



Sella

Green Bond Framework

December 2022



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1. Sella Group at a glance

Sella Group (“**Sella**” or the “**Group**”) is one of Italy’s largest privately owned and independent banking group. Its activities include retail and commercial banking, private banking and wealth management, corporate and investment banking, payment systems, open banking and information technology services.

The main Group companies are:

Banca Sella Holding S.p.A.: carries out management, coordination and control activities, defining strategic rules and guidelines for the development of the Group. These activities meet the need to guarantee the operation of the banking group through “sound and prudent management”, and to exercise strategic control over the evolution of the different areas of activity in which it operates, and the risks associated with the activities carried out. The Parent Company also provides outsourcing services for Group companies and directly provides business services structured into Treasury and Financial Markets, Wealth and Asset Management and Corporate & Investment Banking.

Banca Sella S.p.A.: the Group's commercial bank, with a national presence, consisting of almost 300 branches. It is recognised for its excellence, especially in customer consulting, private banking, payment systems, digital commerce and digital solutions. It was founded in 1886 in Biella under the name Gaudenzio Sella & C. Over time, Banca Sella has aggregated the Group's other commercial banks in the country. Underlying its long tradition of service and openness to customer needs is the ability to constantly renew and innovate to offer quality solutions.

The Group's corporate structure encompasses six organizational macro-units, five of which are represented by “Business Lines” while the remaining one is a “Corporate Center” in charge of management, coordination and control of the entire Group.



DESCRIPTION AND COMPOSITION OF THE BUSINESS LINES

Commercial Bank

It is responsible for traditional credit intermediation activities aimed at individuals, companies and institutions, through quality advisory, based on a high value added relationship and a highly innovative and technological offer including all main banking and financial services. The innovative payment services (Issuing and Acquiring) and Banking as a Service (BaaS) are also implemented within the Commercial Bank.

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The Business Line includes the following companies: Banca Sella, Sella Leasing, Sella Personal Credit and Nephis.

Wealth & Asset Management

It is in charge of the Group's Wealth & Asset Management activities, specialised in the identification of tailor-made solutions for customers through the implementation of an overarching professional service. The Business Line includes Banca Patrimoni Sella & C., Sella Fiduciaria, Sella SGR, Sella Ventures Partners SGR and the Trading and Correspondent Banking Services active within Banca Sella Holding.

Open Finance

Such business line oversees the creation of an open financial ecosystem and contributes to the development of innovative digital services, based on open logic and architectures. The ecosystem enables cooperation between different players in the development of Open Banking and Open Payments projects and to co-create solutions that meet the increasingly evolving needs of end customers.

Entities involved are: Fabrick, Axerve, Vipera Iberica, Vipera Mena, Codd&Date, Codd&Date Suisse, dPixel, Centrico, Centrico Selir and Sella India Software Services.

Treasury and Financial Markets

It coordinates the financial activities of the Sella Group and manages main of its assets by pursuing a sound risk management and a solid liquidity position.

The Business Line consists of the services operating in Banca Sella Holding: Sella Financial Markets, Treasury & ALM and Sella Direct Venture & Minority Stakes.

Corporate Investment Banking

It provides its customers with professional advisory services, in accordance with the best market practices, related to extraordinary finance transactions such as: acquisitions or disposals of companies, capital market exercises, in particular through private equity and private debt transactions (including minibonds) or through the structuring of leveraged financing.

The Business Line consists of the Corporate Development and Corporate & Investment Banking services within Banca Sella Holding and Banca Sella.

One Sella Corporate Center

It promotes a new cross-business way of conceiving the functions of Government and Control and supports the Group's business lines by spreading a "OneSella identity". One Sella Corporate Center aims to accelerate the evolution of the banking group in line with the Group's values and regulatory requirements.

The Group has a diversified and widespread local presence in Italy with over 300 branches as well as networks of Financial Advisors and Agents.



