An aerial photograph of a lush green valley. In the foreground, a suspension bridge spans across a deep gorge. Below the bridge, a town is nestled in the valley, with a river winding through it. The background features rolling green hills and distant mountains under a blue sky with scattered clouds.

We work to act as a **bridge**  
**between** satisfying our  
stakeholders and making  
sustainable choices

Non-Financial Report 2021



**Banca Popolare  
di Sondrio** FONDATA NEL 1871





For Banca Popolare di Sondrio, the transition to a greener economy not only represents a challenge, but also an opportunity.

By integrating ESG (Environmental, Social and Governance) factors into our operations, now regarded as a key strategic lever, we intend to progressively take a distinctive position in sustainable finance.

The results obtained so far constitute the strong foundations on which we will keep working hard, with the goal of creating long-term value for all our stakeholders, aiming to fully achieve the vision of a community bank which represents our true identity.

Mario Alberto Pedranzini  
MANAGING DIRECTOR AND GENERAL MANAGER



# About us

**We have been serving the areas in which we operate since 1871:** a history of growth, values and culture that has seen the company successfully adapt and evolve along a balanced and profitable path of development.



---

Over the years, we have extended our operations nationwide, maintaining **strong ties with our homeland and our traditions**, while fostering the **Community's sustainable economic development** through careful, tailored support for small entrepreneurs, ordinary citizens, and medium and large-sized enterprises.

**485**

Branches in  
Italy

**21**

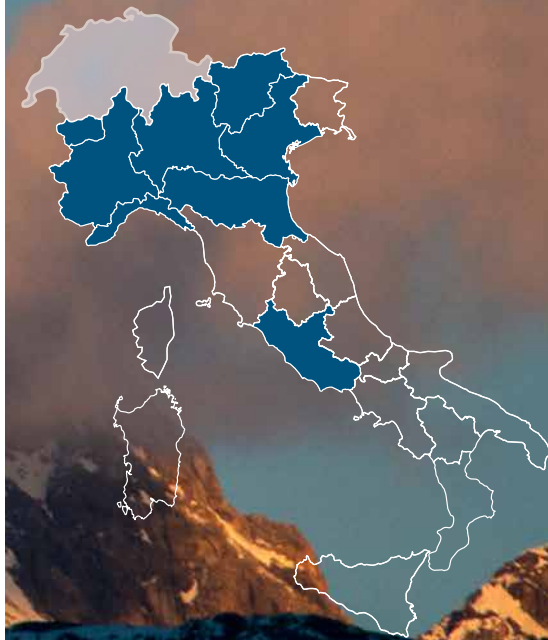
Branches in  
Switzerland

**506**

Access points in  
low-populated areas

Data updated on 26 January 2022

Our branches are present in  
7 regions in northern Italy  
and in the Rome area



# Our commitment to Sustainability

We consider it a priority to **integrate ESG** (Environmental, Social and Governance) **factors** into our business.

## The most relevant SDGs for the Group's activities



**Interaction** with stakeholders, **participation** in round tables and technical **collaboration** with national and international organisations are essential to ensure that we are constantly **updated** on ESG topics.



Since 2004 we have supported the UN Global Compact



Since 2018 we have been a founding member of the UN Global Compact Network Italia

The **Sustainability Policy**, approved by the Board of Directors in 2021, is our 'guiding' document for integrating sustainability into the Group's business and operations, in terms of:



# Integration of ESG factors in our business

In 2021, we developed an **ESG governance system** that involves continuous dialogue between the various bodies to overseeing and managing Sustainability integration.

## ESG Governance



## SUSTAINABILITY TRAINING

**Sustainable management** cannot be achieved without **adequate training and information**: this is why a first **training module for the Board of Directors and Sustainability Committee** was organised in the last quarter of 2021.

