



ESG Sustainability at Banco BPM

Presentation for investors and analysts

August 2025



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ESG Sustainability Highlights

**Governance, Ambitions,
Strategy and Achievements**

1



ESG Sustainability Governance

INTEGRATED ESG SUSTAINABILITY GOVERNANCE: FROM THE BOARD OF DIRECTORS TO TRANSITION & SUSTAINABILITY UNIT



- Responsible for ESG strategy and policies
- It approves the Consolidated Non-Financial report

Board sub-committee which supports the BoDs on sustainability strategy, initiatives and, in coordination with IC&RC, ESG risks

ESG Management Committee (chaired by the CEO and with the two Co-General Managers as permanent members) acts the ESG strategy leveraging on ESG internal initiatives

Transition & Sustainability unit

- directly reporting to the **Co-General Manager - CFO**
- organized into two functions called "**ESG Strategy**" and "**ESG Business Advisory**"
- **coordinates** all the activities performed by internal functions

- Responsible for **ESG approaches, methodologies, metrics, KPIs** and **disclosure**
- Responsible for **supporting** business functions and Group's subsidiaries in **implementing our ESG strategy**

ESG TARGETS INCLUDED IN SHORT & LONG-TERM INCENTIVE PLANS FOR CEO & TOP MANAGEMENT SINCE 2021

- Our remuneration policy is **gender neutral**
- Within this policy:
 - ✓ variable remuneration is correlated with **strategic actions** addressing **environmental** and **human resource** management issues → ESG Targets **consistent with Strategic Plan** and **monitored at RAF level**
 - ✓ **ESG KPIs** are included also in **variable remuneration of the commercial network since 2023**

ESG Sustainability Track record

2018 - 2020

- **Internal Control and Risk Committee¹** in charge of overseeing ESG sustainability topics
- **Energy Manager & Mobility Manager** appointed
- Released the **rules for the environmental policy**, the **Workplace health and safety guidelines** and the **Guidelines on the integration of sustainable risks in the provision of investment services**
- **100% of electricity consumption from certified renewable sources**
- Extraordinary **measures for local communities and social projects in response to Covid-19 pandemic**
- **First ESG lending product** (Plafond for ESG investments)
- **ISO 45001 Occupational Health and Safety**, **ISO 50001 Energy** and **ISO 14001 Environmental** certifications obtained



2021 - 2022

2021

- Activation of the first **"ESG Action Plan"** to fully integrate ESG into our operating model
- **ESG targets** integrated within **ST & LT incentive plans** for CEO & Top Management
- **Green, Social and Sustainability Bonds Framework** published, and **first bond (social)** issued under the framework
- **Integration of lending policies and Risk Management** with ESG factors started
- **Enlarged ESG products offering and integration of ESG risk in Advisory and Wealth Management**
- 2021-2024 Strategic Plan: **ESG as key foundation stone**
- Banco BPM joined the **UNGC** and became a supporter of the **TCFD**



2022

- First **ECB Climate Stress test** performed
- **Fundraising and other support measures for people from Ukraine**, in cooperation with **Caritas**
- **Update of the Code of Ethics**
- 2022 CNFS wins **"Oscar di Bilancio"**
- **#1 Green bond issuer** among Italian banks

2023 – 2025

2023

- **Banco BPM joins the NZBA and identifies 5 priority sectors identification** (Oil & Gas, Power generation, Cement, Automotive and Coal) in March
- **New Sustainability Committee** established at Board level in April
- **Fundraising and other support measures for people from Emilia Romagna**
- **NEW GS&S Bonds Framework aligned with Taxonomy** in November
- **#2 Green bond issuer** among Italian banks in 2023
- Banco Bpm wins in 2023 the prestigious **Award for Impact Reporting** by **Environmental Finance**
- 2023-2026 Strategic Plan: **Sustainability strategy ambitions fully integrated**



2024 – Aug. 2025

- New **"Transition & Sustainability"** unit officially **started in July 2024**, directly reporting to the Co-General Manager – CFO
- **New structure within Finance department** dedicated to **sustainable funding & new structure within the IR Department** with focus also on **ESG Investors**
- **NZBA: Carbon intensity reduction targets by 2030** for **5 priority sectors** approved and published; **Transition Plans** published in May 2025
- **#1 Green bond issuer** among Italian banks in 2024
- **Update of the Strategic Plan** with ESG target extended to 2027
- **ESG RATINGS UPGRADED: ISS rating at C and MSCI at AA**



