BCC BANCA ICCREA

Green, Social and Sustainability Bond Framework

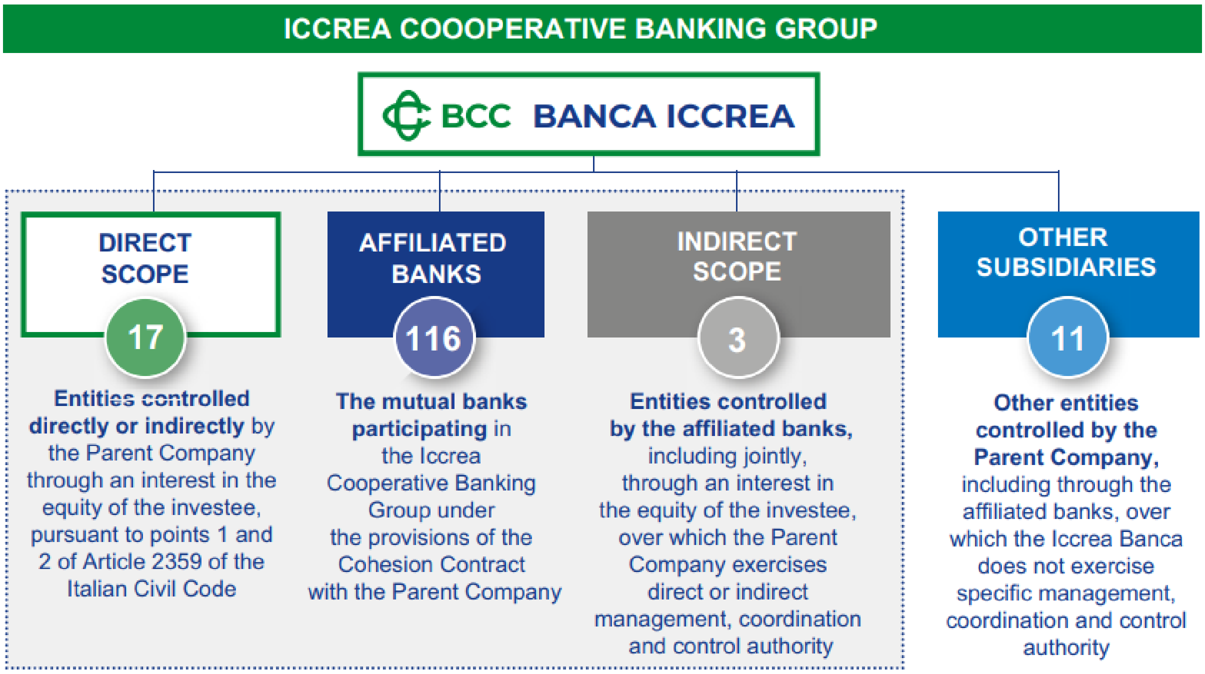
November 2024

Introduction

1. Overview of the Group

ICCREA Banca S.p.A. (“**BCC Banca ICCREA**”, “**ICCREA**”, “**The Parent Company**” or “**The Company**”) is the parent company of the Iccrea Cooperative Banking Group ("**Gruppo BCC Iccrea**") (together the “**Group**"). The Iccrea Cooperative Banking Group is the largest cooperative banking group in Italy, the second-largest in terms of number of branches and fourth-largest in terms of assets.

As of 31 December 2023, Gruppo BCC Iccrea comprises 116 cooperative credit banks ("**BCCs**" or “**affiliate banks**”). The BCCs participate in the Iccrea Cooperative Banking Group under the provisions of the Cohesion Contract executed with the Parent Company, under which the Parent Company is given the power to define and monitor risk strategies, policies and principles, with the aim of preserving the stability of the Group and its members and promoting the cooperative spirit and mutualistic function of the affiliated banks and the Group.



ICCREA Banca operates three main business areas:

- Finance and Lending: Capital Market, Treasury, Structured Finance and Institutional Lending units
- Payment System: Collections and Payments units
- Corporate Centre: Institutional services and ICT functions

The Issuer's primary purpose is to support and strengthen the banking businesses of the BCCs through all forms of lending, the delivery of technical and financial assistance, and other initiatives aimed at facilitating the interests of the BCCs and pursuing the interest of the Group. The corporate purpose of the Issuer also includes collecting savings, lending in various forms, purchasing trade receivables and factoring. The BCCs are local and rural banks that provide banking services in a defined and limited geographical area, mainly to their shareholders.

2. Approach to Sustainability and ESG

The Iccrea Cooperative Banking Group pursues a strategy aimed at promoting the stability and development of its Cooperative Banks while respecting their territorial, historical, cultural, social and economic identity. The Group's actions, strategy and practices are guided by the ethical principles expressed in the *Charter of Cooperative Banking Values*.

The decisions of the individual BCCs are guided by the Standard Articles of Association of Cooperative Banks. Article 2 states: "*In conducting its business, the Company's action is inspired by the cooperative principles of mutual benefit without any purpose of private speculation. Its purpose is to favour to members of local communities in banking operations and services, pursuing the improvement of their moral, cultural and economic conditions and promoting the development of cooperation and education on savings and welfare issues, as well as social cohesion and responsible and sustainable growth of the local areas in which it operates*".