# Materiality matrix

During 2021, we updated the list of the most relevant Sustainability topics for the Group's stakeholders and management, dividing them in accordance to E, S and G factors:






**Environment:**

	<b>Direct environmental impacts</b>		<b>Sustainable finance and indirect environmental impacts</b>
---	-------------------------------------	---	---

**Social:**

	<b>Human rights and diversity</b>		<b>Financial training and education</b>
	<b>Dialogue with social partners</b>		<b>Health and safety</b>
	<b>Ties with the local area and the community</b>		<b>Enhancement of human resources and dialogue with employees</b>

**Governance:**

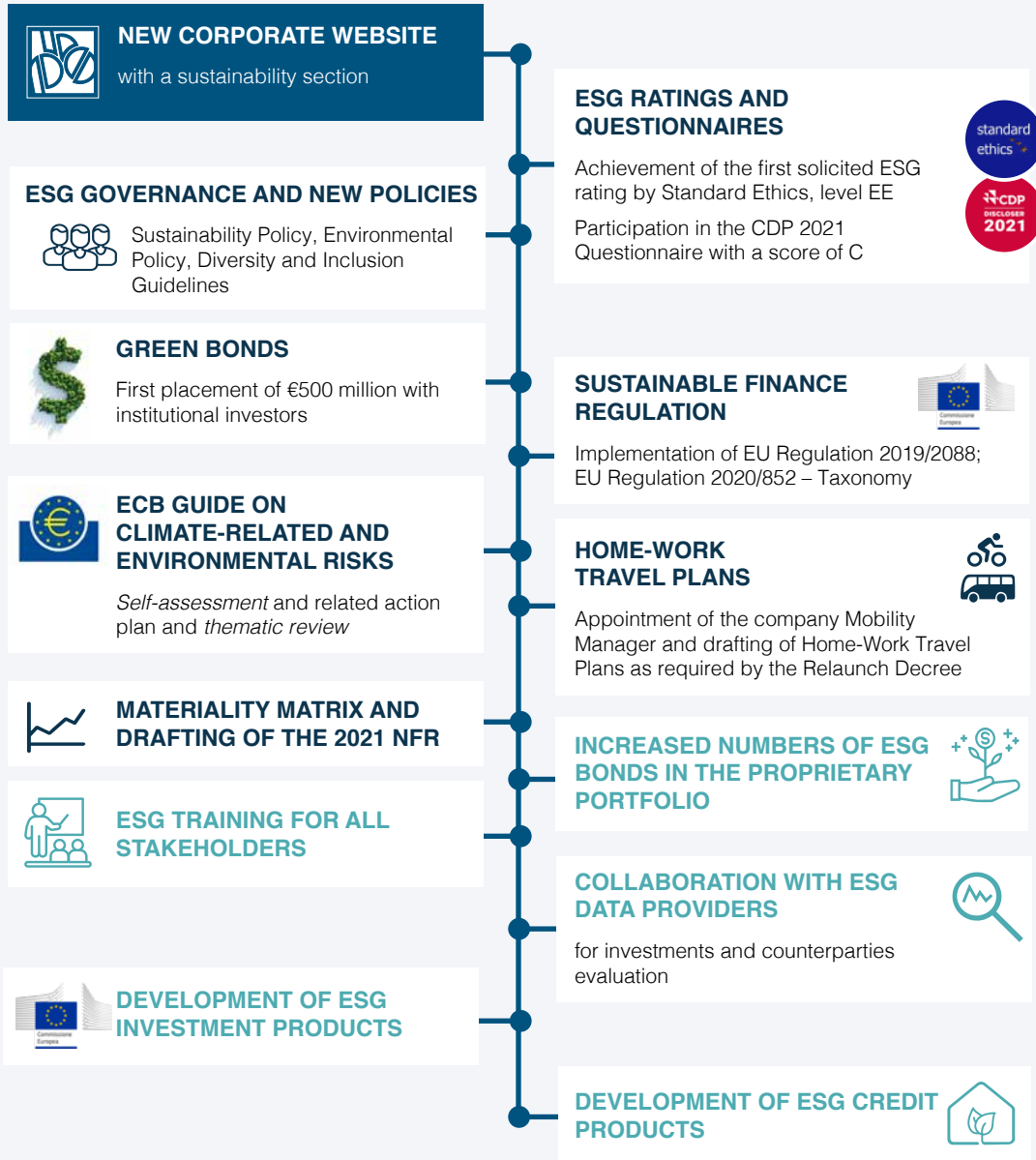
	<b>Data protection</b>		<b>Evolution of the service model and relations with the distribution chain</b>
	<b>Integrity and fight against corruption</b>		<b>Relations with the supply chain</b>
			<b>Solidity and economic performance</b>



