



**Banca Popolare  
di Sondrio**



## **Green Bond Framework**

July 2021



**Banca Popolare  
di Sondrio**

| Green Bond Framework

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## Introduction

Banca Popolare di Sondrio (“**BP Sondrio**” or “**the Bank**”) was founded in 1871 as one of the first Italian people’s banks inspired by the cooperative credit movement.

Over time, thanks to the gradual extension of its activities and territorial presence, it has taken on a supra-regional dimension, also starting to serve customers of national relevance, while at the same time maintaining strong ties with its area of origin.

The bank provides its customers (families, professionals, small and large companies, public institutions, etc.) with services that meet all their banking, financial and insurance needs.

In addition to its primary activity, the bank promotes cultural initiatives: among these, the organisation of events with the presence of eminent figures and a refined editorial activity stand out for their prestige and resonance.

BP Sondrio has over 500 branches and in terms of branch network it ranks among the ten biggest banking groups in Italy. The bank is under direct supervision by the ECB since the start of Single Supervisory Mechanism in 2014, with total assets currently standing at € 51.1 billion.

The Banca Popolare di Sondrio banking group (“**the Group**”) is composed of:

- (i) the holding company Banca Popolare di Sondrio, a joint-stock cooperative company with headquarters in Sondrio. It trades on the Italian stock exchange “Borsa Italiana” (BIT: BPSO) and is included in the FTSE Italia Mid Cap Index
- (ii) Its subsidiaries include:
  - Banca Popolare di Sondrio (SUISSE) SA, a banking company governed by Swiss law
  - Factorit Spa, operating in advance payment, collecting trade receivables and relative services
  - Sinergia Seconda Srl, operating in the real estate segment mainly supporting the activities of the holding company and of the Group
  - BNT Banca, a company operating in serving and supporting the agricultural and agri-food sectors as well as offering services to families and private individuals, including salary-and-pension-deducted loans.

## Banca Popolare di Sondrio’s commitment towards Sustainability

Deeply rooted in the area of origin, the Bank has grown organically by adopting a business model focused on customers’ needs. BP Sondrio believes in a system where banks, investors and all the other stakeholders integrate sustainability considerations in their decision-making process.

Since its foundation, the Bank has directed its action to the satisfaction of the different stakeholders’ interests, inspiring its work to good practices, to the values of mutuality, ethics, reciprocity, associating the traditional objective of pursuing profits with the identity one of achieving a shared benefit.

The Bank’s Code of Ethics, adopted in 2008, outlines the values and principles of conduct, policies and laws governing the activities of the Bank to which each recipient, operating or representing the Bank directly or indirectly, must comply, contributing to the implementation of the Bank’s corporate social responsibility. This document is an effective way of preventing misconduct by those acting in the name and on behalf of the Bank, as it introduces a clear and explicit definition of the responsibilities of each operator towards those who are directly or indirectly involved in the activity, namely all the Bank’s stakeholders.

The Bank has indeed always prioritized activities supporting the growth of the communities in which it operates, promoting the dialogue and sharing added value, having particular regard to the fine structure of the territory, made of households and small and medium businesses.

In line with this vision, sustainability and ethical behaviour are key drivers for the Bank, in the conviction that they have to go hand in hand in the medium-long term.

The main pillar of BP Sondrio's sustainability model is its Sustainability Policy, which identifies the Bank's commitment and approach in order to maximise the creation of shared value over the long term, through a sustainable development from the economic, environmental and social perspective.

In line with the new European regulations in the «sustainable finance» area and with the current market trends, the Bank's awareness and interest to update its strategies and implementing new processes are constantly increasing, in order to further integrate sustainability in the business.

The Policy defines the principles, guidelines and relevant sustainability issues that the Group identifies, implements and monitors in order to respond to all its stakeholders, internal and external, with a view to continuous transformation aimed at ensuring the creation of shared value.

In particular, the Group aims to identify a clear strategic direction towards sustainable development that can guide not only its work, but also the totality of the actors with whom it interfaces along its value chain.

As concerns sustainability governance, in 2021 the Bank constituted:

- a Sustainability organizative unit, whose Head is the responsible for the Bank's Sustainability. The main function of this unit is to grant the management of Environmental, Social and Governance ("ESG") considerations at Group level, coordinating the related projects and supporting all the other departments;
- a Sustainability Committee, at top management level, responsible for coordinating and supervising the Group's ESG-driven activities, as well as all the other activities linked to the Green/Sustainable Bonds.