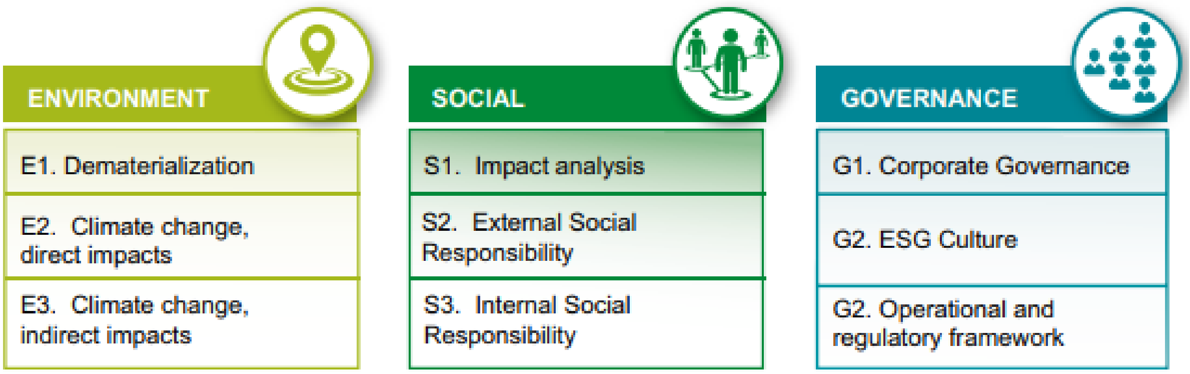
The Parent Company and all the Affiliated Banks, as well as third parties, must also conform with the Group's Code of Ethics[1]. The Code of Ethics sets out the shared principles and values, as well as the ethical and behavioural commitments and responsibilities, that govern all decisions made by, and interactions with, the Group.

Sustainability Plan 2024-2026

In March 2024, the Board of Directors of the Parent Company approved the BCC Iccrea Group 2024-2026 Business Plan[2] building on the core elements of the previous Plan and focusing on the following main areas: asset quality, capital and liquidity profile, volumes and profitability, digitisation, IT and ESG (including an updated Sustainability Plan).

The **2024-2026 Sustainability Plan** consists of a series of initiatives, some inherited from the previous Plan as they are expected to be completed within its time horizon, albeit revised to take into account recent developments in the regulatory landscape and the strategic positioning of the Group.

It includes objectives across the three pillars of ESG: environmental sustainability, social sustainability, and governance.



[1] ICCREA Group Code of Ethics
[2] Press Release: BCC Iccrea Group: 2024-2026 Business Plan approved

Environment

- Development of a portfolio decarbonization strategy (i.e. climate and environmental de-risking) through the estimate of financed GHG emissions and the consequent definition of ambitions
- Consolidation of the "green" product catalogue and the extension of hedges to climate and environmental risks as well as the evolution of the lending framework with a view to ensuring the growing integration of climate and environmental factors and risks, and more generally ESG factors, in the lending process
- Focus on the provision of specialist skills support to households and SMEs

Social

- Continue to roll out initiatives aimed at addressing financial inclusion and education, as well as those aimed at supporting customers on their sustainability journey (e.g., platforms aiming to support the sustainable transformation, screening tools and the i.e. development of ecosystems that can facilitate access to specialist services and targeted financial resources)
- Continue to measure the social impact generated by the Group through its initiatives to promote surrounding areas, support local communities and endorse volunteer organisations. The goal for 2024 is to increase the scope of the activities measured in the initial phase of the project while strengthening the measurement methodology
- Consolidation of the commercial offering of financial products with social value focused, for example, on more vulnerable categories, as well as financing for workplace health and safety
- Internal social responsibility, through actions supporting parenting and the gender mix (e.g. renewed the commitment by setting a new target of +10% by 2026 vs. 2023 baseline under the 2024-2026 Sustainability Plan)

Governance

- Corporate governance, with the roll out of initiative to intensity of the formal involvement of the C-level through the formalization of ESG responsibilities for the Operations Committee and analysis to strengthen the control of ESG activities at a local and central level
- Strengthening of the organizational structure, the personnel's skills and integration of structured reporting for the various committees, both at the Board level and within the overall organisational structure

In addition to specific targets relating to the three dimensions of sustainability, the Sustainability Plan also includes transversal initiatives:

- Sustainable finance, with the expansion of products offering dedicated to sustainable transformation (e.g., taxonomy-aligned financing products), as well as insurance products to hedge physical risk
- ESG transition and advisory, with the roll out of dedicated client services (e.g., "ESG Objective" platform), use of ESG metrics in supplier evaluation processes, and further development of reporting processes for ESG risk management

3. Sustainability Governance

The Parent's Company's Board of Directors sets out the Group's sustainability guidelines and strategies, with specific regard to the objectives of sustainable finance and the integration of ESG factors into corporate decision-making processes. In particular, the Board of Directors is responsible for integrating ESG-related objectives into the business plan, the risk management and internal control system and remuneration policies. The Sustainability Plan and the Group's sustainability policies and guidelines are approved by the Board of Directors, after an analysis by the relevant board committees.

To support the Board of Directors in its governance of sustainability matters, a Sustainability Committee (the "**ESG Committee**") was established in April 2022. The ESG Committee is composed of three persons selected from the members of the Board of Directors, one of whom must be independent. The Sustainability Committee's main functions include evaluating and advising on the Group on:

- Sustainability initiatives, objectives, and targets, also preparing proposals for integrating ESG factors in the Group Strategic Plan and monitoring their implementation
- The Group's values and ethical approach
- ESG reporting
- Activities related to bond issues under "Green, Social and Sustainability Bond Framework" and related reporting (Impact Reporting)
- ESG positioning of the Group, also in respect of participation in initiatives and indexes
- Models for the measurement of the social and environmental impact of the initiatives undertaken

The ESG Committee also promotes training activities and carries out preliminary analyses of in-house ESG training programmes, suggesting ways in which these programmes can promote a sustainability-focused culture across the Group.

