetings with customers and internal meetings, albeit with reduced physical attendance.

Particular efforts were also devoted to implementing the measures laid down in the Italian Decree-Law on workers' access to workplaces, defining the procedures for checking and controlling "Green Certifications".

The monitoring of Covid-19 infections was ensured throughout 2021, defining operational standards for the control of colleagues who tested positive, for indications on proper workplace behaviour, and further refining the process of sanitising premises following the detection of positive infections (colleagues, employees of external companies, etc.), always with a view to minimising interruptions to the service provided to customers.

At the end of 2021, due to the recent exponential increase in infections linked to new variants, operational protocols were redefined to ensure maximum timeliness in internal communications within the company. To this end, an e-mail box specifically for communications and appropriate shifts within the office was activated, as well as an automated communication procedure for colleagues in order to ensure operational responses within the day despite the volume of requests.

Support to the economy and to the regions

Since the start of the crisis, the BPER Banca Group has activated a series of support measures in favour of households and businesses which are designed to counter the negative effects of the Covid-19 on the real economy, and has transposed and implemented the relevant Italian Ministerial Decrees (in compliance with EBA guidelines), such as:

- forms of suspension of instalment loans and leasing payments for various reasons, including loss of job or liquidity shortages due to the emergency
- the provision of funding under the "Liquidity" Decree
- the advance payment of the redundancy fund, Cassa Integrazione Guadagni (CIG).

As of March 2020, the BPER Banca Group granted moratoria on instalment loans for a total outstanding debt of Euro 16 billion, of which Euro 1.2 billion was still outstanding as at 31 December 2021¹. Total financing with public guarantees amounted to about Euro 7.27 billion. Among the latest initiatives launched by the BPER Banca Group in support of the local areas, in addition to the provisions made in 2020, on 18 March 2021 the non-profit trust "Uniti oltre le attese" was set up, managed by BPER Trust Company. Thanks to its multi-project nature, the BPER Banca Group's trust company will be able to guarantee agile intervention for other emergencies, including an initial project designed with the Federazione Nazionale Ordini Professioni Infermieristiche (FNOPI) and dedicated to the families of nurses who died from Covid-19.