# Developing the Bank with a SUSTAINABILITY FOCUS

In light of the new European regulations on sustainable finance, as well as growing market pressure in this area, the Group is increasingly aware and committed to updating its strategies and implementing its processes to further integrate sustainability.

## Main activities in 2021 and ongoing activities:



# Environment

We are committed to **limiting our environmental impact**, reducing our ecological footprint in terms of greenhouse gases emissions and containing our consumption of raw materials.

We have embarked on a path of self-analysis aimed at setting **new environmental and climate targets** and continuing to monitor our emissions.

## Environmental Policy

Improvement of energy-consuming systems

Managing paper consumption

Attention to proper waste collection and disposal

Activities oriented towards the Community and the employees: training, information and participation in initiatives

Customer-oriented activities: raising awareness and offering more sustainable products and services

MANAGING  
DIRECT  
IMPACTS

MANAGING  
INDIRECT  
IMPACTS

Use of renewable energy

Use of goods and services with less environmental impact

Raising awareness of proper use of water and energy

Promoting sustainable mobility

Supplier-oriented activities: sustainable procurement management and selection

FUTURE TARGET

 10%

of the bond portfolio owned in the ESG segment

## Initiatives

### Superbonus 110%, Ecobonus, Sismabonus

The total amount of purchased credits as at 31 December 2021 is over

€500 million

### Credit portfolio underpinning the issuance of the first Green Bond

€406

MILLION

3-year

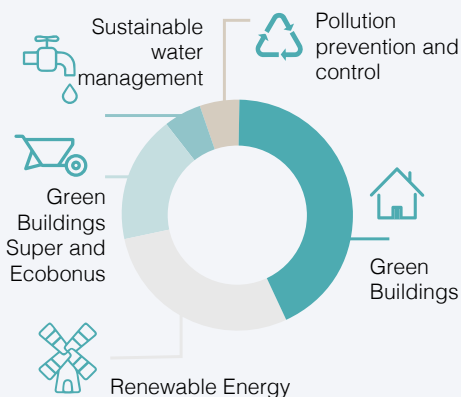
LOOKBACK PERIOD:  
post-2018 disbursements

> 12

YEARS OF MATURITY

100%

ASSETS LOCATED IN ITALY



## Calculating the CO<sub>2</sub> emissions of a credit portfolio

We calculated the Scope 3 emissions of a credit portfolio for counterparties belonging to the most polluting sectors

Over 56 million  
tonnes of CO<sub>2</sub> eq

## Investments

We strive to promote **investments** with an **ESG** profile and, indirectly, to actively contribute to **sustainable economic development**

## Our contribution in 2021:

Percentage of **assets subject to environmental or social screening**

 **BPS** (SUISSE)

18%

 **Banca Popolare di Sondrio** FONDATA NEL 1871

23%



717 million €

Bonds portfolio in the ESG segment



98%

Renewable energy

# ESG risks

**Managing ESG risks**, particularly climate and environmental risks, is a **challenge for the financial sector**, driven by growing regulatory pressure and the increasing occurrence of **extreme weather events**.