Sella Group operates as an open innovation ecosystem committed to sustainable growth. It fosters entrepreneurship by directly supporting startups and small businesses through Sellalab, the Group's Innovation Centre, which in 2014 originated Hype: the first Italian challenger bank.

Moreover, Sella Group established an Italian fintech community in 2017 - the Fintech District of Milan - and was the first to launch an open banking platform in Italy, namely Fabrick.

Sella team (made up of actual Group employees, Financial Advisors and Agents) counts more than 5,500 people emanating from 36 countries and equally distributed between men and women.

At the core of the Group lie the six core values of ethics, entrepreneurship, trust, openness, innovation and focus on people.

2. Sella and sustainability

Sella Group's way of doing business is guided by the acknowledgment that positive economic performances can be sound and long-lasting only if they trigger environmental and social benefits. Indeed, sustainability is becoming increasingly integrated into the Group's strategy, with the aim of translating long-term goals into practices, decisions and services.

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The sustainability plan, which is embedded in the strategic plan, has a twofold objective:

- constantly improving its social and environmental performance and ensuring a valuable and positive impact on all stakeholders;
- being the promoter of a sustainable economy system through its financial intermediation activity, supporting its customers in their transition process to an effective sustainable and enduring business model.

The Group constantly measures the impact of its environmental, social and governance performance through its "**B Impact Assessment**", which covers five different areas: environment, employees, community, governance and customers.

B Impact Assessment:



The overall outcome of such assessment coupled with several targeted activities that are enshrined in a specific multi-year action plan places the Group among the companies defined as "regenerative" (i.e. making a positive contribution).

a. What does sustainability mean for Sella Group?

Decarbonization

In 2021, the Group achieved an important environmental goal which is **carbon neutrality**. The Sella Group is among the first banking groups in Italy to have achieved "*carbon neutrality*" thanks to (i) the sustainable initiatives already implemented in recent years, (ii) the carbon mitigation plan in place and (iii) the financing of international projects (in Romania, Zimbabwe and Guatemala) for the offsetting of residual emissions in collaboration with LifeGate through the purchase of carbon credits certified by international body.

The carbon mitigation plan, which covers forecasted CO₂ emissions for the next three years, includes the following specific areas of application:

- Scope 1, emissions that are directly attributable to internal Group activities (such as consumption of gas for heating or fuel for the corporate fleet);

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- Scope 2, indirect emissions attributable to energy consumption (related to purchased electricity);
- Scope 3, referring to other indirect emissions such as GHG emissions related to the lending book, business trips, purchase of office equipment in 2020, and home-office transfers of employees from 2021.

Sella underwent a standardized assessment (BIA) to measure its ESG profile and consequently designed a new plan aimed at expanding the calculation perimeter of CO₂ emissions and defining further strategies for mitigation and offsetting of residual emissions in order to reach Net Zero.

Sella is currently considering and assessing some tools which will represent viable solutions to track and monitor GHG emissions linked to both its portfolio and lending book. In this regard, the Group started implementing some preliminary actions with the aim of setting specific portfolio decarbonization targets.

Driving people wellbeing

Sella Group is strongly committed to protecting and enhancing the individual and professional well-being of people by promoting education, diversity, inclusion, and a healthy lifestyle through specific initiatives and awareness campaigns. Moreover, the Group aims to spread a proper sustainability culture using its internal communication channels.

Sella actively contributes to the economic and social development of the communities in which it operates with specific local initiatives and engages with all the relevant stakeholders.

Sound sustainability governance

The increasing importance of ESG themes has led the Group to establish a governance structure where the lead of the Group's sustainability policies lies within the parent company Banca Sella Holding which oversees:

- definition of the Group's commitments and policies;
- structuring of subsidiaries' ESG strategy (in compliance with the guideline administered by the Parent Company);
- induction and training of the entire Sella team around sustainability issues;
- definition of sustainability targets both at the Group and subsidiaries level and calibration of those targets into individual performance evaluation and remuneration systems;
- monitoring of key non-financial indicators and reporting;
- supplier selection process by evaluating also their ESG credentials.