Among other activities recently undertaken by the Bank, these are some highlights:

- In 2020, in order to increase internal knowledge and awareness on themes related to sustainable development and ESG (Environmental, Social, Governance) factors, a Sustainability Working Group was established in order to coordinate internal analysis and self-assessment activities on the positive and negative impacts of the company with regard to the environment and climate change, social issues and the governance structure;
- Participation in the Carbon Disclosure Project (CDP) initiative for the first time in the year 2020 through the completion of its Questionnaire on Climate Change (minimum version), demonstrating transparency and accountability, essential characteristics to mark the transition to a prosperous and sustainable future;
- Participation in the Italian Banking Association (ABI) working tables on Banking, Environment and Climate Change and Sustainability;
- The Bank purchased the "ESGeo" software to collect and manage non-financial data in order to optimize the Non Financial Reporting process;
- In March 2021, the Bank launched its new institutional website: all the most relevant initiatives concerning sustainability find there adequate visibility in a dedicated section, which also includes the Non Financial Report, timely disclosing the environmental and social considerations carried on through business activities.

## Sustainability Rating



Standard Ethics is an independent rating agency promoting the standard principles of sustainability and governance issued by the EU, the OECD and the United Nations. Its final assessment on the level of compliance with sustainability principles is expressed through nine different rating classifications, from EEE to F. In 2021, BP Sondrio obtained for the first time a solicited sustainability rating of “EE”, earning an upgrade from the previous unsolicited rating of “EE-“.

Standard Ethics determined that BP Sondrio is in line with international best practices in terms of sustainability, showing a constant improvement in terms of governance, environmental and social aspects.

## Global Commitment

Since 2004 BP Sondrio has been participating in the United Nations' Global Compact, the world's largest initiative to promote sustainable values. Furthermore, in 2018, the Bank renewed its support for the Global Compact project by joining, as a founding member, also the Italian network (Global Compact Network Italia - GCNI).

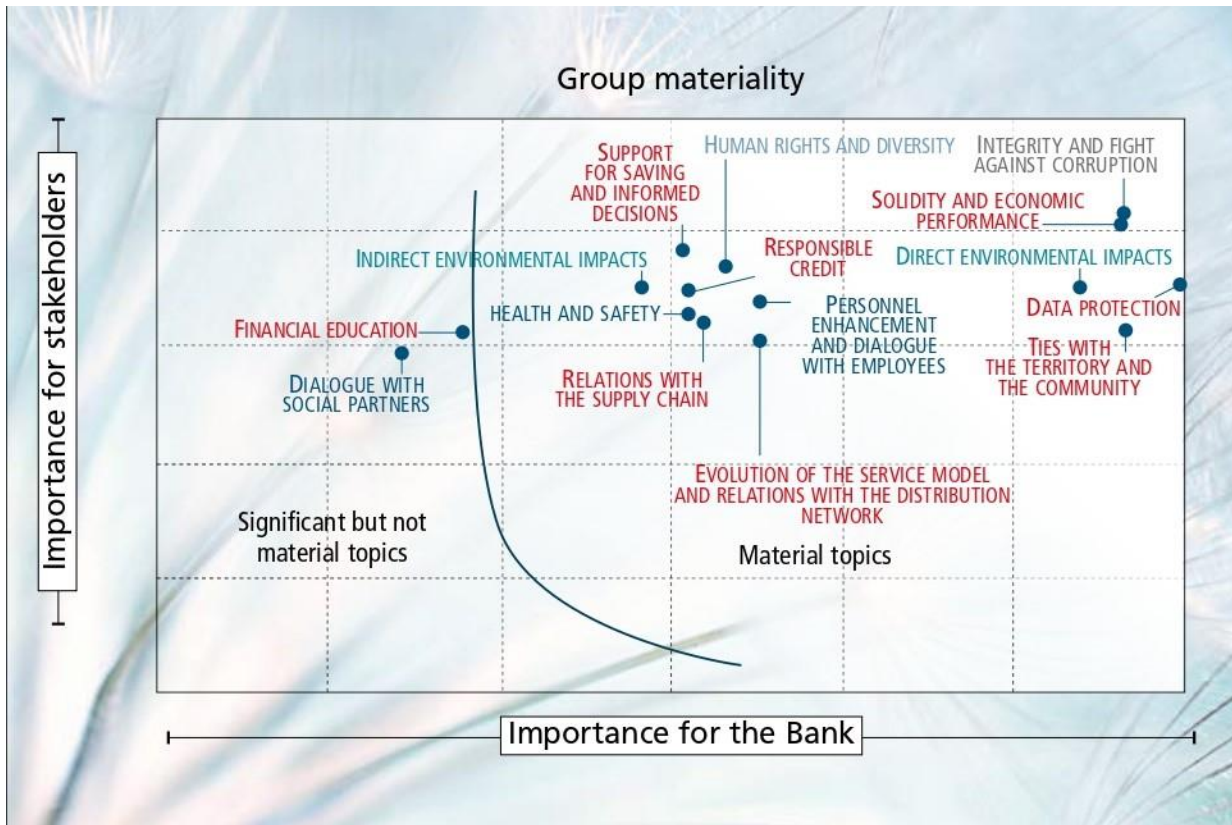
Building on its commitment to create value for all stakeholders, the Bank aims at making a tangible contribution to several of the Sustainable Development Goals (SDGs) established by the United Nations through the adoption of measurable strategies in light of its business model and of the Global Compact's SDGs proposal for the financial institutions. The 2030 Agenda for Sustainable Development is an action program for people, the planet and prosperity signed in September 2015 by the governments of the 193 UN member countries. It encompasses 17 SDGs: in this context, the BPS Group frames its sustainability reporting by linking its material topics to the 12 SDGs deemed most relevant. In 2020, in order to improve the understanding and management of SDGs, the Bank adopted the digital platform called "SDG Action Manager" of the UN Global Compact.