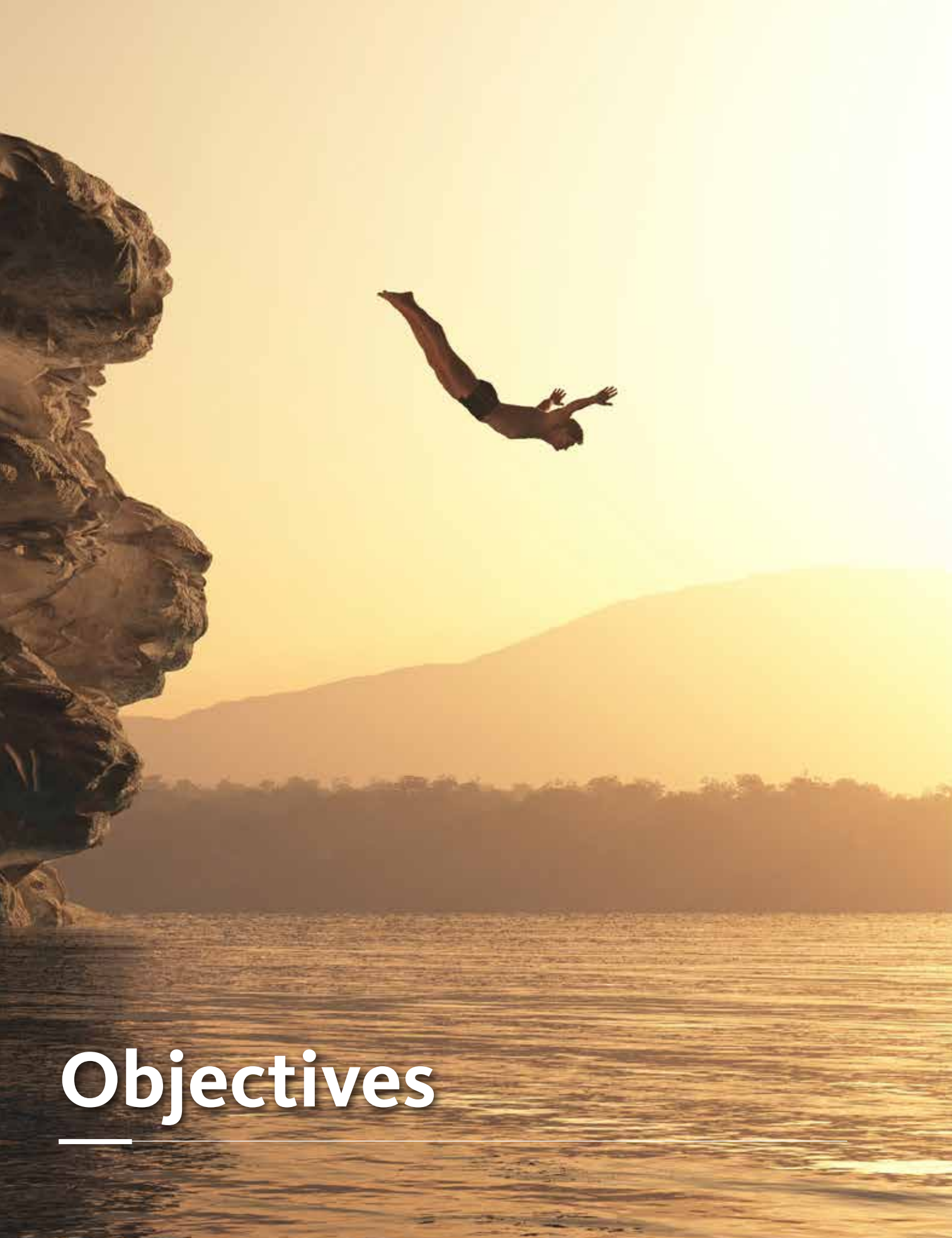
If they meet the requirements set out in the relevant call for proposals, these families will be supported with additional annual grants through direct charity activities, already in early 2022.

On 27 September 2021, the first instalment of Euro 100,000 was paid out to FNOPI for the #NoiConliInfermieri fundraising campaign.

This document considers ESMA's Public Statement² of 29-10-2021 which discloses the topic areas of particular importance for the preparation of the 2021 annual financial statements of listed companies in the European Economic Area (EEA).

¹ The amount indicated refers to the gross exposure of moratoria and includes Euro 1.84 billion of "internal" moratoria which, since they do not represent Forbearance measures pursuant to Group policies, do not fall within the scope of "exposures subject to concession" relevant to the financial statements (see the information contained in the Notes to the Consolidated Balance Sheet, table 4.4a, and the information on risks and related hedging policies, table A.1.5a) and supervisory reporting.

² <https://www.esma.europa.eu/file/121699/download?token=iFoR3qTF>







































Objectives



Objectives

Report on 2021 objectives and identification of 2022 objectives

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

Topic	2021-22 Objectives	%	SDGs
Governance	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 Programme, 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		
	To analyse new financing products and the regulatory framework for granting credit, based on ESG criteria		
	To monitor ESG factors in the evolution of the Group's incentive system		
	To monitor ESG factors in the provision of Investment Services		
Relations with the Community and Human Rights	To report on the social impacts of the projects supported by the bank		
	To implement projects to raise awareness on Compulsive Gambling		
	To structure projects for the support and dissemination of reading by the young generations		
	To create events to promote reading (literary prizes, meetings with authors, school projects and meetings in prisons)		
	To broaden the target group of financial education projects for university students, adults and women		
	To implement a youth empowerment project		
	To review the Sustainability Policy		
	To carry out human rights assessments		
	To extend support to the solidarity emporiums throughout the country for the next three years		