At an operational level, the Group Sustainability & ESG Strategy Organizational Unit is responsible for the integration of ESG factors into corporate processes, submitting proposals and acting as a coordinator. Its work follows four main lines of action:

- Stakeholder engagement, which, among other objectives, puts the Group in a position to determine the material topics on the basis of which to work on strategic positioning plans and reporting indicators
- Definition and monitoring of sustainability strategies
- Integration of ESG factors into corporate processes and coordination of any related project
- Preparation of the Consolidated Non-Financial Statement (CNFS[3]), reporting on the Group's ESG performance against the stated objectives and commitments

[3] Consolidated Non-Financial Statement

4. Sustainability Policies & ESG Risk Management

In addition to its **Code of Ethics**, the Group has in force a number of important sustainability policies and charters, which set out the roles, responsibilities and methodologies for the integration of ESG factors and risks into its processes. These policies and charters include:

- The **Sustainability Policy**, adopted in 2022, lays down the principles and guidelines for the integration of ESG factors into Group business processes and sets out the details of a sustainability governance structure and management model. The Policy is composed of two annexes, one dealing with the inclusion of ESG metrics in the delivery of investment services and the other on the reporting process for non-financial information
- The Group's **Charter of Commitments of the Environment and Combating Climate Change** outlines the Group's commitment to prevent, manage and, where possible, reduce the environmental impact (both direct and indirect) resulting from its operations
- The **Charter of Commitments on Human Rights**, based on internationally recognised principles such as the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights UN Global Compact and the OECD Guidelines for Multinational Enterprises, amongst others, establishes the general principles for the management and protection of human rights of all the Group's stakeholders (e.g. employees and collaborators, shareholders and customers, suppliers, communities and the local territories)
- The **Product Management Policy** applies to the process of conceiving and developing products and services and bringing them to market. The Policy provides for the inclusion and integration of ESG factors into Product Approval processes.
- The Group's **lending policies**, which requires an assessment of the counterparty or collateral on the basis of relevant ESG factors, such as climate physical and transition risks, and has been adapted to taken into account the EBA Loan Origination and Monitoring (LOM) Guidelines[4]
- The **Policy on Diversity, Equity, and Inclusion** aims to promote a corporate culture free from all forms of discrimination and to support the principles of diversity and inclusion. To monitor the actual implementation of the principles expressed in the policy over time, specific sets of indicators have been defined to measure, monitor, and communicate the initial situation, as well as the progress and results achieved.
- The **Gender Equality Management System** aims to promote and protect diversity and equal opportunities in the workplace, measuring progress and results through specific KPIs, defined within the Group Policy on Diversity and Inclusion and reported in official documents.
- The **Policy on Internal Reporting Systems for Violations** defines general principles, roles, and responsibilities related to the Internal Reporting System for Violations, as provided by current external regulations. It outlines the principles of the internal reporting procedure adopted by the Group and indicates measures to ensure the confidentiality of the personal data of the whistle-blower and the alleged violator.
- The **Remuneration and Incentive Polic**y reflects the Group's strong focus and commitment towards increasingly sustainable and responsible long-term development. In recent years, the correlation between the variable remuneration of top management and strategic actions related to sustainability issues has been strengthened. These include prudent ESG risk management, an inclusive corporate culture, gender neutrality, sustainable finance objectives, and the development of green lending lines, as well as training initiatives for personnel in key roles within the Group.
- The **Travel Policy** provides guidelines and sets operational procedures for the Parent Company and Direct Perimeter Companies to manage employee business trips efficiently and reduce CO2 emissions.

[4] EBA Final Report: Guidelines on loan origination monitoring (May 2020)

- Within the internal regulatory framework regarding ESG, the update of the **Group Policy on Coordination of Corporate Control Functions** ("CCF") and the related appendix concerning CCF information flows to Corporate Bodies and Committees should also be highlighted. This update aims to better clarify the information flows and reporting produced by these functions regarding ESG.

Also, over the course of 2023 the Group upgraded the methodological framework underlying the assessment of the relevance of climate and environmental risks on traditional banking risks (also referred to as Climate & Environmental Materiality Assessment - CEMA). The Group's approach to integrating climate and environmental risks into the risk management framework is structured into the following three steps:

1. Identification of the taxonomy on Climate & Environmental (C&E) risks: This activity involved the development of a C&E taxonomy and the identification of the main drivers for transition and physical risk, both climatic and environmental.

2. Identification of transmission channels and related time horizon: This step involved defining the transmission channels through a qualitative description of the propagation of C&E risks and their impact on the time horizon relevant to the Bank's significant risks.

3. Assessment of the materiality of C&E risks: For all types of relevant climate and environmental risks for the Group, materiality assessment analyses were conducted to evaluate the impact of these risks on the identified traditional risks.

Additional information on the Group's sustainability commitments and policies can be found on the Group's website.

5. Sustainable Lending & Financing and Sustainable Investments

Sustainable Lending & Financing

The Group's customer offering includes a broad array of social impact loans and environmental impact loans. Given the cooperative, mutualistic and local focus of the BCCs, the Group places a strong focus on products of a social nature. Some of the key products include, amongst others, the CONSAP guarantee-backed loans, third sector loans, student loans, interest grants under the Sabatini Act, disbursements under Article 13 of the SME fund, loans backed by direct and subsidiary guarantees from ISMEA (the Italian Institute of Services for Agricultural and Food Market).

Lending is also increasingly directed at green purposes, in part because of the EU Taxonomy. In January 2024, ICCREA launched an EU Taxonomy Product Catalogue, offering for the first time a set of seven new EU Taxonomy-aligned products aimed at individual and enterprise customers of the individual BCCs. These products include:

- **Mutuo Innova ESG – Privati**: mortgage loans for home purchase and renovation (EU Taxonomy economic activity 7.2. and 7.7.)
- **Mutuo Efficienza ESG – Privati**: unsecured loans for home energy efficiency (7.3.-7.6.)
- **Finanziamento Mobilita ESG – Privati**: unsecured loans for the purchase of a green vehicle (6.5.)
- **Mutuo Efficienza ESG - Impresa**: mortgage loans for building energy efficiency (7.3.-7.6.)
- **Mutuo Efficienza ESG - Impresa**: unsecured loans for building energy efficiency (7.3.-7.6.)
- **Mutuo Rigenera ESG - Impresa**: mortgage loans for property renovation (7.2.)
- **Mutuo Rigenera ESG - Impresa ipotecario**: unsecured loans for property renovation (7.2.)