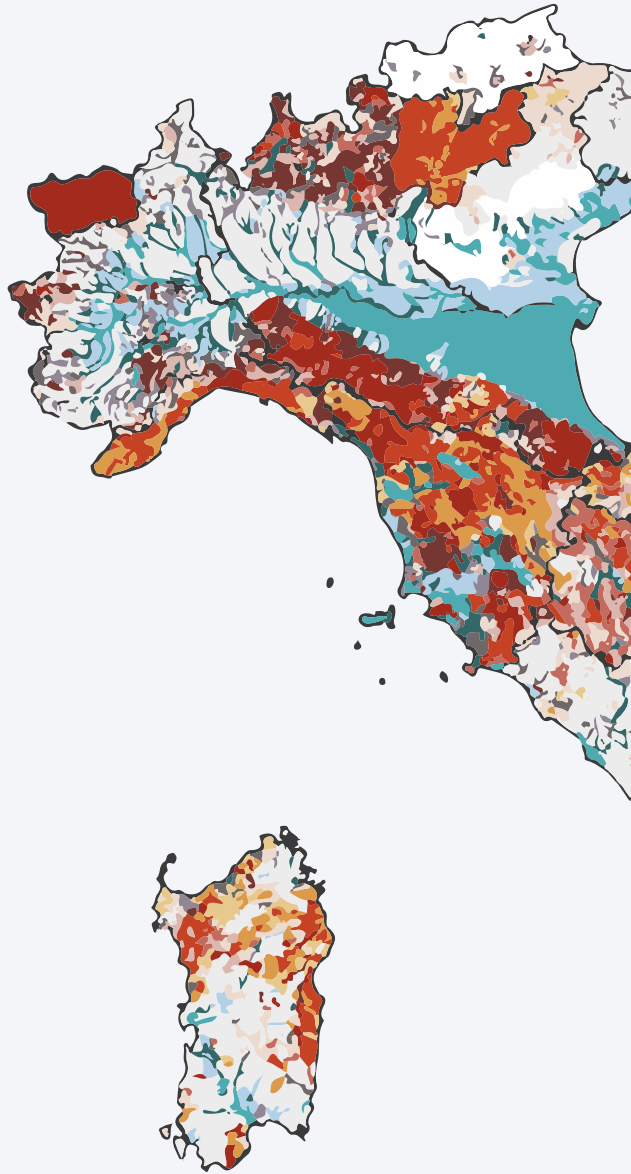
The figure represents the dangerousness, for areas of our country, of certain climate-related phenomena: impacts on economic activities, as well as on the value of real estate, can no longer be overlooked by the financial sector.

### Landslide hazard (PAI)

- Very high P4
- High P3
- Medium P2
- Moderate P1
- Attention areas AA

### Hydraulic hazard (Legislative Decree 49/2010)

- High
- Medium
- Low



Source: ISPRA Report on Hydrogeological instability in Italy: hazard and risk indicators - 2021 edition (356/2021).

## ESG RISK INVENTORY

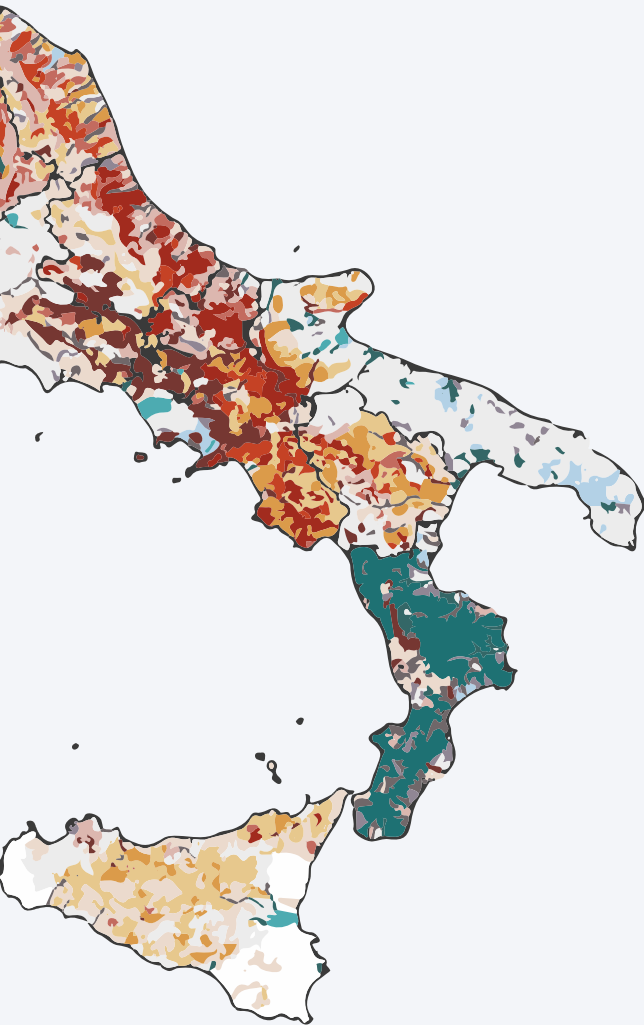
In 2021, we updated our ESG Risk Inventory **to identify possible negative impacts on the company's business from ESG factors.**