<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>To require compliance with minimum environmental criteria in procurement processes for specific product areas</p> <p>To continue assessing suppliers from an ESG perspective and broaden the range of suppliers</p>	    
<p>Personnel</p>	<p>To implement the “A pari merito” project with the objective of achieving 15% female executives</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>Work-life balance</p> <p>To implement an internal communication, training and awareness-raising campaign on sustainability issues</p> <p>To implement an internal campaign to disseminate the culture of inclusion and overcome bias through training, communication and awareness-raising initiatives at all organisational levels</p> <p>To promote inclusive behaviour and language with particular reference to gender differences, sexual orientation and disabilities</p> <p>To increase the proportion of female executives</p> <p>To increase the percentage of female managers</p> <p>To create a new workplace model</p> <p>To carry out preparatory activities for obtaining quality certification of the SGLS (Occupational Safety Management) System in accordance with the UNI EN ISO45001 standard</p> <p>To implement training and information programmes for personnel on occupational health and safety issues</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 To analyse and renew the proposition to the Small Economic Operators segment</p> <p>To strengthen the advisory services (Global advisory) to support the complex needs of business and private customers</p> <p>To develop branded content with a focus on financial education, behavioural skills and digital tools through proprietary digital and social channels and physical events across the territory</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>Procedures for acquiring tax credits, including Superbonus 110%</p> <p>To define and integrate ESG credit policies in credit policies and in processes</p> <p>To consolidate the building up of direct and remote banking services, towards a comprehensive multi-channel distribution and relational model*</p> <p>Ecobonus Boost project</p> <p>To evolve the supply model for ETS within the third sector</p> <p>To establish a dedicated funding line for farms with organic production certification and/or other sustainability certifications</p> <p>To increase the number of transactions and disbursed value of Green Mortgages and Loans</p> <p>To provide specialist ESG consultancy services for corporate clients</p> <p>To provide medium-term loans backed by a SACE 80% guarantee to companies whose business or type of investment complies with the European Taxonomy</p> <p>To implement the product catalogue through Green Linked Loans by introducing new financing that reflects strong sustainability characteristics (ESG)</p> <p>To define a nomenclature consistent with the European Taxonomy of Sustainable Economic Activities for the classification of counterparties in the loan portfolio</p> <p>To disseminate content that describes the bank’s ESG actions in the social, cultural and environmental spheres using all BPER Banca’s proprietary channels</p>		
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* Included in the new objectives

<p>Environment</p>	<p>To implement the control and monitoring system (BEMS) on the 13 executive offices</p> <p>To implement energy savings measures in Data Centres</p> <p>To implement an application for administrative management of the provisions connected to the disposal of special waste</p> <p>To implement real estate rationalisation</p> <p>To implement the QES (Qualified Electronic Signature) to increase the digitalisation of processes both in-branch and remotely</p> <p>To rationalise new branch printers and replace them with more efficient printers</p> <p>To convert the supply of the former UBI Banca branches that will be acquired during 2021 to renewable electricity</p> <p>To implement environmental monitoring campaigns for the health and safety of working environments (air quality, Radon, Legionella, Asbestos)</p> <p>To implement measures to reduce paper consumption and thus reduce transport between network and central offices</p> <p>To launch a new Energy Plan with emission reduction targets</p> <p>To reduce paper consumption related to publishing (magazines, newspapers and newspaper subscriptions) by 50% in favour of digital tools</p> <p>To increase the % conversion of the car fleet to hybrid and increase the number of recharge stations</p> <p>To further reduce the number of printers</p> <p>To launch activities aimed at raising employee awareness with regard to paper saving</p>	               <p>Planned for 2022</p>	  
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GRI Content Index