In addition to the above, ICCREA's Structured Finance and Business Consulting Organizational Unit, which deals with financing and advisory activities for enterprises, institutional investors and public administrations, is involved in financing Renewable Energy projects (project finance) and other infrastructure investments.

Sustainable Investments

As noted above, the Group Sustainability Policy includes a specific Annex dealing with the integration of ESG factors in the delivery of investment services. The Policy applies to the provision of portfolio management services, the provision of advisory services on investments or insurance investment products, and the portfolios under management of the Group's asset management company, BCC Risparmio & Previdenza SGR (the "**Asset Management Company**").

The Asset Management Company has designed portfolio solutions to offer its customers a range of investment products and services that promote environmental and social characteristics and good governance practices (Article 8 of the Sustainable Finance Disclosure Regulation (SFDR)), with a view to managing and mitigating sustainability risks and their impact on key prudential risk categories. Going forward, the Asset Management Company intends to continue expanding its range of products in accordance with Articles 8 and 9 of SFDR. The Group reports on the share of Sustainable Investments within its CNFS[5].

[5] ICCREA - Consolidated Non-Financial Statement 2023

6. Double Materiality Analysis and the UN Sustainable Development Goals

The Iccrea Cooperative Banking Group periodically conducts a materiality analysis in accordance with the GRI standard and Legislative Decree 254 of 2016. In 2022, the Group adopted a double materiality lens, focusing on both financial materiality and impact materiality.

23 material topics emerged from the Double Materiality analysis (and re-confirmed for the year 2023) – two Environmental, twelve Social, five Governance and four across the ESG dimensions. The material topics have been analysed according to their potential and actual impacts. Furthermore, the Group has mapped to material topics to the UN Sustainable Goals (UN SDGs), identifying 14 relevant goals. Further information on the materiality analysis can be found in the latest CNFS[6].

[6] Consolidated Non-Financial Statement

Green, Social and Sustainability Bond Framework

1. Overview and Rationale

ICCREA's Green, Social and Sustainability Bond (the "**Framework**") aims to become the reference document for Green, Social and Sustainability debt instruments ("**Sustainable Debt Instruments**") issued by the Company and any entity of the Group. Sustainable Debt Instruments can be issued in different formats, including covered bonds, senior unsecured bonds (senior preferred and senior non-preferred), and subordinated bonds, through either public or private placements.

The rationale for ICCREA's Framework is to attract dedicated funding for loans and investments that bring positive environmental or social impacts, in support of the Group's commitment to the sustainable development of local areas and to facilitating the ecological transition, innovation and digitisation, as outlined in the 2024-2026 Business Plan.

ICCREA's Framework is compliant with the International Capital Market Association's ("**ICMA**") Green Bond Principles[7] ("**GBP**"), Social Bond Principles[8] ("**SBP**") and Sustainability Bond Guidelines[9] ("**SBG**"), which consist of the following five core components:

1. Use of Proceeds
2. Asset Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Review

To the extent that ICMA's GBP, SBP or SBG are updated in the future, ICCREA may update this Framework so that it remains aligned with market practice. In addition, ICCREA may also update this Framework as sustainable finance policies and legislation such as the EU Taxonomy and EU Green Bond Standard evolve.

2. Use of Proceeds

An amount equivalent to the net proceeds raised from any Green, Social or Sustainability Bond issued under this Framework will be exclusively allocated to finance and or re-finance, in whole or in part, new and/or existing loans/projects ("**Eligible Green Assets**" and/or "**Eligible Social Assets**", together the "**Eligible Assets**"), as defined below.

The combination of all the Eligible Assets earmarked by ICCREA and booked on the Company's own balance sheet or on the balance sheet of any of the Group's entities, as the case may be, will comprise the **Eligible Asset Portfolio** and will be consolidated at Group level.

. ICCREA intends to disclose the expected allocation to each eligible Green and / or Social Asset project category prior to the issuance of its Sustainable Debt Instruments.

Eligible Green Assets

[7] Green Bond Principles June 2021 (with June 2022 Appendix 1)
[8] Social Bond Principles June 2023
[9] Sustainability Bond Guidelines 2021

An amount equivalent to the net proceeds of ICCREA's Green Debt Instruments will be used exclusively to finance and / or refinance, in whole or in part, the Eligible Green Assets. The Eligible Green Assets aim to make a substantial contribution to the selected UN Sustainable Development Goals (UN SDGs), the goals of the Paris Climate Agreement, the EU's 'Fit for 55' package and the EU's environmental objectives, specifically climate change mitigation, the transition to a circular economy, the sustainable use and protection of water resources, and the protection and restoration of biodiversity and ecosystems.