## ESG HEAT MAP

We have developed a 'sector risk matrix' (so-called Heat Map), i.e. **a tool to identify the potential exposure of our counterparties to ESG risk factors.**

## CLIMATE STRESS TEST

We participate in the exercise (so-called *stress test*) initiated by the European Central Bank starting in early 2022 **to assess the preparedness** of the banking sector to cope with economic and financial shocks resulting from climate risk (physical and transition).



### Transition risk

Financial loss directly or indirectly related to the transition to a low-carbon and more environmentally sustainable economy

### Physical risk

Financial impact of climate change due to frequent extreme weather events ('acute' physical risk) and to gradual climate changes ('chronic' physical risk), as well as environmental degradation, air, water and soil pollution, water stress, loss of biodiversity and deforestation

# Social

Building on our strong **founding values**, we are strongly committed to continuing to conduct our business with the aim to benefit our customers and all stakeholders.

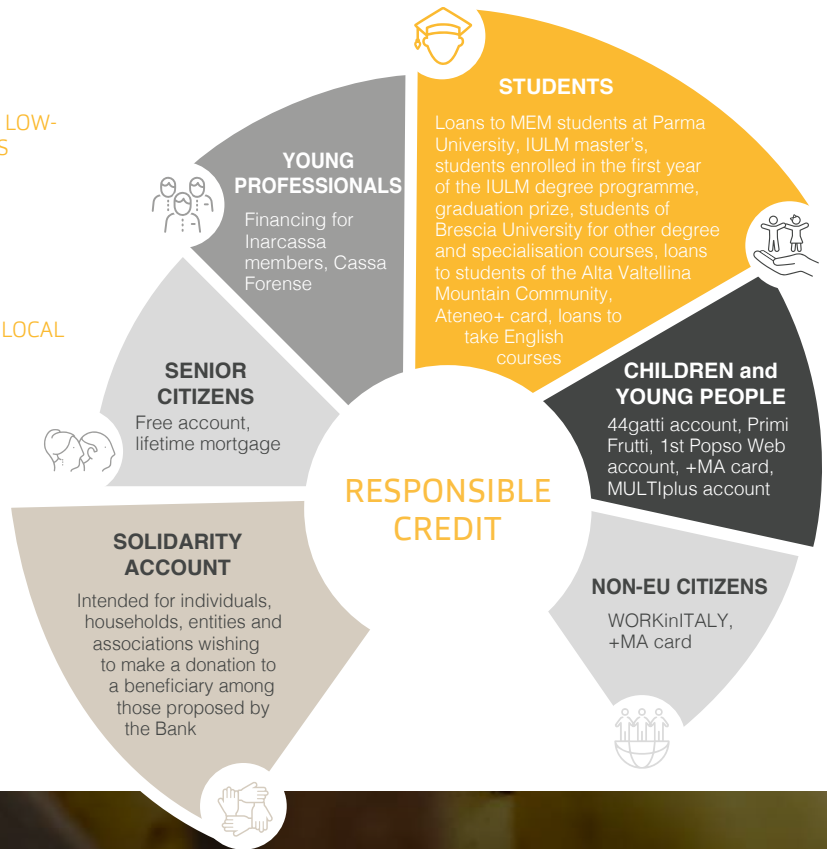
Our financing activities pay particular attention to weaker categories of customers, seeking to assist them with specially designed products.