GRI Standard	Indicator description	Pages/Notes	Omissions
GRI 102: GENERAL STANDARD DISCLOSURES			
ORGANIZATIONAL PROFILE			
GRI 102: General Disclosures (version 2016)	102-1 Name of the organization	9	
	102-2 Activities, brands, products and services	9-10	
	102-3 Location of headquarters	9	
	102-4 Location of operations	9	
	102-5 Ownership and legal form	9-11	
	102-6 Markets served	9-10; 65-67	
	102-7 Scale of the organization	9-10; 57-60 The market cap of BPER Banca S.p.A. as at 30/12/2021 was Euro 2.6 billion	
	102-8 Information on employees and other workers	103-104; 121	
	102-9 Supply chain	42-45	
	102-10 Significant changes to the organization and its supply chain	5-6	
	102-11 Precautionary Principle or approach	30-41	
	102-12 External initiatives	18; 21; 35; 58-59; 155	
	102-13 Membership of associations	155-156	
STRATEGY			
	102-14 Statement from senior decision-maker	3	
	102-15 Key impacts, risks and opportunities	31-34; 52-55; 127-141	
ETHICS AND INTEGRITY			
	102-16 Values, principles, standards, and norms of behavior	21	
	102-17 Mechanisms for advice and concerns about ethics	35-37; 54	
GOVERNANCE			
	102-18 Governance structure	23-25	
	102-19 Delegating authority	23-24	
	102-20 Executive-level responsibility for economic, environmental, and social topics	23-24; 27-30	
	102-21 Consulting stakeholders on economic, environmental, and social topics	47	
	102-22 Composition of the highest governance body	23-26	
	102-24 Nominating and selecting the highest governance body	23-24	
	102-25 Conflicts of interest	27	
	102-27 Collective knowledge of highest governance body	23-25; 27	
	102-28 Evaluating the highest governance body's performance	67; 110-111	
	102-29 Identifying and managing economic, environmental, and social impacts	31-34; 52-55; 173-175	
	102-30 Effectiveness of risk management processes	23-24; 27-34	
	102-31 Review of economic, environmental, and social topics	48-51 During 2021, the Board of Directors, including its internal board committees, dealt with sustainability topics at least every two months	
	102-35 Remuneration policies	110-111	

STAKEHOLDER ENGAGEMENT			
	102-40 List of stakeholder groups	47	
	102-41 Collective bargaining agreements	100% of employees are covered by collective bargaining agreements	
	102-42 Identifying and selecting stakeholders	47	
	102-43 Approach to stakeholder engagement	47-49	
	102-44 Key topics and concerns raised	47-50	
REPORTING PRACTICE			
	102-45 Entities included in the consolidated financial statements	5; 11	
	102-46 Defining report content and topic Boundaries	5-6; 48-51	
	102-47 List of material topics	50-51	
	102-48 Restatements of information	6; 60	
	102-49 Changes in reporting	5-6	
	102-50 Reporting period	5	
	102-51 Date of most recent report	29 March 2021	
	102-52 Reporting cycle	The Consolidated Non-Financial Statement is prepared annually	
	102-53 Contact point for questions regarding the report	7	
	102-54 Claims of reporting in accordance with the GRI Standards	5	
	102-55 GRI Content Index	182-188	
	102-56 External assurance	189-191	
SPECIFIC STANDARD DISCLOSURES			
ECONOMIC SERIES			
ECONOMIC PERFORMANCE			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	60	
	103-3 Evaluation of the management approach	49; 60	
GRI 201: Economic Performance (version 2016)	201-1 Direct economic value generated and distributed	60	
	201-2 Financial implications and other risks and opportunities due to climate change	127-141	
	201-3 Defined benefit plan obligations and other retirement plans	114-115	
MARKET PRESENCE			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	49	
	103-3 Evaluation of the management approach	49	
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 labour agreement and is the same regardless of gender	
PROCUREMENT PRACTICES			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	42-45	
	103-3 Evaluation of the management approach	42-45; 51	
GRI 204: Procurement practices (version 2016)	204-1 Proportion of spending on local suppliers	42	

