



**Banca Popolare  
di Sondrio**

FONDATA NEL 1871

Each turn is a step closer to **achieve  
Sustainability.**

## Small steps for big changes

For the first time in the history of the Group, **Sustainability topics** have been **included in the Business Plan**: numerous are the initiatives and objectives to achieve, with the aim of strengthening our commitment to a business that is always attentive to ESG (Environmental, Social and good Governance) topics, combining our innate customers proximity with best practices and international standards.





## ESG Governance

Strengthening of **ESG Governance**

**ESG training** for all Group personnel

**ESG compliance programme**

**Internal behavioural guidelines** for the reduction of **environmental impacts**



## International initiatives and ESG ratings

Intensification of the **dialogue with providers**

Support to TCFD

Joining Valore D



## Business policies and strategies

**ESG Credit Policy**

**Integrated Risk Management**

Climate Strategy Definition

Definition of Counterparty C&E Scores



## Products and services

**ESG financing products**

**Expansion of ESG asset management lines**

Integration of ESG topics into MiFID II questionnaire



## Reporting and communication

Improvement of analyses concerning **indirect emissions (Scope 3)**

Strengthening of the **ESG communication** strategy

Integration of the NFS with the **TCFD Recommendations**

Goals achieved in 2022

Goals to be achieved by 2025

Introduction of **ESG objectives** in **remuneration** policies

**Sustainable mobility** operational plan

Operational plan on **Diversity and Inclusion**

Launch of the **female leadership** programme

**Formalisation of Level II and III ESG Controls**

UN PRB

Net-Zero Banking Alliance

Improvement of **ESG ratings/scoring**

**Responsible Investment Guidelines**

Increase of the target on the **ESG** segment of the **proprietary portfolio**

Definition of the **giving strategy**

**ESG ratings** for **suppliers**

**ISO 14001** Environmental Management System

**New ESG Bonds**

Integration of counterparties' ESG Score with **Taxonomy-alignment**

**Taxonomy-aligned products**

**Digitisation** of processes

Improvement of the analyses of the environmental performance of **real estate assets**

ESG brand identity

Evolution of the contents of the NFS as regards the **Corporate Sustainability Reporting Directive** and the **new reporting standards**



Our Group has started a **process aimed at integrating Sustainability**, by defining in the **2022-2025 Strategic Plan** our key actions to be implemented and **our ESG goals**.

Future progress and objectives are described in the **Consolidated Non-Financial Statement** and on our corporate website.



Since 2004 we have been supporting **the UN Global Compact** and since 2018 we have been a founding member of the **UN Global Compact Network Italy**

## Our commitment to **Sustainability**

Close to the geographical area in which we operate, we are committed to **promoting sustainable economic development** in the community through **attentive and personalised support to our customers**.

Interaction with stakeholders, participation in working groups and collaboration with national and international organisations are an essential point of reference to guarantee continuous updating on ESG issues.

The **Sustainability Policy** is our “**set of guidelines**” for integrating Sustainability into the Group’s business and operations, in terms of:



The **ESG governance** system provides for continuous dialogue between the various bodies focused on the supervision and management of Sustainability:



### **Board Level**

Board of Directors, Board of Statutory Auditors



### **Management Level**

Sustainability Committee, Control and Risk Committee, Mobility Manager



### **Operational Level**

ESG Contact Persons, Sustainability Office

# Material topics

In 2022, we updated the list of the most relevant Sustainability topics, both by taking into consideration the opinion of **over 4,800 stakeholders**, and by analysing the impacts deriving from the Bank's activities or its business relationships.

Sustainable  
finance and  
responsible credit

Enhancement  
of human  
resources

Environment and  
climate change

SOLIDITY AND  
ECONOMIC  
PERFORMANCE

Support to the  
community and  
ties with the local  
area

Supply chain  
management

Integrity and  
fight against  
corruption

Privacy and IT  
security

Human rights,  
diversity and  
inclusion

Innovation



# Environment: the commitment to climate change and environmental protection

We are aware of the need to undertake **concrete actions** to contribute to the fight against climate change and the **protection of the environment**, as essential prerequisites **for long-term sustainable development**.