Since 2014, the Group has adopted a **Code of Ethics** that is deeply rooted in the Group's values. In 2003, the Board of Directors of Banca Sella Holding appointed a

Group Ethics Committee which is in charge of "defining Sella's behavioral guidelines, to ensure the observance of the agreed and widespread ethical principles; being of functional and operational support to commercially ethic and responsible business activities". The Ethics Committee carries out advisory and propositional functions. It is made up of internal members of Sella, as well as external experts.

Internal regulations in corporate governance make explicit the role of the Board of Directors, which as part of its strategic oversight functions "takes into account all risk factors, including the integration of environmental, social and governance (ESG) factors."

In 2022, Sella Group has set up a new cross-functional working group named **Green Bond Framework Commission (GBF Commission)** made up of senior members stemming from Sustainability, Group Finance and all the relevant product departments that contribute to the origination of the Green Eligible Assets (as defined later in this document). The GBF Commission will meet on an annual basis and its main activities and tasks to be performed are reported in paragraph 3. c. of this document.

Digital innovation

Sella Group has a long history of and a strong passion for innovation witnessed by a massive digitalization investment plan pursued in recent years. The Group's approach to innovation is embodied in its ability to identify and exploit opportunities stemming from technological, demographical, and social change by acting as a first mover in some specific fields.

Sella is committed to fostering the development of a future sustainable financial ecosystem, thanks to:

- its innovative platform for startups and enterprises, **Sellalab**, from which Italy's first "challenger bank", Hype, was born in 2014 (now in joint venture with illimity);
- its gateway to the Italian Fintech ecosystem, **Fintech District**, which attracts the most important national and international stakeholders. Fintech District, founded in 2017, was the first to launch an open banking platform in Italy and is the leading entity in the country in this field with **Fabrick**;
- through **Banca Sella Holding and other subsidiaries**, the Group also supports various Italian startups, funds, incubators and accelerators.

b. Commitment to the UN SDGs

The Group's commitments and long-term goals are fully in line with *sustainable development*, which is defined as "development able to meet today's needs without compromising future generations" by the United Nations (UN) into the 17 Sustainable Development Goals (so-called SDGs) of its 2030 Agenda.

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Sustainable development can only be achieved through the mutual efforts of policymakers, companies, and individuals. In this regard, Sella Group has chosen to constantly evaluate and improve its own contribution to the advancement of the 17 SDGs using “SDGs Action Manager”, the measurement tool created by the United Nations Global Compact and B Lab.

Based on such tool, the SDGs on which the Group is most able to contribute are: 1, 3, 4, 5, 8, 9, 13 and 17.



The Sella Group Non-Financial Statement was the most appreciated by consumers within the 2020 Consumer Lab's Future Respect Index.

Additionally, with reference to its 2021 Non-Financial Statement, Sella Group has been included in the Top 100 greenest and eco-friendly Italian companies by Corriere della Sera and Statista.

Finally, in 2021, Sella Group was ranked in the Top 200 Sole24Ore Sustainability Leadership ranking.

c. Green Offering

Sella is aware of the pivotal role that financial intermediaries play in supporting the energy transition by conveying capital flows toward clean energy solutions. In this regard, Sella is actively contributing to decarbonization through its Green Offering.

Moreover, the escalation of geopolitical tensions at the beginning of 2022 spotlighted the strategic need to diversify energy sources in Italy focusing primarily on wind and solar, adding further ground and incentive to accelerate the energy transition.