Contribution to the SDGs	1	3	4	5	7	8	9	10	11	12	13	16
Solidity and economic performance						✓			✓			
Integrity and fight against corruption												✓
Personnel enhancement and dialogue with employees			✓									
Data protection							✓					
Health and safety		✓				✓						
Responsible credit	✓					✓			✓			
Ties with the territory and the community									✓			
Support for saving and informed decisions	✓							✓				
Evolution of the service model and relations with the distribution network						✓						
Human rights and diversity				✓		✓		✓				
Relations with the supply chain										✓		
Indirect environmental impacts					✓					✓	✓	
Direct environmental impacts					✓					✓	✓	

### Materiality Matrix

It's essential for BP Sondrio Group to keep a constant and solid interaction with all its stakeholders in order to build further consensus and trust and to express its responsibility towards the social environment in which it operates. Mapping its stakeholders and defining the most effective channels for them, constantly monitoring their expectations, needs and opinions are paramount to efficiently engage them.

In order to better identify and track stakeholder interests, the Group constantly updates its materiality matrix. The latest version identifies 13 material topics, as better highlighted below:



## Risk Management

In 2020 BP Sondrio decided to expand its risk management system to include ESG (Environmental, Social and Governance) risks on the back of the increasing attention paid to this topic by the Group, stakeholders and regulatory authorities. Starting from (i) the best practices promoted at international level, (ii) ECB and EBA guidelines and (iii) looking at the Recommendations published by the Task Force on Climate-related financial Disclosure (TCFD), the Group has started implementing a comprehensive framework to identify, manage, control and monitor ESG-related risks, especially operating and reputational ones, and their potential negative impact from an economic / financial point of view, as well as for the image of the Group.

The analyses are conducted by the Risk Management division in collaboration with different areas within the Bank. A specific “ESG risks’ inventory” has been developed for this purpose.

Among the different aspects affecting these risks, the focus is on:

- Environmental direct and indirect impacts;
- Human rights and equality;
- Social impact and connection with the local territory and community;
- Responsible lending policies.

## ESG opportunities

In addition to ESG risks, in 2020 the Bank has started to identify and classify ESG opportunities, i.e. those components of ESG factors with a positive impact on its business activities.

Given its close connection with ESG risk considerations, this assessment was promoted by the Risk Management department in collaboration with different areas within the Bank. The identified opportunities have been linked to Environmental (with sub-categories: Resources' Efficiency, Sources of Energy, Products and Services, Markets, Resilience), Social and Governance aspects. They refer to operating, commercial and business activities.

These ESG opportunities are and will continue to drive the ESG commitment of the Bank, aiming to benefit all relevant stakeholders.