For this reason, and also in line with what is defined in our **Environmental Policy**, we have set ourselves a series of climate-related and environmental goals to allow us to contribute to a green transition, developing coherent and increasingly more ambitious strategies.

**7 green loans** that support investments protecting the environment

**next**  
per l'ambiente

## INDIVIDUALS

*green energy*  
*sustainable mobility*



## BUSINESSES

*bio energy*  
*energy efficiency*  
*wind*  
*photovoltaic*  
*hydroelectric*

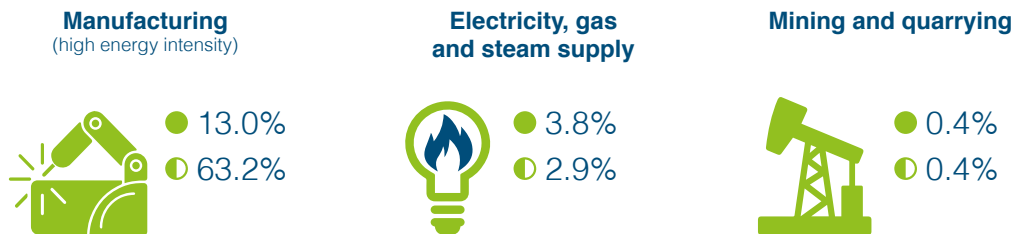


**Calculation of CO<sub>2</sub> emissions** deriving from our credit portfolio

We calculated the emissions deriving from our corporate loan portfolio to understand the carbon footprint of our loans:



**Sectors financed with higher emission intensity:**



● Exposure, % of the total credit portfolio    ◐ Financed emissions, % of the total credit portfolio

# First CO<sub>2</sub> reduction targets

Credit portfolio emissions (Scope 3, category 15)\*

## POWER

reduction of intensity of  
**-63%** (kgCO<sub>2</sub>e/kWh) **by 2030**

## OIL&GAS

absolute reduction of  
**-25%** (kgCO<sub>2</sub>e) **by 2030**

## AGRICULTURE

absolute reduction of  
**-45%** (kgCO<sub>2</sub>e) **by 2030**

## TRANSPORT

### Automotive manufacturing

reduction of intensity of  
**-45%** (tCO<sub>2</sub>e/vehicles sold) **by 2030**

### Rail transport

reduction of intensity of  
**-35%** (gCO<sub>2</sub>e/passenger.km) **by 2030**

---

Targets for the reduction of CO<sub>2</sub> emissions compared to the 2021 base year, defined for sectors identified by the NZBA, considering the emissions financed by BPS (Scope 1, 2 and 3) of customers with an NFS.

## Emissions from BPS's operations

Scope 1 **-46% t CO<sub>2</sub>e**  
related to corporate vehicle  
emissions **by 2025**

Scope 2 **100%**  
certified **renewable electricity**  
**by 2025**

Scope 3 **-14% t CO<sub>2</sub>e**  
relating to the purchase of  
recycled paper **by 2025**





2,124

loans in the  
Green Bond portfolio

34,000  
tons CO<sub>2</sub>e

avoided with these  
loans

25 thousand

tons of waste  
managed thanks to  
these loans

## Green Bonds: first impact report

In 2022 we published our first **Green Bond Report**, which includes an in-depth description of the characteristics of the loans that make up the **Green Bond portfolio**, its impacts in terms of reducing the carbon footprint and a focus on a number of particularly virtuous projects.

### Projects investing in renewable energy

The map illustrates the regions where projects related to the development of renewable energy sources have been financed.



Energy produced from  
renewable sources

96.8 GWh

Installed capacity

45 MW

Emissions avoided

25,227 tCO<sub>2</sub>e

# Our first TCFD Report

We have supported the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), publishing our first Report focused on climate strategy and the management of climate-related and environmental (C&E) risks.

The TCFD Report aims to consolidate our commitment, clearly illustrating the roles and responsibilities on climate-related and environmental issues, the definition of an action plan to integrate C&E risks into business planning, the methods for effectively identifying, assessing and managing these risks and, finally, the metrics and targets to measure the effectiveness of our actions.