LENDING

- **Prestito Green:** launched in September 2020, this funding solution is dedicated to (i) interventions that improve the energy efficiency of buildings and (ii) the purchase of electric vehicles.
- **Tax Credit Superbonus, Ecobonus and Sismabonus:**
 - Superbonus and Ecobonus provide benefits for the implementation of specific actions aimed at energy efficiency (thermal insulation of external walls, replacement of winter air conditioning systems on common areas, replacement of winter air conditioning systems), and static consolidation or reduction of seismic risk of buildings. Eligible interventions also include (i) the installation of photovoltaic systems and (ii) electric vehicle charging infrastructure in buildings;
 - Sismabonus is a subsidy for actions related to the adoption of earthquake-proof measures that is granted to taxpayers (individuals and companies) who carry out works to secure their homes and production buildings, which are located in high-hazard seismic zones.

Since October 2020, the bank has made available to its customers the possibility of transferring tax credits directly online, thus facilitating access to additional liquidity without waiting for the time required for the deductibility of building interventions. In this context, the Prestito Green can also be used as a “bridge loan” to support customers during the start-up phase of energy optimisation works. When the tax credits accrue, the customer can transfer them to the bank for the total or partial extinction of the loan.

- **Mutuo Green:** Banca Sella is among the first banks to have acquired, in February 2021, the Energy Efficient Mortgage Label - EEML certification, a label for Green Mortgages, promoted by the European Mortgage Federation and ABI. This project is strongly supported by the European Commission and is part of the European initiatives for the EU Renovation Wave Strategy and the EU Green Deal. Banca Sella supports Customers who choose modern, energy-efficient properties, promoting environmental awareness and sustainable lifestyles, by zeroing out the interest portion of instalments for the first 12 months. This product is also available via App and Web Channels (end-to-end online customer journey).
- **Clean energy loan (“Finanziamento Energia Pulita”):** unsecured or mortgage loan for companies, destined to support investments for energy requalification in order to achieve improvements or new installation powered by renewable sources.
- **Green business mortgage:** a specific mortgage loan aimed to acquire or to refurbish residential and / or instrumental properties in order to achieve a virtuous energy efficiency level, according to the current regulatory framework.
- **Innovazione e Sostenibilità:** during 2021, Banca Sella launched an initiative dedicated to small and medium-sized enterprises to incentivise and support investments in innovative projects that also have a positive impact in terms of sustainability. The funding aims at supporting innovation and digital transformation through projects that meet and contribute to a concrete and positive impact on

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the 17 Sustainable Development Goals identified in the United Nations 2030 Agenda.

INVESTING

The Bank has integrated the assessment of sustainability risks into its internal processes related to investment advisory and Asset Management services, using the assessment of an external provider, namely MSCI, which is specialized in the analysis of ESG issues, according to a rating scale ranging from AAA (best) to CCC (worst). A low sustainability rating corresponds to high sustainability risk, with potential significant impacts on the value of the investment.

Sella SGR is the Asset Management company of Sella Group. Founded in 1983, it is one of the leading Italian Asset Management Companies to offer Investment Funds for retail and institutional investors.

Sella SGR provides **a full range of products and services** always looking for innovative and customized solutions: Mutual Funds, Sustainable and Responsible Investment, Pension Funds, PIR - Individual Savings Plans, Fixed Maturity Funds and Advisory for Institutional Solutions. **Sustainable Finance** is an essential part of Sella SGR's strategic positioning and behavior.

Since 2015, Sella SGR has been a member of the "Forum for Sustainable Finance", created to promote knowledge and practice of sustainable investment, to spread the integration of environmental, social and governance (ESG) criteria into products and financial processes.

Furthermore, since 2015, Sella SGR has also been a signatory of the Transparency Code, the European Code of Socially Responsible Investment Transparency promoted by EUROSIF (European Social Investment Forum).

As of 2021, ca. 25% of the Sella SGR's Asset under Management has been classified as per *Article 8* and *Article 9* under the Sustainable Finance Disclosure Regulation (SFDR).