Green Buildings[10]

EU Environmental Objective

Climate Change Mitigation

EU Taxonomy Activity[11]

7.1. Construction of new buildings

7.2. Renovation of existing buildings

7.3. Installation, maintenance and repair of energy efficiency equipment

7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

7.6. Installation, maintenance and repair of renewable energy technologies

7.7. Acquisition and ownership of buildings

Environmental Benefits

To achieve energy savings and reduce Greenhouse Gas ("**GHG**") emissions through the construction of energy efficient buildings and building renovations

(Re)financing of new or existing residential and commercial buildings:

- Built before 31 December 2020: EPC of at least A or belonging to the top 15% of the local or regional building stock based on Primary Energy Demand (PED)
- Built after 31 December 2020: PED at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures
- Certified sustainable buildings: LEED (Gold or better), BREEAM (Excellent or better), HQE (Excellent or better)

Financing or refinancing of the renovation of residential and commercial buildings complying with the applicable requirements for major renovations or alternatively resulting in a reduction in Primary Energy Demand of ≥30% and validated through an Energy Performance Certificate (EPC)

(Re)financing of other interventions aimed at improving the energy performance of buildings, for example reduction of energy needs, thermal improvement of the building, installation of solar panels or other renewable energies, installation of Ventilating and Air-Conditioning (HVAC) systems , according to the criteria defined by section 7.3, 7.4, 7.5 or 7.6 of the EU Taxonomy Climate Delegated Act.

7 AFFORDABLE AND CLEAN ENERGY

7.3

11 SUSTAINABLE CITIES AND COMMUNITIES

11.3

13 CLIMATE ACTION

13.2

[10] ICCREA may rely on an external technical consultant to the determine the top 15% most energy-efficient buildings and define NZEB-10%

[11] Throughout this section, mapping to the EU Taxonomy activity is only based on substantial contribution to Climate Change Mitigation

Energy Efficiency

EU Environmental Objective
Climate Change Mitigation

EU Taxonomy Activity
3.5 Manufacture of energy efficiency equipment for buildings
4.9 Transmission and distribution of electricity
4.15 District heating/cooling distribution
7.5 Installation, maintenance & repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

Environmental Benefits
To achieve energy savings and GHG emissions reduction by fostering energy-efficient infrastructures

(Re)financing the manufacturing and / or installation of energy efficient equipment and technology:

- Smart grid, smart meters, smart thermostats
- LED lighting
- District heating and cooling[12]

7.3

13.2

Renewable Energy

EU Environmental Objective
Climate Change Mitigation

EU Taxonomy Activity
3.1 Manufacture of renewable energy technologies
4.1 Electricity generation using solar photovoltaic technology
4.3 Electricity generation from wind power
4.4 Electricity generation from ocean energy technologies
4.5 Electricity generation from hydropower
4.6 Electricity generation from geothermal energy
4.8 Electricity generation from bioenergy
4.9 Transmission and distribution of electricity
4.10 Storage of electricity

Environmental Benefits
To reduce GHG emissions through increasing renewable energy production

(Re)financing of the operation, construction, installation, maintenance or repair, and manufacturing of renewable energy projects and components, including the following technologies:

- Solar photovoltaic (PV)
- On shore and offshore wind
- Ocean energy
- Small-scale hydropower (<10MW)[13]
- Geothermal energy[14]
- Bioenergy[15] [16]

(Re)financing of the construction, operation and maintenance of electricity transmission, storage and distribution systems designed to integrate renewable energy into the grid:

- Direct connections, or expansion of existing direct connections of renewable energy sources
- Battery storage systems connected to renewable energy projects

7.1

13.2

[12] Systems using at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of such energy and heat in line with Directive 2012/27/EU
[13] Facilities must comply with one of the following criteria: i) the facility is a run-of-river plant and does not have an artificial reservoir, ii) the power density of the facility is above 5W/m2, or iii) the life-cycle GHG emissions are less than 100g CO2e / kWh)
[14] Lifecycle GHG emissions <100g CO2e / kWh
[15] GHG savings of ≥80% relative to relative fossil fuel comparator
[16] Only biomass/biofuels using certified sustainable feedstocks are eligible. Excludes use of virgin food/feed crops, and palm oil/palm oil waste

Clean Transportation

EU Environmental Objective

Climate Change Mitigation

EU Taxonomy Activity

6.5 Transport by motorbikes, passenger cars and light commercial vehicles

6.15 Infrastructure enabling low-carbon road transport and public transport

Environmental Benefits

To achieve GHG and pollutant emissions reduction by promoting the development of low carbon transport

(Re)financing of low carbon transportation and related infrastructure, including:

- Zero direct CO2 emissions passenger cars and commercial vehicles
- Hybrid vehicles (passenger cars and light commercial vehicles) with an emissions threshold of 50 gCO2/km (until 31 December 2025[17])
- Electric vehicle charging stations

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.1

11 SUSTAINABLE CITIES AND COMMUNITIES

11.2

13 CLIMATE ACTION

13.2

Sustainable Water & Wastewater Management

EU Environmental Objective

Sustainable Use and Protection of Water and Marine Resources

EU Taxonomy Activity

-

Environmental Benefits

To preserve scarce water resources, improve access to water and reduce contamination of the water system by improving water-related infrastructure

(Re)financing of the construction, extension, operation, and renewal of water and wastewater collection, treatment and supply systems and related infrastructure

6 CLEAN WATER AND SANITATION

6.3, 6.4

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

12.5

[17] Or as long as they are included in the EU Taxonomy

Eligible Social Assets

An amount equivalent to the net proceeds of ICCREA's Social Debt Instruments will be used exclusively to finance and / or refinance, in whole or in part, the Eligible Social Assets. The Eligible Social Assets aim to make a substantial contribution to the selected UN SDGs and address important societal issues, such as increasing access to essential services, facilitating social inclusion and creating and preserving decent jobs.