## GOVERNANCE



We have implemented a system that involves the interaction of various bodies – from administrative bodies to operational offices – focused on overseeing and managing these topics.

## STRATEGY



We carry out specific analyses (so-called scenario and sensitivity analysis) to understand the effects that climate-related and environmental events could have on our operations and profitability.

## RISK MANAGEMENT



We use special tools and methodologies to assess the degree of risk exposure of the sectors, counterparties and investments to which we are most exposed, in order to identify the most effective actions to limit such risks.

## METRICS AND TARGETS



We have defined an ambitious path to reduce our environmental and climate-related impacts: by 2023 we will join the Net Zero Banking Alliance, with the goal of achieving net zero emissions by 2050.



The Report is available at the following address <https://istituzionale.popso.it/en/sustainability/environment>



# SOCIAL: the commitment to a social and inclusive economy

Our founding values include solidarity, subsidiarity, **attention to individuals and closeness to the community**. Such values are also reflected in the Business Plan, which illustrates the future prospects of a “Bank that does Banking”, focused on its own distinctive areas, intent on growing and determined to keep its ambition for social Sustainability high.

## Human rights, diversity and inclusion

The enhancement of diversity and inclusion is a priority commitment for us.

We have joined **Valore D** and signed **ABI’s Women’s in Banking Charter**. By participating in these initiatives, we intend to promote gender equality both inside and outside the Bank, for the benefit of the communities that we serve, to **create an inclusive culture that values diversity**.

## ESG training for all employees

**99%** employees with ESG training.

During 2022, the first **ESG training module** was provided to permanent employees of the Group, with the aim of helping disseminate a corporate culture on Sustainability topics, as well as sharing and enhancing the path undertaken by the Bank.

## Agricultural sector

We support companies operating in the agricultural sector, providing a complete range of products and services.