- **Investimenti Sostenibili** (*launched on 29th March 1999*) is an impact investing mutual fund targeting sustainable investments, classified as per *Article 9* under the SFDR. It is made with the intention to generate positive, measurable, social and environmental impact alongside financial returns. The fund currently supports sustainable growth of developed and emerging economies by investing in the efficient use of natural resources and in fair access to sustainable products facilitating people's needs.
- **Investimenti Strategici ESG** (*launched on 14th April 2016*), **Investimenti Azionari Europa ESG** (*launched on 15th September 1995*), **Bond Euro Corporate ESG** (*launched on 8th March 2000*), **Bond Paesi Emergenti ESG** (*launched on 29th March*

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1999) and **Bond Strategia Corporate ESG** (launched on 6th May 2019) are investment solutions which respectively promote ESG characteristics, classified as per *Article 8* under the regulation SFDR. Through ESG integration, they aim to promote investment in sustainability-oriented instruments and issuers. Portfolio analysis, selection and composition process, combine financial analysis and integration of ESG features, with a focus on environmental and social risks, as well as adherence to corporate governance practices and considerations related to ongoing serious litigation.

- **TFS iCARE** (launched on 16th June 2020) is an investment solution created to support scientific research while promoting socially responsible investments. TFS iCARE, innovation for Care, Environment, Research and Ethics, is the thematic equity sub-fund of the Fund of Funds Top Funds Selection by Sella SGR that promotes ESG characteristics, classified as per *Article 8* under the SFDR. An innovative investment solution composed of thematic funds carefully selected by the management team of Sella SGR among the main international Asset Manager specialized in the research of companies promoting health from all points of view, from prevention to treatment, to the correct lifestyles. TFS iCARE is designed for investors looking for long-term capital appreciation by investing in the stock market with a specific focus on thematic investments inspired by ESG principles while contributing to Umberto Veronesi's Foundation through an annual donation.
- **TFS Strategia Contrarian Eurizon ESG** (launched on 28th October 2019), **TFS Active J.P. Morgan** (launched on 14th January 2013), **TFS Bilanciato Paesi Emergenti ESG** (14th January 2013), **TFS Obbligazionario Internazionale ESG** (launched on 14th January 2013) and **TFS Azionario Internazionale ESG** (launched on 14th January 2013) are sub-funds of the Top Funds Selection Fund of Funds that promote ESG characteristics, classified as *Article 8* under SFDR. Characterized by investments inspired by principles of social, environmental, and governance sustainability as well as economic sustainability, they aim to increase the value of invested capital over a medium- to long-term time horizon. Through ESG integration, such funds aim to promoting investment in sustainability-oriented instruments and issuers through third-party UCIs and ETFs.
- **Bilanciato Ambiente Cedola 2027** (launched on 20th April 2021), **Bilanciato Sostenibile 2027** (launched on 2nd December 2021), **Multiasset Infrastructure Opportunities 2027** (launched on 3rd May 2022) and **Bond Cedola 2027** (launched on 27th September 2022) are a range of target-date funds that promote ESG characteristics, classified as *Article 8* under SFDR.
- **Eurorisparmio** (launched on 29th March 1999) is the Open-ended Pension Fund established and managed by Sella SGR. It's a fund that gather savings accumulated during the working life of individuals, to be paid out as a pension when they retire at the end of their careers. The fund has five investment sub-funds that promote ESG characteristics, classified as *Article 8* under SFDR.

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- **BPSustainable** (launched on 4th August 2022) consist of four lines with increasing equity exposure, invested in ETFs and OICRs Article 8 and 9 of the SFDR Regulations. A distinctive feature of this family of lines is the thematic focus, directly embedded in the portfolio, which is able to intercept the main medium / long-term trends regarding the environmental, social and good governance sustainability of the selected investments. During the construction phase, instruments with high sustainability ratings are privileged (through the use of the provider MSCI ESG).
- **Sustainable International Bond Multimanager** (launched on 31st July 2018), **Sustainable International Equity Multimanager** (launched on 1st January 2019), **International Share Green Deal Multimanager** (launched on 28th December 2020), are a range of funds classified as Article 8 and 9 of the SFDR Regulation.