Employment Generation

Target Population

Unemployed population

Citizens in economically underperforming regions

Social Objective & Benefits

Create and preserve decent job opportunities and economic growth for the target populations and geographic areas by supporting the generation of employment opportunities

(Re)financing of loans to microenterprises and SMEs ("**MSMEs**")[18]:

- Located in disadvantaged areas, defined as areas with a GDP below the national average
- Affected by natural disasters / health emergencies (such as the COVID-19 pandemic)[19]

8 DECENT WORK AND ECONOMIC GROWTH

8.3

Affordable Housing

Target Population

Low-income individuals and households

Social Objective & Benefits

Improving access and availability of good-quality housing to reduce social vulnerabilities

(Re)financing of the construction, renovation or acquisition of social housing in Italy[20]

1 NO POVERTY

1.4

11 SUSTAINABLE CITIES AND COMMUNITIES

11.1

Access to Essential Services – Financial Services

Target Population

First-time home buyers

Social Objective & Benefit

Enabling financial empowerment and economic inclusion by widening the availability of financing

(Re)financing of mortgages under the 80% Public Guarantee of the First Home Mortgage Guarantee Fund (Fondo Prima casa) administered by CONSAP (Concessionaria Servizi Assicurativi Pubblici):

- Loans to first-time buyers with ISEE (Equivalent Economic Situation Indicator) of <€40K/year, for applicants who are i) young people below the age of 36, or ii) single parent families with minor children. For these mortgages, a controlled rate of the loan is envisaged

1 NO POVERTY

1.2

10 REDUCED INEQUALITIES

10.2

[18] Microenterprise and SME definition according to European Commission

[19] When related to the Covid-19 crisis, these financings fall under Government's SME guarantee scheme, as per Law Decree no. 23 of 8 April 2020 (Decreto Liquidità) and Law no. 27 of 24 April 2020 (Decreto Cura Italia)

[20] In Italy, access to social housing is defined by national law and regulations (Ministerial Decree of 04.22.2008, Ministry for Infrastructures' Decree 3904, Law No. 431/1998, and the Law 167/1962). Eligibility criteria is determined based on income requirements set out by local authorities. Income thresholds vary depending on the different areas in which the Housing Associations operate (household income for eligible families is typically between EUR 25k to EUR 30k per year)

Socioeconomic Advancement and Empowerment

Target Population

Underemployed individuals

Female entrepreneurs

Students

Vulnerable populations that include youth, unemployed, elderly, undereducated, disabled individuals and migrants

Social Objective & Benefit

Equal employment opportunities for women

Supporting local communities

Social protection and inclusion of all

(Re)financing of loans to specific target groups:

- Young entrepreneurs[21]
- Woman-owned enterprises[22]
- Students

Re(financing) of loans to Third Sector[23] organizations, associations, foundations and philanthropic entities focused on:

- Art, culture and sport (e.g. recreational facilities and services, visual and performing arts, etc.)
- Welfare and solidarity (e.g. education, vocational skills training, housing, and medical care)

10 REDUCED INEQUALITIES

10.1

Access to Essential Services – Healthcare & Education

Target Population

Underserved population, in particular vulnerable groups and low income and elderly people, owing a lack of access to publicly funded / subsidised medical and education services

Social Objective & Benefit

Equitable access to healthcare and education, regardless of the ability to pay

(Re)financing of loans to schools, hospitals, sport facilities and elderly care centres which are affiliated with providing broadly accessible (to the whole public) healthcare and education services through government spending, subsidies, or social security

3 GOOD HEALTH AND WELL-BEING

3.8

4 QUALITY EDUCATION

4.1, 4.3

10 REDUCED INEQUALITIES

10.2

[21] Young individuals or companies majority-owned by young individuals aged up to 35 years. According to the National Labour Law in Italy, the minimum age at which a person may be employed at the end of compulsory schooling is 15 years of age.

[22] IFC Definition of woman-owned enterprises

[23] According to the Italian law on the Third Sector

Excluded Activities

As outlined in the Group Policy on the Granting and Execution of Credit, the Iccrea Cooperative Banking Group has adopted an exclusion strategy covering certain activities and sectors that cannot be financed, even if they are legal[24]. These include:

- Manufacture, distribution and marketing of weapons (with the exclusion of weapons for sporting or recreational activities)
- Manufacture, distribution and marketing of equipment for betting, video-poker, and slot-machines
- Setting up and operation of gaming and betting halls
- All sectors relating to pornography (e.g. sex shops, pornographic publications, etc.)
- We Buy Gold shops
- Money transfers
- Management and administration trust companies that use omnibus accounts

ICCREA will not allocate proceeds from the issuance of Sustainable Debt Instruments issued under this Framework to any asset or investment in the above activities or sectors.

Furthermore, additional activities and sectors (for which there may be negative impacts on the environment or society) will also be excluded under this Framework:

- Fossil fuels
- Nuclear energy
- Biomass energy, except for natural biomethane
- Intensive agro / hydro activity
- Chemicals
- Virgin plastics
- Tires reconstruction industry
- Deforestation
- Mining of non-ferrous metal ores
- Fur industry and animal maltreatment
- Alcoholic beverages
- Tobacco

[24] Subject to any waiver on the part of the Board of Directors or the Executive Decision-making Bodies to which it has delegated powers. Any operations in these sectors must be accompanied by adequate reasons for their viability (e.g. the project's importance to the economy, morality of the Members, prevailing activity of the company as opposed to that activity which cannot be financed, etc.)

3. Process for Asset Evaluation and Selection

Evaluation of ESG Risks in the Credit Process

In addition to the Eligibility Criteria, Eligible Assets are subject to the Company's regular credit processes and policies, including:

- The Group's lending policies, which requires an assessment of the counterparty or collateral on the basis of relevant ESG factors, such as climate physical and transition risks. A new qualitative ESG questionnaire was introduced in 2023 for corporate counterparties with an annual turnover of >€10 million to assess counterparties' performance on several environmental factors
- The Group Sustainability Policy, which sets out the overall sustainability governance, management, control and disclosure structure defines the principles and guidelines for management of the Group's sustainability model
- The Group Charter on the Environment and Climate Change, which covers the 'direct' environmental impacts of the Group as well as the 'indirect' environmental impacts of the Group's customers and suppliers
- The Group Charter on Human Rights, which is based on established national and international frameworks such as the UN International Charter of Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Global Compact

On a best-efforts basis, ICCREA also ensures that the Eligible Assets comply with relevant international, national and local laws and regulations.