### Fodder purchase loan



### Supply chain contracts



### Funding for the 2022 Melavi harvest



**30%**

access points in low-populated areas

**+40,000**

days of remote work for 400 tons of CO<sub>2</sub> avoided

**+4,800**

stakeholders involved in ESG-related topics

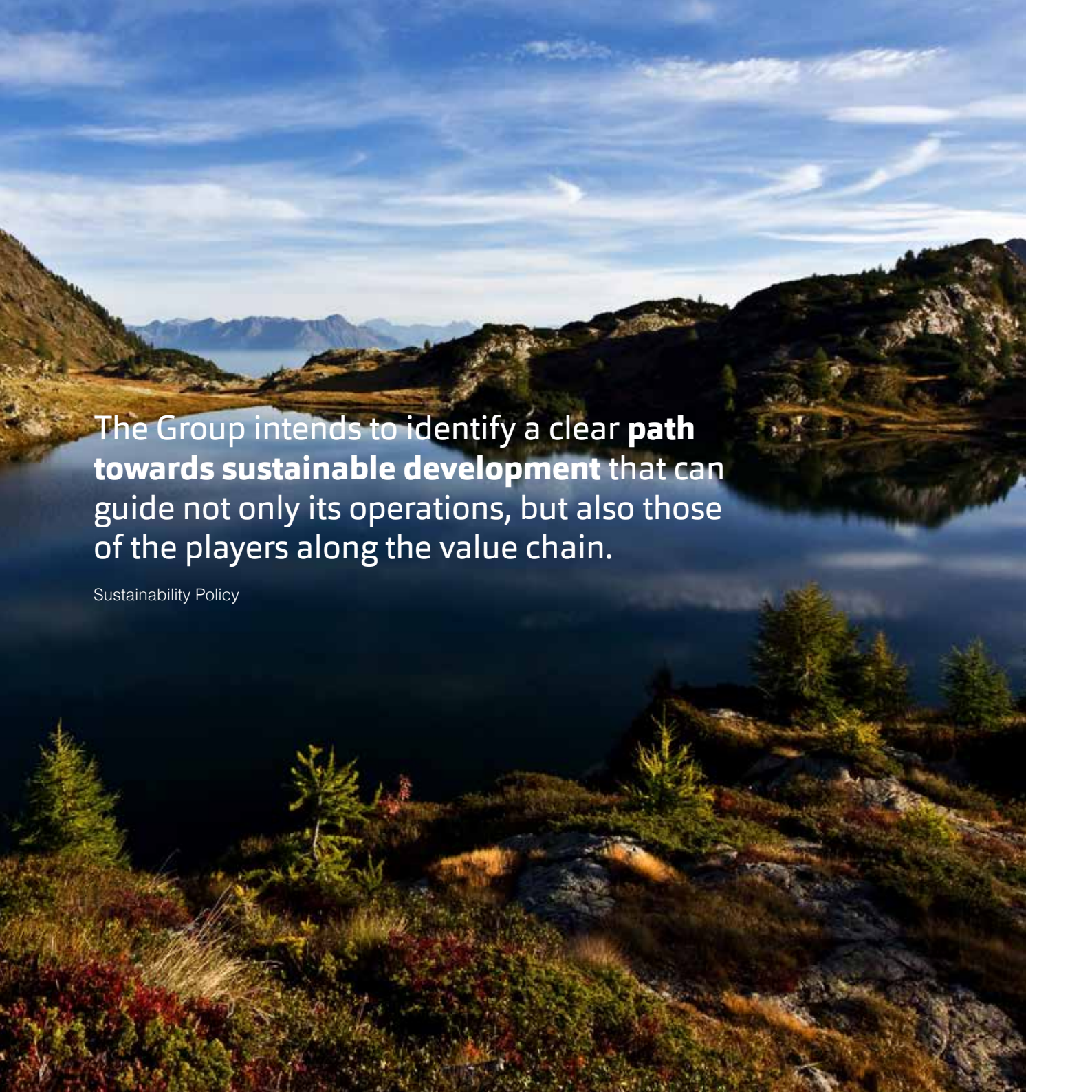
**259**

new employee hires, 75% of them <29 years old



### Support for the international development of companies

We offer companies numerous free initiatives to help them access information and opportunities relating to foreign markets.

A scenic landscape photograph of a mountain valley. In the foreground, there are rocky slopes with sparse vegetation, including small evergreen trees and shrubs. A calm lake reflects the surrounding mountains and sky. The background features rolling hills and distant mountain ranges under a bright blue sky with wispy white clouds. The overall atmosphere is peaceful and natural.

The Group intends to identify a clear **path towards sustainable development** that can guide not only its operations, but also those of the players along the value chain.

Sustainability Policy

# GOVERNANCE: a sustainable administration

Governance is the system through which an organisation makes and implements the decisions to pursue its goals. It is the implemented choices and activities that can make a **significant contribution to sustainable development**.

In the Business Plan, governance and related issues are among the most important factors to ensure an effective implementation of what has been defined: the maintenance of corporate identity, the development of skills and expertise and therefore the strengthening of governance are, in fact, the basis for the effective implementation of our ESG strategy.

## Controls in the Sustainability area

### Assessment of ESG processes.

In order to evaluate our degree of preparation in the **management of climate-related and environmental risks**, possible effects on internal policies and procedures, as well as on the internal control system, were also analysed.

### ESG Compliance Programme: in-depth compliance checks on ESG regulations.

The aim is to **ascertain the correctness and adequacy of the organisational procedures** and systems adopted for the prevention of non-compliance risks relating to Sustainability. The checks as well concerned the NFS.

## IT security

### Safeguarding the integrity, availability and confidentiality of data and systems.

We have adopted specific **Rules for the use of workstation and IT services**, with the aim of making all employees aware of the need to ensure the security of data and information and of the IT resources used for their processing.