ESG Sustainability Ambitions

Included in our Strategic Plan



E

- Supporting our clients in their **transition path** through advisory and commercial offering, consistently with our **ESG Strategy**
- Confirming our strong position in **financing renewable energy projects**
- Strengthening the **C&E risk drivers' identification and treatment**
- Continuing on the path of reducing our **own energy consumptions and GHG emissions**



S

- Further enhancing our strategy for **People, Generational change** and **Women empowerment**
- Strengthening our **leadership position as third sector lender**
- Confirming as a **top Community bank** with strong **impact on our local communities** (school and education-driven)
- Improving our **customers' accessibility** (physical and technological) to the products and services offered by the bank



G

- Supporting our **Digital transformation** with a strong **Privacy & Cybersecurity management**
- Confirming the **use of ESG targets in our Short and Long-term incentive plans** for **managers & employees**
- Keep improving the **inclusion of ESG sustainability drivers** in our operating processes, ensuring consistency among businesses the Group is involved in
- Strengthening our **Risks Materiality assessment** and **Transition Plans development frameworks**

ESG Sustainability Strategy

Key initiatives and targets of our Strategic Plan



ENVIRONMENT

- **ESG Factory:** becoming a reference partner for Corporate & SME clients in their sustainable transition (**ESG Training, Advisory & Offering**)
- **Run-off in coal-based sectors** confirmed¹
- **100% of electricity supply from renewable sources** to be **maintained** throughout the Plan

	2024	TARGET 2027
Low-Carbon New M/L Term financing ²	€5.7bn	€7.0bn
Direct Energy consumption ³	486 kGJ	< 472 kGJ
Scope 1&2 direct emissions market-based ⁴	11.0 ktCO ₂ e	10.9 ktCO ₂ e



SOCIAL & GOVERNANCE

- **New training Academy** structure to uphold an **improved standard in skills development**
- Involvement of our **employees in corporate community services**
- Promoting activities to **spread financial education and ESG engagement**
- Material investments on **cyber-attack prevention**, leveraging on **Cybersecurity specialists** hirings

	2024	TARGET		2024	TARGET
Women in managerial positions ⁵	30.7%	36.0% YE 2027	ESG Training hours for Employees	#178k	#200k in 2027
New hiring for generational change ⁶	#222	#800 2025-26	New lending to third sector	€202m ⁸	€255m in 2027
Smart-Working for Employees (%) ⁷	33.8%	40.0% YE 2027	Cybersecurity Specialists hirings (% of overall IT hirings)	3%	15% 2025-27

	2024	TARGET		2024	TARGET
Issue of Green, Social & Sustainable Bonds	€1.5bn	€5.0bn 2025-27	ESG bonds issues as Joint Bookrunner/Lead Manager	€9.4bn	€19.5bn 2025-27
Share of ESG bonds in the Corporate bond proprietary portfolio (banking book) ⁹	35.0%	40.0% YE 2027	• WM & Life Bancassurance: strengthening of ESG advisory and enhancement of ESG products range in full compliance with external regulations		

Focus on Environmental Strategy

(1/4)

ESG Factory as key driver of our ESG & Net-Zero business strategy

SUPPORTING OUR CORPORATE AND SME CLIENTS IN THEIR SUSTAINABLE TRANSITION PATH THROUGH:

1. ESG TRAINING

Increase skills and awareness on sustainability and “E” matters

- **ESG training to our corporate & SME customers: workshops and educational initiatives** for both clients and prospects → ~ **3,100 ESG training hours to enterprises in the 2023-2024 period**
- Increase the number of **ESG-skilled Relationship Managers**
- Provide clients with **support for ESG self-assessment**