## BP Sondrio's commitment in relation to the environment

BP Sondrio complies with the national environmental regulations and is aware of the impact its activities have both directly and indirectly on the environment. For these reasons, the Bank commits to reduce the effects on the environment generated by the consumption of resources (e.g. 98% of renewable electricity is used), the generation of waste and all other activities considered to have direct environmental impact; it also intends to manage the effects resulting from activities with indirect impact, linked to the products and services offered to its customers. Indeed climate change is the main current challenge which requires the identification, monitoring and evaluation of performance indicators in the context of the business. The Bank aims to adopt one or more specific climate-related targets, in particular concerning the reduction of greenhouse gas emissions and to report on the progress made in achieving these targets. BP Sondrio intends to reflect further its involvement in environmental consideration through the relationships woven with its suppliers, responsibly managing the value chain.

The Bank is aware that its environmental footprint extends beyond its operational boundaries thus it intends to reduce its indirect environmental impact by supporting its customers in the transition to sustainability.

In order to do so, the Bank intends to encourage its customers to manage their activities in a sustainable manner, proposing banking products and services aimed at benefiting from new business opportunities and reducing the risks associated with strategic business operations.

In particular, the Bank is providing loans for the purchase of high energy class buildings, for the energy refurbishment of buildings/plants and for the installation of systems for the production of energy from renewable sources (photovoltaic, wind, hydroelectric plants).

## Supporting local communities especially in a Pandemic context

The Group has always been committed to support the economic and social development of the territories in which it operates. In order to mitigate the negative impacts of the Covid-19 on the economy, BP Sondrio Group has activated a number of measures to support the economy and local communities. Actions included the suspension of installment payments for reasons related to the emergency (moratoria) and State-guaranteed loans. The Bank has also approved, on a voluntary basis, others grants to specific target categories. Most of the requests for payments moratoria came from families or, in business activities, especially from hospitality, restaurants, travel agencies, fashion, transport, storage and retailing.

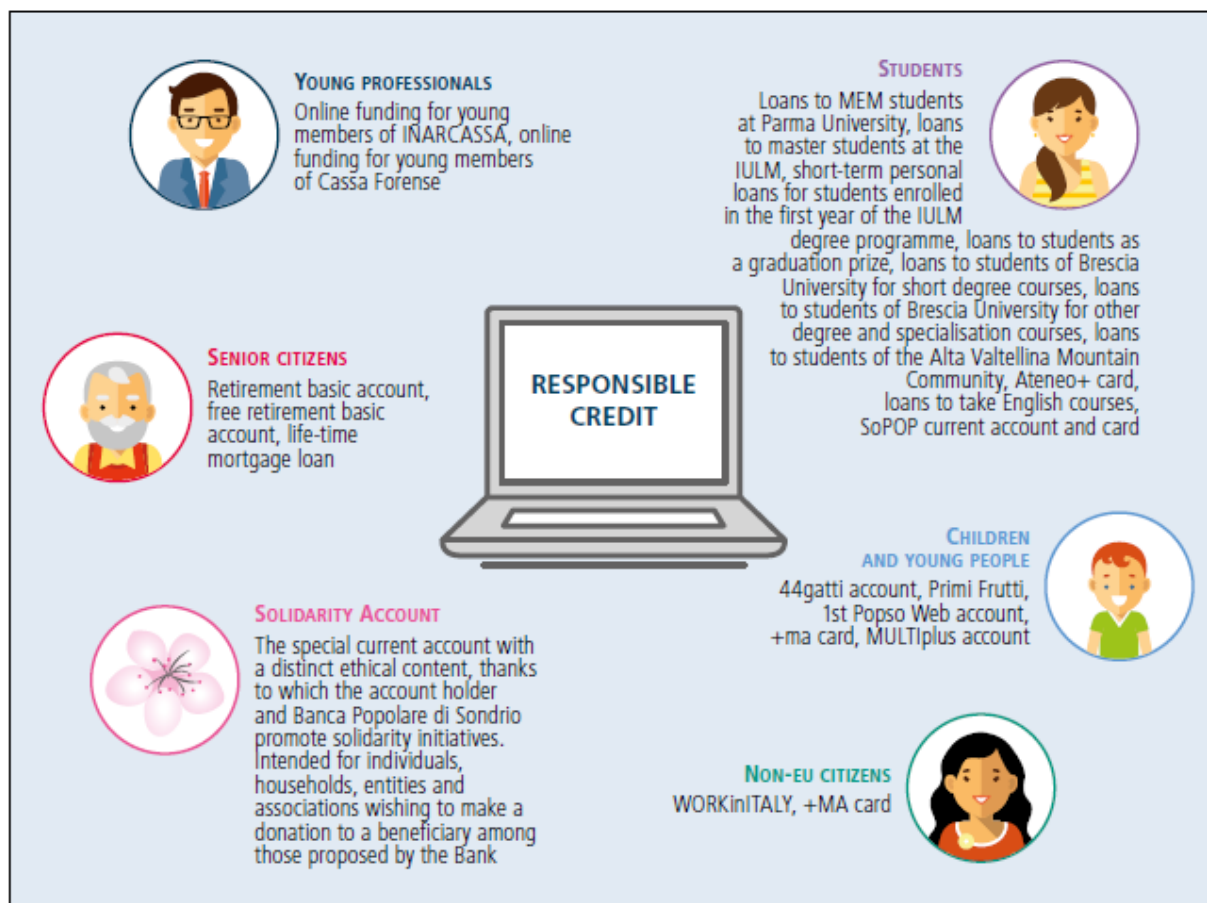
Other activities implemented by the Group to support local communities are, among the others:

- Fondo di sostegno alla natalità; implemented in 2019 to support families with one or more children;
- Agorà: online platform providing specific contents (for example for companies operating out of Italy);
- Business School: online platform offering webinars with a focus on internationalization.



## Responsible offering

The Bank is focused on the financing of socially disadvantaged groups, offering them ad-hoc products. In particular, the Bank offers specific solutions to students in order to finance their studies, in collaboration with universities and local entities. Specific solutions have been designed also for elderly people. Below an overview of these specific products:



Since 1996 BP Sondrio has been offering the possibility for clients to open ethical bank accounts, cd. “Conto Corrente Solidarietà”. The Bank commits to donate to charity an amount computed on the average deposit on each bank account every year.

Moreover, BP Sondrio cooperates with Etica Sgr and is a placement agent of its funds in Italy. Etica Sgr is the only Italian asset manager to have set up and to manage exclusively socially responsible funds.

For many years, the bank has also leveraged the expertise of Arca sgr (of which it is placement agent) which, within its offer, proposes various ESG funds.

# Banca Popolare di Sondrio Green Bond Framework

Banca Popolare di Sondrio has prepared this Green Bond Framework (“the Framework”) in line with the ICMA Green Bond Principles 2021, with the following four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting



Banca Popolare di Sondrio’s Green Bond Framework allows the Bank to issue Green Bonds under different formats, including public or private placements.

Bonds can be issued under BP Sondrio EMTN Programme (Senior Preferred, Senior Non-Preferred and Tier 2) or they can be secured bonds (Obbligazioni Bancarie Garantite under BP Sondrio Covered Bond Programme).

The Bank intends to periodically review its Green Bond Framework for alignment and consistency with evolving market standards in respect of the Green Bond Principles and/or future regulatory developments .






## Use of Proceeds








An amount equivalent to the net proceeds of Banca Popolare di Sondrio’s Green Bonds will be allocated exclusively to finance or refinance, in whole or in part, new or existing Eligible Green Projects, which refer to loans / financing made by the Group for assets, businesses or projects that meet Banca Popolare di Sondrio Green Bond Framework Eligibility Criteria as defined below.



BP Sondrio will allocate the proceeds of its Green Bonds to Eligible Green Projects as defined within the following list of Eligible Categories and booked on its own balance-sheet or on the balance-sheet of any of the Group entities, as the case may be.

A business will be considered eligible for financing using a Banca Popolare di Sondrio Green Bond only if it derives 90% or more of its revenues from activities in the below list of Eligible Categories.