**+60%**  
budget for **ESG** and  
ESG risk management  
**activities**

**+30%**  
**ESG Contact**  
**Persons** in business  
areas since 2021

**>27%**  
investment funds  
subject to  
**ESG screening**

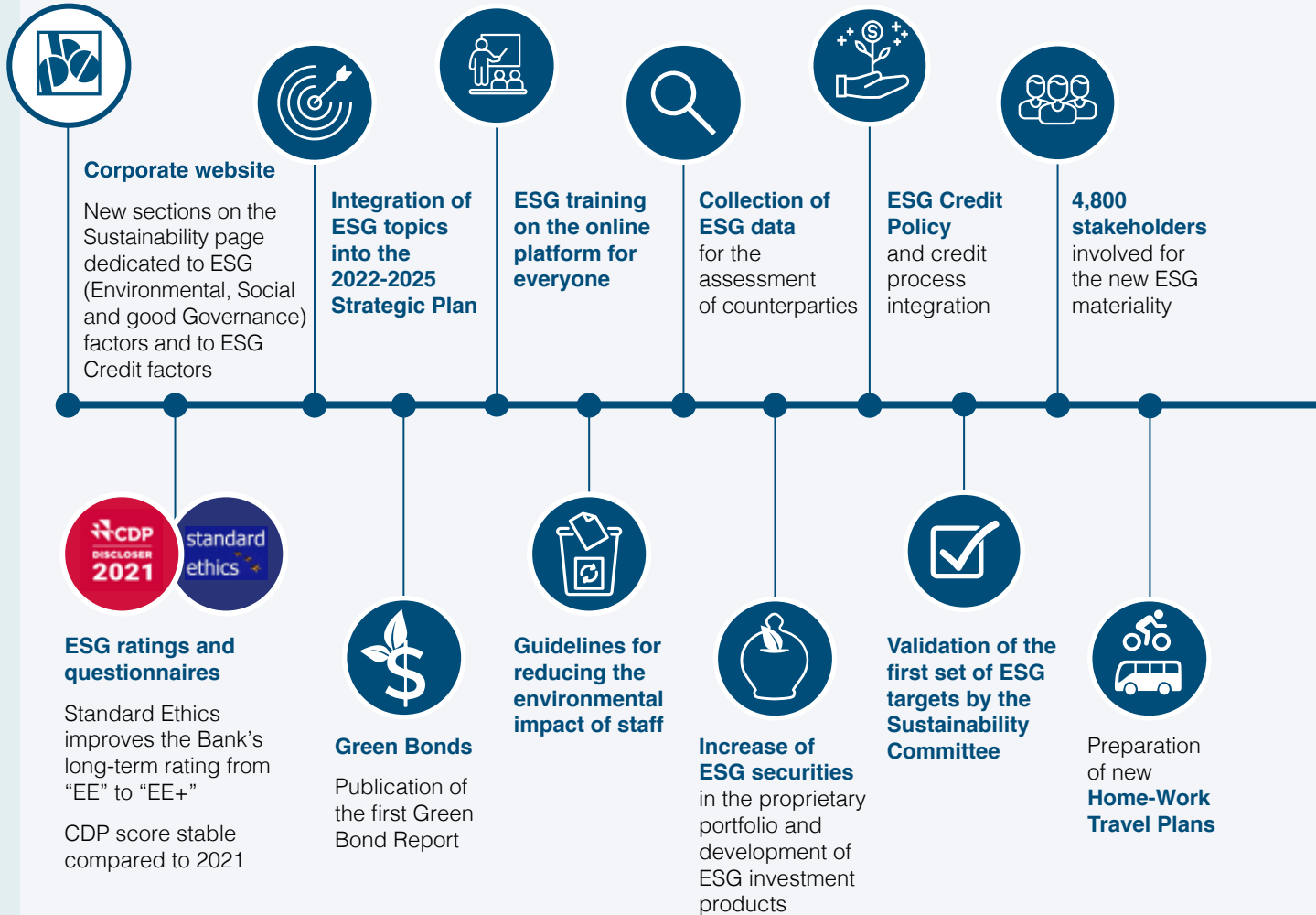
**+ 1 billion €**  
funds analysed using  
**ESG criteria** in the banking  
book (around 10%)