2. ESG ADVISORY

Identification of needs and solutions

- Full rollout of our **ESG diagnostic tool** (ESG questionnaire) for ESG integration into **credit policies, accompanying customers in their green transition journey** → since 2023 the questionnaire is **mandatory** for **Large Corporate** and/or for counterparts operating in **High/Very High Transition Risk sectors**¹, in sectors considered as **priority**² and for those corporates with a **Non-Financial Statement/ Sustainability report**
- **Gap analysis** and **ESG advisory** for corporate & SME customers
- **Partnerships** with an ecosystem of **ESG solutions providers**

3. ESG OFFERING

Support for operating model sustainable transformation

- **Sustainable finance:** suite of sustainable products, including taxonomy-aligned solution aimed at financing specific initiatives
- **Physical risk assessment and offering of protection solutions**

**ESG FACTORY'S MILESTONES ARE SET TO SUPPORT
OUR NET-ZERO STRATEGY**

Focus on Environmental Strategy

(2/4)

Net-Zero Banking Alliance



EMISSION INTENSITY REDUCTION FOR THE MOST CARBON INTENSIVE SECTORS FOR BBPM:

- Targets for 2030 approved in August 2024
- **Status at YE 2024 published in May 2025**

TARGETS IN TERMS OF CARBON INTENSITY REDUCTION BY 2030
FOR 5 PRIORITY SECTORS¹



Representing ~70% of the overall financed emissions of
the high-intensity emission sectors identified by NZBA

Sector	Metric	STARTING POINT (31/12/2022)	ACTUAL (31/12/24)	TARGET FOR 2030	TARGETED REDUCTION FROM STARTING POINT
AUTOMOTIVE² (Scope 1, 2 & 3)	Million tons of CO ₂ e per billion passenger-kilometres travelled by vehicles sold	0.45	0.45	0.24	-48%
CEMENT (Scope 1 & 2)	Tons of CO ₂ e per ton of cement products	0.50	0.45	0.39	-23%
OIL & GAS (Scope 1, 2 & 3)	Grams of CO ₂ e per megajoule of oil product/natural gas produced or distributed	60.72	59.8	52.47	-14%
POWER GENERATION (Scope 1 & 2)	Tons of CO ₂ e per megawatt-hour of energy produced	0.17	0.12	0.07	-56%
COAL	RUN OFF OF THE EXPOSURE BY 2026				

METHODOLOGY APPLIED

- **Physical Weighted Average Carbon Intensity at sectoral level**
→ single debtor emission out of typical sectoral output weighted by drawn amount
- Projections based on **top standard scenarios (International Energy Agency)**

N.B. Targets set for 2030 could be updated due to i) the evolution in the methodology for emissions quantification purposes, ii) any updates requested by NZBA, iii) material changes in projections elaborated by International Energy Agency and iv) new guidelines on such a matter

Data based on Emission Intensity

Focus on Environmental Strategy

(3/4)

Net-Zero Banking Alliance



TRANSITION PLANS PUBLISHED IN MAY 2025:

- the plans outline the **short-term actions** already in place and the **medium-long term actions** that may need to be activated to **achieve the targets**

Banco BPM's business strategy includes targets to achieve Net-Zero by 2050, in line with the EU Green Deal

FOUNDATIONS OF THE TRANSITION PLANS

Scope	IMPLEMENTATION STRATEGY	ENGAGEMENT STRATEGY	METRICS & TARGETS	GOVERNANCE
	Processes, products and services	Stakeholder involvement	Metrics & Targets	ESG Roles, Responsibilities and Culture
Key Actions	<u>Sustainability-Linked Loan Financing</u> <u>Project Financing</u>	<u>Fostering the ESG culture</u>	<u>Identification of metrics and monitoring of targets</u>	<u>Assignment of specific roles and responsibilities and use in processes</u>
Description	Banco BPM's Net-Zero strategy , reflected in its main business processes, is based on the development of a commercial proposal and investment decisions that are able to fully meet the needs of customers who have to decarbonise their production processes and improve the efficiency of their energy consumption , thereby contributing to the decarbonisation of Banco BPM's loan and securities portfolios	Banco BPM has created a specific initiative (ESG Factory) which, with the support of the ESG Business Advisory structure, deals with involving the Group's main stakeholders (customers, suppliers, employees, etc.) with training courses aimed at spreading the ESG culture, also through specific agreements with qualified partners	Within the NZBA, Banco BPM has created a specific internal programme aimed at identifying the metrics that, for each of the most emissive sectors, best summarise the progress made by its customers to achieve emission levels consistent with the EU Green Deal. The path towards the achievement of the intermediate targets to 2030 is monitored monthly , with automated reports	Corporate bodies and functions actively participate in the implementation of strategy and of operational levers , aimed at achieving the identified targets. To this end, all the main governance processes (Strategic Plan, RAF, Credit Policies, Budget, Remuneration Policies) have been developed coherently