27%

ACCESS POINTS IN LOW-POPULATED AREAS

67%

EXPENDITURE ON LOCAL SUPPLIERS



3,367  
Total employees



200  
Number of new recruits

## Initiatives

### NOT JUST A BANK

The strong link with the local area and the Community is achieved not only through traditional banking activities, but also through **intensive cultural promotion activities**.

### Human rights and diversity

We believe in and promote respect for the **principle of non-discrimination** in access to employment, training, professional growth and working conditions.

We consider respect for human rights to be an **essential requirement** and protect and promote these rights in the course of our activities.

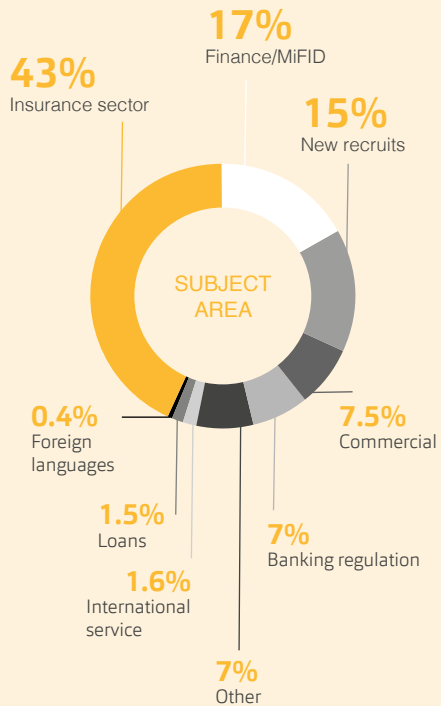
### Financial training and education

We have created a **dynamic information and training system** for both customers and our staff devoted to international trade.

We are focused on the following **3 areas** :

- technical courses for foreign trade
- tools for internationalisation
- banking products for foreign markets

The **professional growth** of our staff is also supported by a comprehensive training system that covers all the main topics of the banking business.



# 99%

Permanent employees

# Governance

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

Governance constitutes our institutional framework and, in order to effectively adopt **strategies that respect and enhance the other two factors** (Environmental and Social), it must also be guided by **ethical principles** in line with ESG factors.

These guidelines are particularly reflected in the **Code of Ethics**, a document that

sets out commitments and responsibilities in conducting the Bank's business and activities, while also defining the **set of values**, as well as the conduct, that must be adopted by the governing bodies, employees and, in general, by all those who work with the Bank.



## DATA PROTECTION

**Protecting the confidentiality** and security of information on individuals is a **key factor** in our activities, which is why we are committed to ensuring that the collection and further processing of personal data is carried out in compliance with applicable legislation.



751,382 million €

Total economic value distributed





## Initiatives

### ACCESSIBILITY

The availability of a wide range of banking services, both for obtaining information and giving instructions, allows a **high degree of financial inclusion**, breaking down barriers related to the need for 'physical' access to the Bank during opening hours.

### Work in progress

An adaptation programme involving all of the Bank's digital contact points is underway to pay even **greater attention to people with disabilities**, enabling them to use the services more easily and efficiently.

## SOLIDITY AND ECONOMIC PERFORMANCE

**268** MLN €

NET PROFIT 2021

Despite the difficult international context, we have never failed to **support the real economy**, taking every measure to enable families and businesses in the areas where we operate to cope with the economic fallout of the pandemic, particularly in recent years.

Since joining the European Single Supervisory Mechanism in 2014, we have achieved total net profits of over €1 billion with an average ROE of more than 5%.



**1,029** million €

Turnover (total income)



**982,192**

Number of customers

Data as at 31/12/21

**Layout:**

Messagegroup

**Printing:**

BOOSTGROUP spa

**Photographs:**

iStock

BPS Archive

Paolo Rossi

Matteo Barlascini

©2022 Banca Popolare di Sondrio

All rights reserved for all countries



Printed on recycled paper,  
produced with selected waste  
from separate collection.



## **Banca Popolare di Sondrio**

Founded in 1871

### **Sustainability Office**

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

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

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