**+350 million €**  
assets managed using  
**ESG investment strategies**

# Our path towards Sustainability

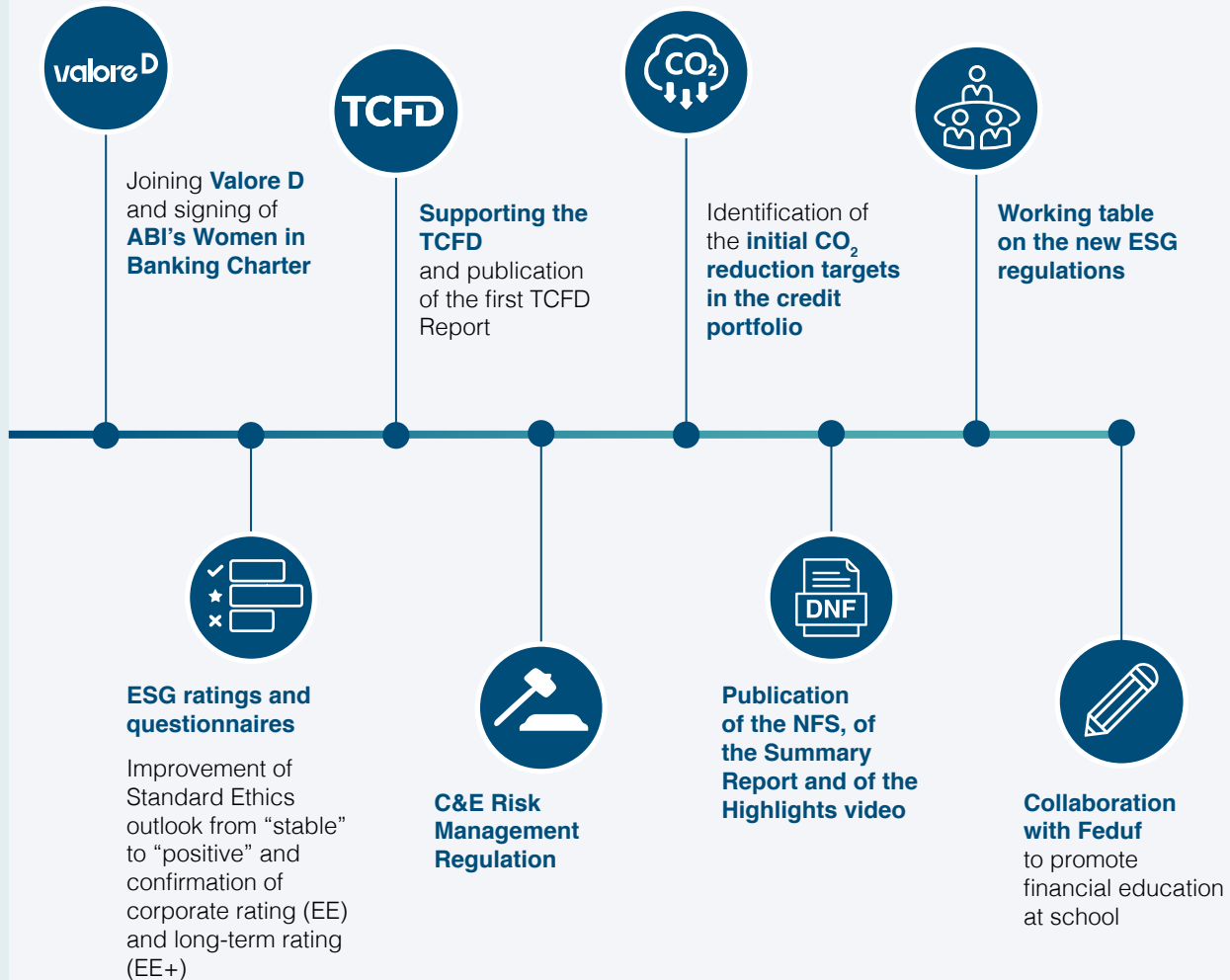
The main activities carried out in 2022 and ongoing activities

2022



The integration of the Business Plan with the ESG Plan marked another step on the road that sees BPS increasingly more committed to **integrating Sustainability into its business and operations.**

2023



## **Banca Popolare di Sondrio**

Founded in 1871

### **Sustainability Office**

[bps-sostenibile@popso.it](mailto:bps-sostenibile@popso.it)

[popso.it](https://popso.it)

[istituzionale.popso.it/en](https://istituzionale.popso.it/en)



### **Layout:**

Messagegroup

### **Print:**

CASTELLI

### **Photos:**

Thanks to all BPS colleagues who participated in the photographic contest and contributed to making this NFS summary a communication tool that is increasingly closer to our people.