3. Sella Group Green Bond Framework

a. Rationale for a Green Bond Framework

Sella Group is advancing in its sustainability journey by acquiring a higher degree of maturity in the sustainable finance space. In this regard, the setting up of this Green Bond Framework (the "Framework") marks an important milestone that allows Sella to play an active role in tackling climate change. The Framework works as an umbrella tool that creates a link between Sella's green offering and its funding policy.

On the back of the solid ESG financing distributed by Sella Group, which accounts for a significant portion of its banking offering, green finance represents the most natural funding approach for the institution, allowing Sella to provide investors and customers with transparency on the use of proceeds and measure its contribution to climate change mitigation.

In this regard, Green Bonds issued under this Framework will finance Eligible Green Assets both already generated or envisaged within the Group business plan (as explained in this document).

Sella Group Green Bond Framework has been established according to the Green Bond Principles 2021, which are overseen by the International Capital Market Association (ICMA).

Sella Group Green Bond Framework is presented through the following key pillars:

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

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Sella Group Green Bond Framework encompasses only **Green Bonds**: any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance projects with clear environmental benefits and which are aligned with the four core components of the Green Bond Principles (GBP) administered by the ICMA.

Green Bonds can be issued by Banca Sella Holding S.p.A. or Banca Sella S.p.A. as different debt instruments, including public or private placements, senior preferred, senior non-preferred and subordinated bonds in various formats and currencies and could be dedicated to institutional or retail investors. Further details will be provided in the applicable documentation related to the specific transaction.

Sella Group aims to actively monitor the sustainable debt market and commits to periodically reviewing this Framework to ensure alignment with best market practices and other voluntary standards.

This Framework, as well as any future updates, will apply to any Green Bond issued by Sella Group as long as any such instrument is still outstanding.

b. Use of Proceeds

An amount equivalent to the net proceeds raised from the Green Bonds issued under this Framework is dedicated to financing and/or refinancing, in whole or in part, new and/or existing loans, projects and investments ("Eligible Assets") belonging to the following categories:



- Green buildings
- Renewable energy
- Energy efficiency.

The proportion of the proceeds used for refinancing will be provided in the allocation reports of the bonds.



Eligible Green Assets:

GREEN BUILDINGS	
Eligibility Criteria	Financing related to: <ol style="list-style-type: none">The acquisition of new or existing residential or commercial buildings:<ol style="list-style-type: none">with energy efficiency class A or Bwhich are aligned with current environmental regulation and belong to the top 15% in Italy in terms of most carbon-efficient buildings (kg CO₂e/sqm)The acquisition of new or existing residential or commercial buildings built after December 31st, 2020 with Primary

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	<p>Energy Demand (PED) at least 10% lower than the threshold set for the nearly zero-energy building (NZEB)</p> <ul style="list-style-type: none"> iii. Renovation projects with an improvement in energy efficiency resulting in a minimum of 30% of energy savings iv. The acquisition of tax incentives related to investments in energy efficiency renovations and improvements introduced by Italian or other EU governments, such as the Italian law decree 2020/34 (decreto rilancio) "Misure urgenti in materia di salute, sostegno al lavoro e all'economia, nonché di politiche sociali connesse all'emergenza epidemiologica da COVID-19"¹
<p>EU Environmental Objective</p>	<p>Climate Change Mitigation</p>
<p>Contribution to UN SDGs</p>	<p>11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums 11.C: Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries 13.2: Integrate climate change measures into national policies, strategies and planning</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div data-bbox="555 1205 754 1402" style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div data-bbox="994 1205 1193 1402" style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>
<p>Environmental benefits</p>	<p>To achieve energy savings through increasing the portfolio of energy efficient buildings</p>

