

**BPER:**  
Bank Luxembourg



Responsible  
investing  
at  
BPER Bank Luxembourg S.A.

As part of the regulatory obligations provided for by Regulation (EU) 2019/2088 (so-called "SFDR Regulation") relating to information on sustainability in the financial services sector, BPER Group (hereinafter also the "Group"), of which BPER Bank Luxembourg SA (hereinafter also "BPER Lux") is a Subsidiary of, started a process of integrating sustainability into its value creation processes by adopting an integrated strategy capable of guaranteeing compatibility between the economic and social and environmental goals, generating value for the Group entities, for the stakeholders and for the territories it operates.

In managing all issues of sustainability and social responsibility, the Group, and therefore also BPER Lux, are inspired in particular by the principles of the Universal Declaration of Human Rights, the 10 principles of the Global Compact and the 17 Sustainable Development Goals (hereinafter also "SDGs") of the United Nations. The SDGs represent a boost especially for the business world and key players for achieving sustainable development. It is with this in mind that the BPER Group has also decided to pursue the following goals of the SDGs in particular:

- Goal 1 "Defeat poverty", with products that have greater financial inclusion, including but not limited micro-credit initiatives;
- Goal 4 "Quality education" through the implementation of training initiatives such as financial education projects, reading education projects, etc.;
- Goal 5 "Gender equality" project "equal merit" with the aim of reaching 15% of female executives by 2021 (Group goal);
- Goal 7 "Clean and accessible energy" through the purchase and production of renewable energy as well as the development of financing services for projects related to renewable energy and energy efficiency;
- Goal 8 "Decent work and economic growth" through the Group Welfare Plan or other projects such as, for example, "Sustainable Mobility";
- Goal 9 "Businesses, innovation and infrastructures" with the creation and marketing of products and financing aimed at energy efficiency);
- Goal 11 "Sustainable cities and communities" through the promotion, for example, of activities to support culture and sustainable mobility;
- Goal 13 "Fight against climate change", through the reduction of direct environmental impacts or funding dedicated project to the Green Economy;
- Goal 15 "Life on earth" through the purchase of recycled paper and the creation of the "Bosco BPER" (Through the "Piantiamola" contest, BPER Group has made its employees aware of consuming less and optimizing available resources; obtained the highest energy saving. A tree was given, which will be planted on the Campania Region land called "libera terra" confiscated from the local criminality, giving birth to a new forest)
- Goal 16 "Peace, justice and solid institutions" through the commitment against corruption crime, as well as the promotion of responsibility through tools such as, for instance, the Group Code of Ethics and the Group Policy for managing the risk of non-compliance with anti-corruption legislation.

The 2019-2021 Group Business Plan (the "Plan"), which also integrates BPER Lux one, is based on three pillars defined as "Business growth and development", "Efficiency increase and simplification", "De-risking acceleration". These pillars in turn are supported by many levers and actions that respond to the needs of the territories with the aim of creating value for all stakeholders. The initiatives included in the Plan mainly pursue

goal 4 and 13 of the SDGs with projects for environmental protection, community enhancement and sustainability in the value chain.

The environmental protection goal is achieved through energy efficiency, the adoption of high efficiency technologies and the promotion of renewable sources in order to reduce greenhouse gas emissions, while the enhancement of the community passes through the promotion of culture and reading, as keys to social enrichment, as well as through the financial education of the younger generations.

To manage the impacts related to its financing and investment activities, the Group integrates sustainability into the value chain, enhancing internal processes in order to define solutions and skills that can guide customers towards business projects with a view to environmental and social sustainability.

In March 2020, the Board of Directors of the Parent Company BPER Banca Spa approved the BPER 2020/21 Sustainability Plan which is integrated with the Business Plan and identifies the strategic guidelines for the development of corporate processes in terms of sustainability.

As indicated in the Group Code of Ethics, adopted by BPER Lux, BPER Group has also been selecting relationships with new customers for some time, and managing existing ones, avoiding any relationship with clients and counterparties involved in illegal activities related to usury, organized crime, drug trafficking, money laundering, terrorism and any activity that contributes to the violation of human rights (for instance, child labor) and, unlike the Parent Company, BPER Lux does not even manage relationships with customers and counterparties involved in the production and trafficking of weapons.

In line with the growing interest of investors in sustainability issues, BPER Group uses a screening process aimed at identifying and positively evaluating the companies engaged from an environmental, social and governance point of view and has actually increased during last year the number of investment products with sustainability characteristics (specifically mutual funds and Sicavs) available in the catalog of products that offers to customers. BPER Lux, providing only the Reception and Transmission of Orders ("RTO") and Execution Only services, operates with the principle of the "open architecture" thus allowing customers to access an extremely vast number of products on the market that are attentive to ESG issues.

With reference to the parties referred to by the SFDR Regulation, BPER Lux assumes the role of "Financial Market Participant", as it provides Discretionally Portfolio Management ("DPM") services.

With reference to the role of Financial Market Participant, BPER Lux, starting from 2021, has integrated the assessments regarding the sustainability characteristics as part of the overall assessments for the definition of investment choices.

BPER Lux has no DPM portfolio lines in its catalog that present characteristics referred to in articles 8 and 9 of the SFDR Regulation.

Considerations relating to factors of sustainability and climate change are systematically integrated into the analysis and investment process, evaluated and incorporated into the investment allocation. For this purpose, evaluations and ratings are also used by third-party companies, which contribute this information.

However, the integration of sustainability risks does not mean that sustainability criteria are the primary factors for investment allocation, compared to others such as expected returns and / or volatility. In particular in the context of the process, this does not mean that:

- some sectors, countries and companies cannot be considered for investment;
- every sustainability factor for each company or issuer must be considered and evaluated;
- every investment decision is influenced by sustainability considerations.

Overall, the wide diversification used in the selection of investments in each individual DPM portfolio line, as well as the asset allocation methods used to select them, makes the impact in terms of sustainability contained.

Finally, BPER Lux intends to postpone the assessments of the negative impact of investment decisions on sustainability factors until the European regulatory framework is completed and, in particular, the final version

of the technical standards relating to financial sustainability disclosure will be published.

Furthermore, starting from 2021, in line with what the Parent Company did at the end of 2019, a training and updating activity will be launched for the members of the DPM Committee involved in the management of DPM portfolios in order to support them in the assessment and integration of sustainability in those portfolios.