ANTI-CORRUPTION			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	35-39	
	103-3 Evaluation of the management approach	35-39; 49	
GRI 205: Anti-corruption (version 2016)	205-1 Operations assessed for risks related to corruption	37-39	
	205-3 Confirmed incidents of corruption and actions taken	In 2021, as in 2020, there were no confirmed incidents of corruption involving the Group's staff and business partners. In addition, there are no reported incidents of corruption-related public lawsuits brought against the Group or its employees	
ANTI-COMPETITIVE BEHAVIOR			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	38-39	
	103-3 Evaluation of the management approach	38-39; 49	
GRI 206: Anti-competitive behavior (version 2016)	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In 2021, as well as in 2020, there were no legal actions relating to anti-competitive behavior, antitrust violations and related monopolistic practices in which the Group was identified as a participant	
TAX			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	61	
	103-3 Evaluation of the management approach	49; 61	
GRI 207: Tax (version 2019)	207-1 Approach to tax	61	
	207-2 Tax governance, control and risk management	61	
	207-3 Stakeholder engagement and management of concerns related to tax	61	
	207-4 Country-by-country reporting	61	
ENVIRONMENTAL SERIES			
MATERIALS			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	141-143	
	103-3 Evaluation of the management approach	49; 141-143	
GRI 301: Materials (version 2016)	301-1 Materials used by weight or volume	142-143	
	301-2 Recycled input materials used	142-143	
ENERGY			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	146-150	
	103-3 Evaluation of the management approach	49; 146-150	
GRI 302: Energy (version 2016)	302-1 Energy consumption within the organization	147	
	302-3 Energy intensity	148	
	302-4 Reduction of energy consumption	149-150	

EMISSIONS			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	151-153	
	103-3 Evaluation of the management approach	49; 151-153	
GRI 305: Emissions (version 2016)	305-1 Direct (Scope 1) GHG emissions	151	
	305-2 Energy indirect (Scope 2) GHG emissions	151	
	305-3 Other indirect (Scope 3) GHG emissions	152 Scope 3 emissions include emissions from business travel by other means (rail and air), emissions from paper consumption and indirect emissions associated with the loan and investment portfolio	
	305-4 GHG emissions intensity	153	
	305-5 Reduction of GHG emissions	153	
WASTE			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	144-145	
	103-3 Evaluation of the management approach	49; 144-145	
GRI 306: Waste (version 2020)	306-1 Waste generation and significant waste-related impacts	144-145	
	306-2 Management of significant waste-related impacts	144-145	
	306-3 Waste generated	144	
	306-4 Waste diverted from disposal	145	
	306-5 Waste directed to disposal	145	
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	54-55; 127-128	
	103-3 Evaluation of the management approach	49; 54-55; 127-128	
GRI 307: Environmental compliance (version 2016)	307-1 Non-compliance with environmental laws and regulations	In 2021, as well as in 2020, there were no significant fines and non-monetary penalties related to non-compliance with environmental laws and regulations	
SOCIAL SERIES			
EMPLOYMENT			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	103-104; 111	
	103-3 Evaluation of the management approach	49; 103-104; 111	
GRI 401: Employment (version 2016)	401-1 New employee hires and employee turnover	104; 122	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	114-115	
	401-3 Parental leave	123	