¹ <https://www.gazzettaufficiale.it/eli/id/2020/07/18/20G00095/sg>

RENEWABLE ENERGY	
Eligibility Criteria	<p>Financings related to the acquisition, conception, construction, development and installation of infrastructures in renewable energy production units, as well as the connection of renewable energy production units to the electricity grid and the transportation through the network:</p> <ol style="list-style-type: none"> i. On- and offshore wind energy ii. Solar energy through facilities that generate no more than 15% of electricity from non-renewable sources; iii. facilities producing energy² such as biofuel preparation, pre-treatment and bio-refinery facilities (limited to facilities operating above 80% of GHG emissions-reduction in relation to the relative fossil fuel comparator) with certified first³ and second generation biomass (FSC, PEFC, SBP); iv. Geothermal facilities with direct emissions $\leq 100\text{g CO}_2\text{e/kWh}$ v. Electricity transmission and distribution infrastructure (limited to infrastructure with an average grid emission factor below the threshold value of $100\text{ gCO}_2\text{e/kWh}$ over a rolling five-year average period)
EU Environmental Objective	Climate Change Mitigation
Contribution to UN SDGs	<p>7.1: By 2030, ensure universal access to affordable, reliable and modern energy services. 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix. 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>




² with feedstocks:

- not originated from fields resulting reconverted carbon sinks (such as forests, marshy areas)
- not originated from high diversity fields (such as primary forests)
- not suitable for human consumption
- and only channeled through sustainable transport means (excessive recourse to fossil fuel transport)

³ In compliance with the Technical Screening Criteria for *Climate Change Mitigation* (economic activity 4.8)

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Environmental benefits	To reduce GHG emissions through increasing the renewable energy production
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ENERGY EFFICIENCY			
Eligibility Criteria	Financing related to the adoption of (and/or upgrades of) equipment or technology such as: <ol style="list-style-type: none"> i. Smart grids⁴ ii. District heating and cooling⁵ iii. Energy storage iv. Efficient LED lighting appliances and systems 		
EU Environmental Objective	Climate Change Mitigation		
Contribution to UN SDGs	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%; padding: 5px;">7.3: By 2030, double the global rate of improvement in energy efficiency</td> <td style="width: 30%; text-align: center; padding: 5px;">  </td> </tr> </table>	7.3: By 2030, double the global rate of improvement in energy efficiency	
7.3: By 2030, double the global rate of improvement in energy efficiency			
Environmental benefits	To achieve energy savings and GHG emissions reduction by fostering energy-efficient infrastructures		

⁴ Including (i) smart meters (ii) smart thermostat systems and (ii) Building Management Systems (BMS) and Energy Management Systems (EMS)

⁵ Limited to district heating and cooling systems using at least 50% renewable energy or 50% waste heat or 75% cogenerated heat or 50% of a combination of such energy and heat

Exclusion Criteria

To remove any doubt, financing related to the following activities are excluded from eligibility:

- Fossil-fuel energy
- Nuclear energy
- Pornography
- Gambling
- Tobacco
- Alcohol
- Animal abuse
- Weapons.

c. Process for Project Evaluation and Selection

Sella Group ensures that all Eligible Assets selected are compliant with official national and international environmental and social standards as well as local regulation, on a best effort basis.

As mentioned in paragraph 2.a, a dedicated GBF Commission has been established to review and update this Framework. The GBF Commission will also be in charge of:

- monitoring and reviewing the Eligible Assets pool
- reviewing and validating new assets/financing to be included in the categories of Eligible Assets as well as inclusion of new potential categories
- assessing, at least on a yearly basis, the impacts stemming from the activities included in the categories of Eligible Assets as well as identifying and managing potential ESG risks associated with the Eligible Assets
- monitoring, on an on-going basis, market trends related to Green Bond best practices in terms of disclosure, reporting, and harmonization
- review and approval of the allocation report
- engaging with auditors and external Second Party Opinion providers.