## Eligibility Criteria

Eligible Categories	Description	EU Environmental Objectives / Environmental Benefits	SDGs
<p><b>Green Buildings</b></p>	<p><b>Loans or assets related to the acquisition, construction and renovation of residential and/or commercial energy-efficient buildings that comply with one of the following criteria</b></p> <p><b>Construction or acquisition of buildings:</b></p> <ul style="list-style-type: none"> <li>• Buildings belonging to the top 15% of the most energy efficient buildings (in Italy, an Energy Performance Certificate (EPC) class A, B and C as expanded in the Appendix); or</li> <li>• Buildings that have obtained LEED certification of at least Gold, BREEAM certification of at least Excellent or Minergie certification</li> </ul> <p><b>Assets related to the financing of the renovation of existing building or individual renovation measures that comply with one of the following criteria:</b></p> <ul style="list-style-type: none"> <li>• Renovation leads to a reduction of primary energy demand (PED) of at least 30% or at least two steps of improvement in EPC label; or</li> <li>• Individual renovations measures such as installation, repair or maintenance of energy efficient equipment (e.g. insulation to existing building envelope, new energy efficient windows, heating, ventilation and air conditioning as well as water heating systems), charging station, devices for measuring and regulation energy performance of the buildings and renewable energy technologies.</li> </ul>	<p>Climate Change Mitigation --- Energy Savings</p>	 
<p><b>Renewable Energy</b></p>	<p><b>Loans related to the acquisition, development and operation of renewable energies such as:</b></p> <ul style="list-style-type: none"> <li>• Off shore and Onshore Wind</li> <li>• Concentrated Solar Power (“CSP”) / Solar Photovoltaic (“Solar PV”)</li> <li>• Small scale Hydropower (&lt;25MW)</li> <li>• Geothermal facilities operating at life cycle emissions lower than 100gCO<sub>2</sub>e/kWh</li> <li>• Waste biomass with feedstock not derived from sources that compete with food sources nor deplete carbon pool</li> </ul>	<p>Climate Change Mitigation --- GHG emissions reduction</p>	  

<p align="center"><b>Clean Transportation</b></p>	<p><b>Loans related to low carbon transport assets and the purchase, construction and operation of infrastructure dedicated to low-carbon transport such as:</b></p> <p><b>Private Transport (passenger cars and light commercial vehicles):</b></p> <ul style="list-style-type: none"> <li>• Electric vehicles / Hybrid vehicles with CO2 emission lower than 50g CO2/km</li> </ul> <p><b>Urban, suburban and road passenger transport (motor bus, tramway, streetcar, trolley bus, underground and elevated railways )</b></p> <ul style="list-style-type: none"> <li>• The direct (tailpipe) CO2 emissions of the vehicles are zero</li> </ul> <p><b>Rail Transport (Passenger or Freight):</b></p> <ul style="list-style-type: none"> <li>• zero direct (tailpipe) CO2 emissions trains and passenger coaches</li> <li>• For Freight: the trains and wagons are not dedicated to the transport of fossil fuels</li> </ul> <p><b>Infrastructure for personal mobility:</b></p> <ul style="list-style-type: none"> <li>• The infrastructure that is constructed and operated is dedicated to personal mobility: pavements, bike lanes and pedestrian zones, electrical charging stations</li> </ul>	<p align="center">Climate Change Mitigation --- GHG emissions reduction</p>	  
<p align="center"><b>Energy Efficiency</b></p>	<p><b>Loans related to assets that contribute to a reduction of energy consumption such as:</b></p> <ul style="list-style-type: none"> <li>• Energy Storage Systems</li> <li>• Energy Efficient Lighting (LED lighting)</li> <li>• District Heating and Cooling</li> <li>• Energy Efficient smart grid / smart meters</li> </ul>	<p align="center">Climate Change Mitigation --- GHG emissions reduction</p>	  
<p align="center"><b>Environmentally sustainable management of living natural resources and land use</b></p>	<p><b>Loans related to activities that contribute to the sustainable management of living natural resources and land use such as:</b></p> <ul style="list-style-type: none"> <li>• Environmentally sustainable agriculture certified by recognized third-party certifications such as EU Organic</li> </ul>	<p align="center">Climate Change Mitigation</p>	

	<ul style="list-style-type: none"> <li>Investments in protected area (regional natural parks)</li> </ul>		
<b>Pollution prevention and control</b>	<p>Loans related to activities that contribute to waste prevention and collection, waste reduction and waste recycling such as:</p> <ul style="list-style-type: none"> <li>Development, operation and upgrade of recycling (metals, plastic and paper) plants</li> <li>Facilities, systems and equipment<sup>1</sup> that are used to divert waste from landfills</li> </ul>	Climate Change Mitigation	
<b>Sustainable Water and Wastewater Management</b>	<p>Loans related to activities that improve water quality, distribution efficiency and conservation such as:</p> <ul style="list-style-type: none"> <li>Water treatment infrastructure, including wastewater treatment systems and sewer systems</li> <li>Water distribution systems with improved efficiency</li> <li>Water capture and storage infrastructure, including storm water management systems, water distribution systems and aquifer storage</li> <li>Water storage facilities</li> </ul>	Climate Change Mitigation	