Focus on Environmental Strategy

(4/4)

Growing offering of “Green” loan products

FINALISED LOANS

SLL

Green Taxonomy Loan

- Loan aimed at supporting clients' investments to increase the alignment of their economic activities with EU Taxonomy criteria
- Subject to a due diligence of the "green" project by an independent third party with expertise on ESG issues in order to assess the correspondence with the regulatory principles set forth in the EU Taxonomy

Loans with Green Transition Target

- Loan that enables companies to implement their "low carbon" investment plans, in line with EU environmental objectives
- Summary report by the client regarding the green project for which the financing is requested, with an objective that can be traced to one of those included in the EU Taxonomy

Loans with SACE Guarantee

- Loan with public guarantee from SACE (after verification of the "green" purpose requirements)

Loans for “Beni Strumentali - Nuova Sabatini”

- Subsidised Loans for companies (SMEs) that want to move towards a low-carbon economy (improving the eco-sustainability of products/processes production)

Financing energy production and efficiency

- Specific financial solutions to support SMEs for investment projects in energy production plants from renewable sources
- Financial solutions to support companies in the process towards an efficient, sustainable and renewable energy model

We offer also Leasing for RES plants in partnership with Alba Leasing

Green Residential Mortgages

- Initiatives for high-efficiency property buyers with a discount on mortgage conditions.
- Mortgages for purchase, construction or renovation with green factor¹: a clause that allows for a 10 bps saving on the contracted rate and that can be activated throughout the life of the loan provided that:
 - a reduction in consumption of at least 30% is achieved or
 - the energy rating of the home is improved by two classes

HOUSEHOLDS

We offer also a Green Consumer Finance product in partnership with Agos Ducato

LIVE AT THE BEGINNING OF 2025

Sustainability Linked Loans

- Sustainability Linked Loans granted to corporate with KSI ESG (if chosen “E” KSI)

ENTERPRISES AND CORPORATE CLIENTS

Financial Inclusion initiatives

FINANCE TO THIRD SECTOR

- **Ad hoc organizational structures, products, services and expertise** developed for **no-profit clients**
- The funding provided is aimed at **supporting both short-term needs and specific investment projects, many with ESG connotations**

SUBSIDISED FINANCE

- **Loans for SMEs** assisted by the **Guarantee Fund for Small and Medium-Sized Enterprises (FGPMI)**

FINANCIAL SOLUTIONS FOR YOUNG PEOPLE & STUDENTS

- **Mortgages** for people **<36 years** with dedicated terms and conditions, assisted by **CONSAP guarantee**
- **Loans for helping students** to realize their educational projects, assisted by **CONSAP guarantee**

CLIENTS AFFECTED BY CALAMITOUS EVENTS

Measures aimed at **supporting individuals or enterprises damaged by calamitous events**:

- **Suspension of the installments** of mortgages and loans
- **Plafonds** dedicated to supporting local territories affected adversely by natural disasters (Households and Enterprises and Corporate clients)

WOMEN

Measures aimed at **supporting women victims of violence** and in **temporary economic difficulty**:

- **Suspension of the payment** of the principal amount for mortgages and loans for up to 18 months

ANTI-USURY

Financial support, in cooperation with various foundations and anti-usury associations, **to prevent usury cases of families in serious debt situations** by facilitating their access to bank credit

Sustainability ESG Update – Key results in H1 2025

Sustainability ESG KPIs



- **NEW HIRINGS FOR GENERATIONAL CHANGE: #294** in H1 2025 (vs. #222 in FY 2024)



In H1 2025

- First Italian Social Bond issued in 2025 (€500m in Jan.)
- First Social Covered Bond issued by the Group (€750m in Feb.)