Process for Asset Evaluation and Selection

An internal working group (the "**Working Group**") coordinated by the Finance Department is in charge of these selection and review of the Eligible Assets based on the Eligibility Criteria outlined above. The Working Group is composed of representatives from the following areas:

- The Treasury Department
- The Asset Liability Management & Funding Department
- The ESG Department

The Working Group is responsible for:

- Reviewing and selecting the assets in line with their eligibility under this Framework
- Monitoring the compliance of the Eligible Assets with the selection and exclusion criteria established in the Framework on a semi-annual basis
- Maintaining and updating the Green, Social and Sustainability Bond Register
- Evaluating and validating the annual allocation and impact reports
- Overseeing any future updates of the Framework including the addition of new eligible categories and the alignment of the eligibility criteria with regulations and best market practices
- Overseeing the temporary use of unallocated proceeds

The Eligible Asset Portfolio for each issuance will be submitted to the Finance Committee, ESG Committee, and the Executive Committee for its final approval. The decision-making process will be documented in minutes of the meetings between the Working Group and the Finance Committee.

ICCREA's Compliance Department will monitor ESG controversies on an ongoing basis and report them directly to the Board of Directors. In case a material ESG controversy is identified, ICCREA commits to remove the asset as soon as reasonably practical.

EU Taxonomy Assessment

In January 2024, ICCREA launched an EU Taxonomy Product Catalogue, offering for the first time a set of seven new EU Taxonomy-aligned products aimed at individual and enterprise customers of the individual BCCs.

Each BCC will carry out its own evaluation of the technical documents to confirm the alignment of the loan with the EU Taxonomy requirements. The individual BCCs may be supported, within a documentation scheme already established by the Parent Company and in compliance with European regulations, by professionals trusted by ICCREA or by specialized companies that will provide an assessment of technical compliance in the pre-investigation phase and in the post-disbursement / intervention phase, in the case of renovation or energy efficiency projects.

In addition to the above, ICCREA's Structured Finance and Business Consulting Organizational Unit, which deals with financing and advisory activities for enterprises, institutional investors and public administrations, may finance EU Taxonomy-aligned renewable energy projects (project finance) and other infrastructure projects. In this case, ICCREA will rely on technical due diligence reports from third party consultants to confirm the EU Taxonomy alignment of the financed projects.

4. Management of Proceeds

The net proceeds of any Sustainable Debt Instrument under this Framework will be dedicated to Eligible Green or Social Assets directly from ICCREA or indirectly from any of the Affiliated Banks and managed by ICCREA on a portfolio basis. ICCREA will strive to maintain, over time and on a best effort basis, an aggregate amount of the Eligible Asset Portfolio that matches or exceeds the balance of net proceeds of all outstanding Sustainable Debt Instruments issued under the Framework. ICCREA intends to fully allocate the net proceeds from any Sustainable Debt Instruments within 24 months of the issuance date.

ICCREA's Finance Committee, based on the proposals submitted by the Internal Working Group, will be in charge of allocating the net proceeds from the Sustainable Debt Instruments issued under this Framework to the Eligible Asset Portfolio. The Treasury department will track the amount of net proceeds from the sale of any Green, Social, Sustainability Bonds issued under this Framework, allocated to Eligible Assets.

ICCREA has established a Register to track and record all of the Green, Social, Sustainability Debt Instruments issued under the Framework as well as the corresponding Eligible Assets. The Register includes a sub-register of Green Eligible Assets and another sub-register for Social Eligible Assets. The Register includes the following information:

- Bond details: ISIN, pricing date, maturity date, etc
- Portfolio: Eligible Category utilised; aggregated amount of Eligible Assets outstanding per Eligible Category; country, nature and maturity of the Eligible Assets allocated to the Eligible Portfolio; expected social and/or environmental benefits

Pending the full allocation to Eligible Asset Portfolio, any unallocated proceeds will be held in accordance with ICCREA's normal liquidity management, including investments in its treasury liquidity portfolio, cash, time deposits with banks or other forms of available short term and medium / long term funding sources. Unallocated funds will not be invested in the Excluded Activities outlined in this Framework.

In case of divestment or if a loan/project no longer meets the Eligibility Criteria listed above, Iccrea intends to reallocate the funds to other Eligible Assets as soon as reasonably practical, if required.

In case of the issuance of Green or Social Covered Bonds, ICCREA will ensure that Eligible Green Assets or Eligible Social Assets, respectively, within the cover pool exceed the total nominal value of the Green or Social Covered Bonds outstanding until maturity. On a semi-annual basis, the Eligible Assets are monitored to ensure the timely replacement of any loan which ceases to be an Eligible Asset, matures or is repaid.

5. Reporting

ICCREA will report annually on the allocation of the proceeds of the Sustainable Debt Instruments issued under this Framework. ICCREA will also report on an annual basis on the environmental and social impacts of the Eligible Asset Portfolio at the category level, in accordance with the portfolio approach. The allocation and impact report will be published on the Company's website. For the avoidance of doubt, this reporting commitment will cease once all Sustainable Debt Instruments have matured.