### Exclusionary Criteria

Banca Popolare di Sondrio has developed a list of exclusionary criteria for the proceeds of its Green Bonds. The Bank commits itself to not knowingly be involved in financing any of the following projects or activities through the proceeds of its Green Bonds:

- Fossil Fuel
- Weapons
- Tobacco
- Gambling
- Adult entertainment
- Predatory lending
- Energy production from oil, black coal, lignite and oil sands (including energy-efficient technologies that are inherently carbon-intensive and/or primarily driven/powered by oil and/or black coal)
- Sourcing of palm oil from sources not certified by organisations such as the Roundtable on Sustainable Palm Oil (RSPO)
- Nuclear

<sup>1</sup> Collection vehicles considered have as emission threshold equal or lower than 50 gCO2/km.

## Process for Project Evaluation and Selection

Project evaluation and selection is a key process in ensuring that the Eligible Green Projects financed by the Green Bonds meet the criteria in Banca Popolare di Sondrio Green Bond Framework.

Banca Popolare di Sondrio established a Sustainability Committee which, among the other tasks, oversees the governance of this Green Bond Framework.

The Sustainability Committee is composed of the following permanent members:

- Chief Executive Officer;
- General Manager;
- Chief Financial Officer;
- Chief Commercial Officer;
- Chief Lending Officer;
- Chief Risk Officer;
- Chief Information Officer;
- Head of Logistic and Operational support department;
- Head of Personnel and Organizational models department;
- Head of Planning, Investor Relations and directional controls department;
- Head of Sustainability Office

Moreover, additional members might be included in the Committee when deemed appropriate.

The Committee meetings take place at least quarterly as well as on ad-hoc basis if necessary.

In relation to the Governance of the Green Bond, it is requested to fulfil the following responsibilities:

- Review and approval of the
  - pool of Eligible Green Projects and any additions to the pool;
  - Green Bond Framework and any changes to the Framework;
  - Green Bond Annual Report for investors;
- Review of the Post Issuance External Verification Report and resolution of any issues that arise;
- Monitor any ongoing evolution related to Green Bond market practices.

The process for asset evaluation is the following:

- The relevant departments within the Group perform a pre-selection of potential Eligible Green Projects
- These potential Eligible Green Projects are submitted by the competent departments to the Sustainability Committee
- The Sustainability Committee verifies whether the potential Projects are aligned with the Eligibility Criteria of the Bank
- If yes, the Eligible Green Projects are identified within the Bank internal information system.



## Management of Proceeds

Banca Popolare di Sondrio's Finance department (Funding and Collateral Operations) is in charge of monitoring the allocation of the proceeds to the Eligible Green Projects on a nominal equivalence basis, as well as managing the Eligible Green Asset Portfolio.

The net proceeds from Banca Popolare di Sondrio's Green Bonds will be deposited in the general account and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Asset Portfolio.

The balance of the tracked proceeds should be adjusted on a quarterly basis, in order to match the allocation to Eligible Green Projects re/financed during this period.

The net proceeds can be attributed to Eligible Green Projects originated or refinanced up to 36 months before the issuance year of the Green Bond.

BP Sondrio Group has set up an internal information system to record and track the Eligible Green Projects.

Banca Popolare di Sondrio will use its best efforts to substitute any Eligible Green Projects that are no longer eligible, as soon as practical once an appropriate substitution option has been identified.

The payment of principal and interest on the Green Bonds issued by Banca Popolare di Sondrio under the Green Bond Framework will be made from its general funds and will not be linked to the performance of any Eligible Green Projects.

### Unallocated Proceeds

The Banks undertakes to do everything in its power to allocate the proceeds to Eligible Green Projects within a maximum of 36 months. Pending the allocation or reallocation, as the case may be, of the net proceeds, Banca Popolare di Sondrio will invest the balance of the net proceeds, at its own discretion, in cash and/or cash equivalents and/or other liquid marketable instruments, consistent with the Bank's liquidity management activities and, to the extent possible, invest in Green, Social and Sustainability Bonds.

## Reporting

Banca Popolare di Sondrio commits to publish an allocation and impact report one year after issuance of the Green Bond and annually thereafter until full allocation of the net proceeds, and as necessary in the event of material development.