LABOR/MANAGEMENT RELATIONS			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	105; 120	
	103-3 Evaluation of the management approach	49; 105; 120	
GRI 402: Labor/management relations (version 2016)	402-1 Minimum notice periods regarding operational changes	105	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	115-119	
	103-3 Evaluation of the management approach	49; 115-119	
GRI 403: Occupational health and safety (version 2018)	403-1 Occupational health and safety management system	115-119	
	403-2 Hazard identification, risk assessment and incident investigation	115-119	
	403-3 Occupational health services	115-119	
	403-4 Worker participation, consultation, and communication on occupational health and safety	115-119	
	403-5 Worker training on occupational health and safety	118	
	403-6 Promotion of worker health	118	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	115-119	
	403-8 Workers covered by an occupational health and safety management system	117	
	403-9 Work-related injuries	118	
	403-10 Work-related ill health	118	
TRAINING AND EDUCATION			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	106-109	
	103-3 Evaluation of the management approach	49; 106-109	
GRI 404: Training and education (version 2016)	404-1 Average hours of training per year per employee	106-107	
	404-2 Programmes for upgrading employee skills and transition assistance programmes	108	
	404-3 Percentage of employees receiving regular performance and career development reviews	109	
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	26; 111-113	
	103-3 Evaluation of the management approach	26; 49; 111-113	
GRI 405: Diversity and equal opportunity (version 2016)	405-1 Diversity of governance bodies and employees	26; 121-123	
	405-2 Ratio of basic salary and remuneration of women to men	113	
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	22; 119	
	103-3 Evaluation of the management approach	49; 119	
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	22; 39	
	103-3 Evaluation of the management approach	22; 39; 49	
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	22; 39	
	103-3 Evaluation of the management approach	22; 39; 49	
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	48-51	
	103-2 The management approach and its components	155-167	
	103-3 Evaluation of the management approach	49; 155-167	
GRI 413: Local Communities (version 2016)	413-2 Operations with significant actual and potential negative impacts on local communities		The Group has not identified any operations and/or activities with potential negative impacts on local communities. It should also be noted that no complaints have been registered in this area
Specific Sector Indicators - G4	FS 14 Initiatives to improve access to financial services for disadvantaged individuals	80-81	
PUBLIC POLICY			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	120	
	103-3 Evaluation of the management approach	49; 120	
GRI 415: Public policy (version 2016)	415-1 Political contributions	120	
MARKETING AND LABELING			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	73-75	
	103-3 Evaluation of the management approach	49; 73-75	
GRI 417: Marketing and Labeling (version 2016)	417-1 Requirements for product and service information and labeling		100% of the banking and financial products are subject to stringent disclosure rules defined by the various supervisory authorities and respected by the Group
	417-2 Incidents of non-compliance concerning product and service information and labeling		In 2021, as in 2020, there were no cases of non-compliance with regulations and/or self-regulatory codes on product and service information and labeling
	417-3 Incidents of non-compliance concerning marketing communications		In 2021, as well as in 2020, there were no cases of non-compliance relating to commercial communication
Specific Sector Guide for disclosure of Management Approach - G4	ex FS 15 Policies for proper development and marketing of financial products and services	73-75	
	ex FS 16 Initiatives to enhance financial literacy by type of beneficiary	82	

CUSTOMER PRIVACY			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	76	
	103-3 Evaluation of the management approach	49; 76	
GRI 418: Customer privacy (version 2016)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	76	
SOCIOECONOMIC COMPLIANCE			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	73-75	
	103-3 Evaluation of the management approach	49; 73-75	
GRI 419: Socioeconomic compliance (version 2016)	419-1 Non-compliance with laws and regulations in the social and economic area	In 2021, as well as in 2020, there were no significant fines and non-monetary penalties for non-compliance with laws and/or regulations relating to social and economic matters	
PRODUCTS PORTFOLIO			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	79-96	
	103-3 Evaluation of the management approach	49; 79-96	
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	65-67	
	FS 7 Monetary value of products and services designed to deliver a specific social benefit for each business line and purpose	81-89	
	FS 8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line and purpose	90-96	
GOVERNANCE AND DECISION-MAKING PROCESSES			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	23	
	103-3 Evaluation of the management approach	23; 49	
QUALITY AND SATISFACTION			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	67-69	
	103-3 Evaluation of the management approach	48-51; 67-69	
INNOVATION AND DIGITALISATION			
GRI 103: Management approach (version 2016)	103-1 Explanation of the material topic and its boundary	48-51	
	103-2 The management approach and its components	70-72	
	103-3 Evaluation of the management approach	49; 70-72	



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**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, 2021 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 10, 2022 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the Annex I "The EU Taxonomy of environmentally sustainable activities".

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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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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., with the employees of Banco di Sardegna S.p.A. and of Arca Fondi SGR 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 Arca Fondi SGR 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 site visits or 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, 2021 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the Annex I "The EU Taxonomy of environmentally sustainable activities".

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Benini
Partner

Bologna, Italy
March 28, 2022

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, carried out by the ESG Strategy Office
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Objectives of sustainable development 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



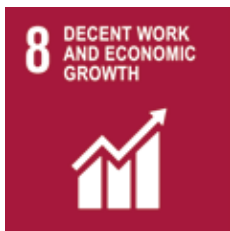
5 GENDER EQUALITY
Achieve gender equality and empower all women and girls



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 PARTNERSHIP FOR THE GOALS
Strengthen the means of implementation and revitalise the global partnership for sustainable development