Allocation Reporting

The allocation reporting will indicatively include:

- The total amount of Green, Social, Sustainability Bond Debt Instruments outstanding
- The total amount of the Eligible Asset Portfolio, broken down per Eligible Category
- The balance of unallocated proceeds, if any, at the time of reporting
- A breakdown of the Eligible Green and Social Asset Portfolios by industry and geographies, if relevant
- The share of financing vs. refinancing

Impact Reporting

The impact reporting will indicatively include:

- A description of the Eligible Assets
- Qualitative or quantitative indicators (see below)
- Case studies

Eligible project category	Impact reporting metrics
Green Buildings	• Estimated annual GHG emissions avoided (tCO2e)
Energy efficiency	• Estimated energy savings (MWh) • # smart meters installed
Renewable energy	• Total installed renewable energy capacity (MW) • Estimated annual renewable energy generation (MWh/yr) • Estimated annual GHG emissions avoided (tCO2e)
Clean Transportation	• # of zero-emission vehicles financed • # electric vehicle charge points installed
Sustainable Water & Wastewater Management	• Annual absolute water savings (m3 or in %) • Annual absolute amount of wastewater treated, reused or avoided (m3 or in %)

Eligible project category	Impact reporting metrics
Employment Generation	• # loans granted to SMEs, with statistical overlay of the number of people employed by borrowers / SMEs
Affordable Housing	• # loans provided to social housing projects and, when available, estimated number of beneficiaries of social housing schemes
Access to Essential Services – Financial Services	• # of loans provided to first-time home buyers

Socioeconomic Advancement and Empowerment	• # loans granted to non-profit organizations and, when available, estimated number of beneficiaries of non-profit organizations • # loans extended to young entrepreneurs • # loans extended to female-owned businesses • # loans extended to students
Access to Essential Services – Healthcare & Education	• # loans granted to public hospitals, publicly supported elderly care or other health facilities • # loans granted to public educational institutions • # people served (beneficiaries) by health and education facilities

On a best effort basis, ICCREA will align its impact reporting with the core principles and recommendations outlined in ICMA's *Handbook: Harmonized Framework for Impact Reporting (June 2023)* and *Harmonised Framework for Impact Reporting for Social Bonds (June 2023)*.

6. External Review

Second Party Opinion (pre-issuance)

ICCREA has mandated S&P Global to perform an evaluation of the Framework's alignment with ICMA's Green Bond Principles 2021 (with June 2022 Appendix 1), Social Bond Principles 2023 and Sustainability Bond Guidelines 2021. The Second Party Opinion also includes an assessment on the alignment of nominated Eligible Green Assets with the Technical Screening Criteria of the EU Taxonomy for Substantial Contribution to Climate Change Mitigation. The Second Party Opinion is available on the Group's website.

External verification (post-issuance)

ICCREA intends to request external verification or limited assurance from an independent third party on the allocation of net proceeds from the Sustainable Debt Instruments issued under this Framework on an annual basis until full allocation, or in the event of significant changes in the Eligible Asset Portfolio. The post-issuance external verification report will be made publicly available on the Group's website.

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Appendix 1

Green Bond Indicators

Eligible Green Assets	Green benefits	Output reporting indicator	Indicative Impact reporting indicators	Methodologies and assumptions
Green Buildings	• Climate Change Adaptation • Climate Change mitigation •	• Environmental Certifications/EPC labels obtained (for buildings, #)	• GHG emissions avoided (tons)	• GHG Protocol
Energy Efficiency	• Climate Change mitigation •	• Energy savings in MWh (future projects: ex-ante estimation, past projects: ex-post annual measurement, where feasible)	• GHG emissions avoided (tons)	• GHG Protocol
Renewable Energy	• Climate Change mitigation •	• Installed capacity (MW) • Estimated renewable energy production (MWh, future projects) • Renewable energy produced (MWh, past and future projects, where feasible)	• GHG emissions avoided (tons)	• GHG Protocol
Clean Transportation	• Climate Change Mitigation	• # of zero-emission vehicles financed • # electric vehicle charge points installed		

Sustainable Water and Waste Management	• Sustainable Water and wastewater management • Environmentally sustainable management of living natural resources and land use	• Water Savings • Water re-used or avoided • Total Water Demand • Leakage Level • Net average energy consumption	• Volume of water (m3) saved • Amount of waste water (m3) avoided, managed and treated •	• The Water Exploitation Index Plus (WEI+) or internationally recognized tools such as WRI's Aqueduct, and the WWF's • Water Risk Filter • Leakage Level Index • GHG Protocol

Social Bond Indicators

Eligible Social Assets	Social benefits	Output reporting indicator	Indicative Impact reporting indicators	Methodologies and assumptions
Employment Generation	• Reduced unemployment	• # loans granted to SMEs	• Number of people employed by borrowers / SMEs	• Organizations' Social impact reporting tools • Report from Public bodies
Affordable Housing	• Improved access to affordable housing • Reduction in number of people experiencing poor housing and homelessness	• Number of houses constructed or renovated	• Number of residents benefitting from intervention on houses • Number of new social, affordable and shared ownership homes	• Organizations' Social impact reporting tools • Report from Public bodies
Access to Essential Services – Financial Services	• Strengthened financial inclusion	• Number of loans provided to first-time home buyers	• Number of individuals/families benefiting from house purchase	• Organizations' Social impact reporting tools • Report from Public bodies

Socioeconomic Advancement and Empowerment	• Reduced unemployment • Decrease in the number of workers exposed to job insecurity or social insecurity • Increase in access to capital for women-owned or led SMEs	• Number and type of initiatives supported • • Number of loans to young and female entrepreneurs	• Number of beneficiaries (if feasible) • Number of young/female entrepreneurs financed	• Organizations' Social impact reporting tools • Report from Public bodies
Access to Essential Services – Healthcare and Education	• Improved access to healthcare and education	• Number loans granted to public hospitals, publicly supported elder care or other health facilities • Number of loans granted to public educational institutions	• # people served (beneficiaries) by health and education facilities	• Organizations' Social impact reporting tools • Report from Public bodies

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