The process for evaluation and selection of the Eligible Assets is as follows:

- each relevant product department will evaluate from their inception whether an asset complies with Eligibility Criteria
- the GBF Commission will perform a second analysis to approve that the assets meet the relevant Eligibility Criteria
- the final decision on the allocation of the bond proceeds to the designated assets is taken by the GBF Commission.

The GBF Commission also examines twice a year the pool of assets already allocated to verify their continued compliance and absence of significant controversy. The occurrence of a potential controversy regardless of its nature can lead to retraction, temporary or permanent, of a project from the list of Eligible Assets. A new asset would then be proposed as a substitute in case the pool of Eligible Assets is lower than the amount of proceeds raised through the issuance of Green Bonds.

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Eligible Assets may be originated by any of the Group's entities, in particular by Banca Sella S.p.A. The respective legal entity of the Group will provide relevant information and perform initial selection activity on any other asset originated and potentially eligible according to this Framework.

d. Management of Proceeds

An amount equivalent to the Green Bond net proceeds will be allocated to disbursement for the portfolio of Eligible Assets. The proceeds raised through Green Bond transactions are managed on an aggregated basis (i.e. portfolio approach).

Sella Group commits to reach full allocation within three years following the Green Bond issuance. Sella Group will monitor and track the net proceeds through its internal accounting system.

Sella Group also ensures that the amount of Eligible Assets will always exceed or will at least equal the sum of the net proceeds of outstanding Green Bonds.

Pending the allocation or reallocation, as the case may be, of the net proceeds to Eligible Assets, Sella Group will invest the balance of the net proceeds - at its own discretion and in compliance with its liquidity policy as well as the Exclusion Criteria reported above - in cash or other liquid marketable instruments.

e. Reporting

In accordance with the recommendation of ICMA Green Bond Principles (GBP) 2021 (with June 2022 Appendix I) and the Harmonized Framework for Impact Reporting, Sella Group will publish, on an annual basis and until full allocation: (i) the allocation report of the proceeds raised through the bonds issued under this Framework along with (ii) an impact report of the assets financed by those bonds. Sella Group will keep its reports readily available for investors on its website www.sellagroup.eu and commits to timely make updates following any material changes that would affect the portfolio of Eligible Assets.

Allocation Reporting

Sella Group will publish an Allocation Report within approximately one year from the date of the issuance of each Green Bond and annually thereafter, at least until the full allocation of the proceeds. The Allocation Report includes:

- the total amount of Green Bonds net proceeds raised through the transactions
- the total amount of Green Bonds net proceeds allocated to Eligible Assets
- the amount of unallocated proceeds, if any
- share of financing versus refinancing
- breakdown of total amount of Eligible Assets per category
- brief description of the asset category.

Sella Group Green Bond Framework

Impact Reporting

In line with ICMA Harmonized Framework for Impact Reporting, Sella Group commits on a best effort basis to report detailed information on the expected environmental and social impacts linked to the assets financed through Green Bond.

The Impact Report will include quantitative and qualitative impact metrics such as:

Eligible Assets	Impact Metrics
Green Buildings	<ul style="list-style-type: none">• Number of environmental labels obtained or improved• Total amount of green buildings with a breakdown per EPC level
Renewable Energy	<ul style="list-style-type: none">• Expected annual renewable energy generation (MWh/year)
Energy Efficiency	<ul style="list-style-type: none">• Type and number of assets installed• Smart meters: number of installed points• Estimated energy saved (MWh)

f. External Review

Second Party Opinion

Sella Group has engaged a leading Second Opinion Provider to conduct an external review aiming at confirming the alignment of this Framework with the latest ICMA's Green Bond Principles. The Second Party Opinion will be made available on Sella Group's website www.sellagroup.eu.

External Verification

Furthermore, Sella Group will appoint an independent external auditor to perform a limited assurance of the Green Bonds reporting activity.