All reports will be publically available on Banca Popolare di Sondrio's website: (<https://istituzionale.popso.it/en/investor-relations/financial-operations>).

### Allocation Reporting

The allocation report will provide information such as:

- Total allocations of Eligible Green Projects
- Share of financing versus refinancing
- Amount of unallocated proceeds at reporting end-period (if any)
- Breakdown of total amount of Eligible Green Projects per Eligible Category
- Geographical breakdown of Eligible Green Projects

## Impact Reporting

Banca Popolare di Sondrio will also report on relevant environmental impact metrics where feasible, and it will disclose measurement methodology for quantitative indicators. Below are examples of impact indicators that may be reported:

Eligible Categories	Potential Quantitative Performance Measures
Renewable Energy	<ul style="list-style-type: none"> <li>✓ CO<sub>2</sub> emission avoided (tCO<sub>2</sub>e)</li> <li>✓ Total installed capacity (MW)</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>✓ CO<sub>2</sub> emission avoided (tCO<sub>2</sub>e)</li> <li>✓ Expected Energy savings per year (MWh)</li> </ul>
Clean Transportation	<ul style="list-style-type: none"> <li>✓ CO<sub>2</sub> emission avoided (tCO<sub>2</sub>e)</li> <li>✓ New clean transportation infrastructure built (km)</li> </ul>
Green Buildings	<ul style="list-style-type: none"> <li>✓ CO<sub>2</sub> emission avoided (tCO<sub>2</sub>e)</li> <li>✓ Floor space of green real estate (m<sup>2</sup>)</li> <li>✓ Expected Energy savings per year (MWh)</li> <li>✓ Number of residential buildings belonging to the top 15% of the most carbon efficient buildings</li> </ul>
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> <li>✓ Total surface financed (hectares)</li> <li>✓ Number of agricultural business financed</li> <li>✓ Volume of farming input avoided (t/year)</li> </ul>
Pollution prevention and control	<ul style="list-style-type: none"> <li>✓ CO<sub>2</sub> emission avoided (tCO<sub>2</sub>e)</li> <li>✓ Waste diverted from landfill (tonnes)</li> </ul>
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> <li>✓ Volume of water saved/reduced/treated (m<sup>3</sup>)</li> <li>✓ Total Population served by the system</li> </ul>



## External Review

### Second-Party Opinion:

Banca Popolare di Sondrio has obtained a Second-Party Opinion from Sustainalytics on this Green Bond Framework. The SPO will be publicly available on Banca Popolare di Sondrio's website: (<https://istituzionale.popso.it/en/investor-relations/financial-operations>).

### Post-Issuance External Verification:

On an annual basis, an external auditor will carry out an independent review of the use of proceeds associated with the selected Eligible Categories, conformance with the Framework of the selected Eligible Green Projects and Allocation Reporting metrics.

## Disclaimer

This document has been prepared by Banca Popolare di Sondrio for information purpose only and does not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect of such securities or other financial instruments.

The document has been drawn up on the basis of data and information on which Banca Popolare di Sondrio has not carried out autonomous verification and that have been obtained from, and are based upon, sources that company believes to be reliable. Consequently, Banca Popolare di Sondrio makes no representations (either express or implied) or warranty on the completeness, timeliness or accuracy of any such data or information.

Any forward looking statements contained in this document, which are therefore inherently uncertain, have been made in reliance of a number of assumptions, expectations, projections and provisional data concerning future events and are subject to significant risks and uncertainties, many of which are outside the company's control. There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents any forward looking statements and thus, such forward looking statements are not a reliable indicator of future performance. The company has no obligation to publicly update or revise any forward looking statements, nor any other information included in this document, whether as a result of new information, future events or otherwise, except as may be required by applicable law. The information and opinions contained in this Presentation are provided as at the date hereof and are subject to change without notice.

Notwithstanding the foregoing, Maurizio Bertoletti, in his capacity as manager in charge of financial reporting declares that the accounting information contained in this Presentation reflects the group's documented results, financial accounts and accounting records.





## Contact

**Banca Popolare di Sondrio**

**Piazza Garibaldi 16**

**Sondrio 23100**

**Italy**

**Email addresses:**

[investor.relations@popso.it](mailto:investor.relations@popso.it)

[funding.collaterale@popso.it](mailto:funding.collaterale@popso.it)



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