

ESG ASSESSMENT

Banca Etica

Italy

July 2024

Objectives

The objective of this assessment is to evaluate how sustainability and responsible practices are integrated into an organization's Environmental, Social, and Governance (ESG) dimensions.

Outcomes

This document includes all the assessment findings, as well as an ESG assessment grade.



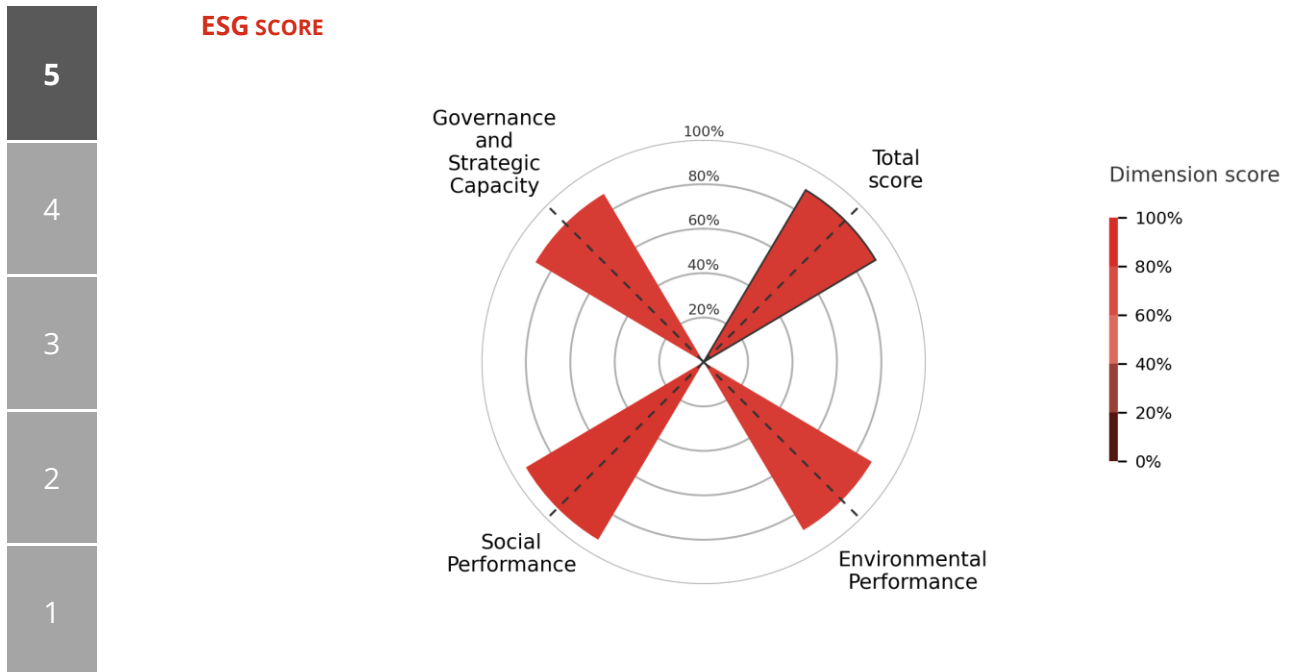
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For further information please consult: <http://advisory.eib.org/service/social-inclusive-finance-technical-assistance.htm>

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ASSESSMENT SUMMARY

GOVERNANCE

The shareholding structure is granular and stable, and all shareholders/members have equal voting rights. The BoD adequately supports management in strategic planning and provides good guidance and supervision through several Committees. Some board members have expertise in environmental and social performance, and they have received specific training on ESG. The risk management framework is strong. Tools and systems for assessing environmental and social risks at the institution level are well structured and effective. Anti-bribery procedures and a policy on conflict of interest are formalized and implemented.

SOCIAL

HR management policies and procedures are comprehensive and up to date. There is a formalized induction plan and staff are evaluated twice a year, but quantitative objective indicators are missing. Discrimination and harassment risks towards the staff are well managed through a formalized Code of Conduct and whistleblowing procedures. All employees have formal employment contracts following local labour regulations, aligned with international best practices, and health and safety risks are minimal. Client protection risk is low due to effective prevention of over-indebtedness, transparent conditions for the financial products, and strong mechanisms for data privacy and complaints resolutions. The bank quarterly monitors the direct and indirect impact of lending products and services on clients' lives and the local community.

ENVIRONMENTAL

Environmental risk management policy and tools are well structured. The scale of activities financed by the bank, and the institutional size do not expose the bank to significant direct or indirect environmental risks. The management has been able to consistently decrease the bank's ecological footprint by reducing the consumption of natural resources and GHG emissions. The bank has been continuously raising client awareness about climate change and promoting responsible practices. The bank regularly reports indicators on ESG performance and risks and has been adopting the Corporate Sustainability Reporting Directive as mandated by the EU Commission.

ANNEX 2 - SCALE**ESG Assessment Scale**

5	Excellent practices and performance related to Environmental, Social and Governance aspects. Very limited risk of negative impact on the Environment or Society.
4	Good practices and performance related to Environmental, Social and Governance aspects. Limited risk of negative impact on the Environment or Society.
3	Adequate practices and performance related to Environmental, Social and Governance aspects. Negligible risk of negative impact on the Environment or Society.
2	Moderate practices and performance related to Environmental, Social and Governance aspects. Risk of negative impact on the Environment or Society.
1	Weak practices and performance related to Environmental, Social and Governance aspects. Significant risk of negative impact on the Environment or Society.