Main Sustainability ESG Achievements



▪ NZBA:

- publication of the **status of achievement** as of 31/12/24 of our **decarbonization targets on most carbon intensive sectors** (May 2025)
- publication of the **Transition Plans: short-term actions** already in place and **medium-long term actions** to be activated to **achieve the targets** (May 2025)

▪ FURTHER IMPROVEMENT OF ESG ANALYSIS WITHIN LENDING POLICIES:

Analysis of the transition plans of the companies belonging to NZBA sectors (based on their Sustainability Reports), compared to the Bank's NZBA targets

▪ SIGNIFICANT UPGRADES IN ESG RATINGS:



- **MSCI ESG Rating upgraded** from A to AA in March 2025⁴



- **ISS Corporate Rating upgraded** from C- to C (Prime Status) in January 2025

- Transparency Level improved from 'High' to 'Very High'

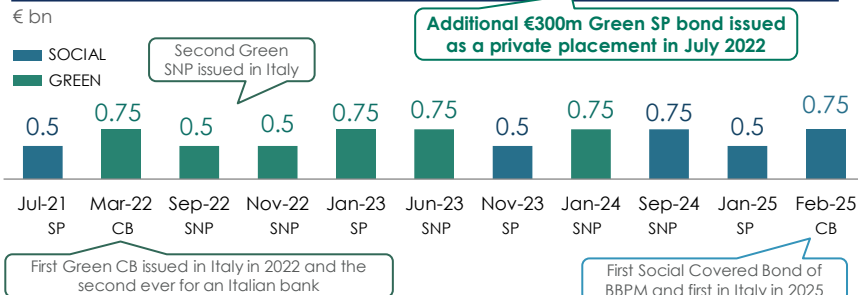
▪ FIRST SUSTAINABILITY STATEMENT PUBLISHED IN MARCH 2025

- **FIRST PAI (PRINCIPAL ADVERSE IMPACT) STATEMENT PUBLISHED BY BANCA ALETTI IN JUNE 2025**

Focus on Green, Social & Sustainability Bonds

FUNDING: €7.3bn Social & Green bonds issued since 2021

SOCIAL & GREEN BONDS ISSUED UNDER THE GS&S BONDS FRAMEWORK @ €7BN



Banco BPM Green bond issuer among Italian banks #1 in 2022 and #2 in 2023 and #1 in 2024

NEW GS&S BONDS FRAMEWORK ALIGNED WITH TAXONOMY RELEASED IN NOV. 2023

- The new Framework, that updates the inaugural July 2021 Framework, is **aligned with best market practices¹**, cover a broader range of activities and include EU taxonomy alignment for some eligible assets²

#3 GREEN, SOCIAL AND SUSTAINABILITY BOND REPORTS RELEASED SINCE 2022

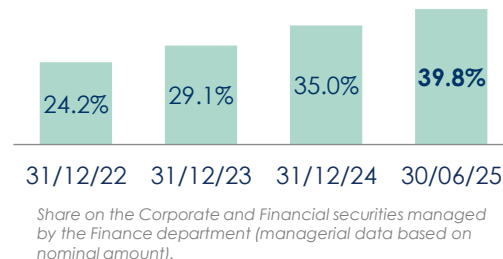


USE OF PROCEEDS:

- Social SNP&SP Bonds and Covered Bonds:** refinancing existing **Eligible Social Loans** as defined in the GS&S Bonds Framework (such as SME loans guaranteed by the State granted in response to the Covid-19 pandemic, loans granted to SMEs in low GDP areas and residential mortgages to disadvantaged people)
- Green SNP&SP Bonds and Covered Bonds:** refinancing existing **Eligible Green Loans** as defined in the GS&S Bonds Framework (such as green residential mortgages and loans for renewable energy). Refinancing a portfolio of green mortgages granted to households for the purchase of energy efficient houses as defined in the GS&S Bonds Framework.

INVESTMENTS: Increase in ESG Corporate bonds

ESG CORPORATE BONDS IN THE PROPRIETARY PORTFOLIO



ESG CORPORATE BONDS MORE THAN DOUBLED SINCE YE 2022

See Appendix 3 for details on our Green, Social and Sustainability Bonds Framework

ESG Sustainability Highlights

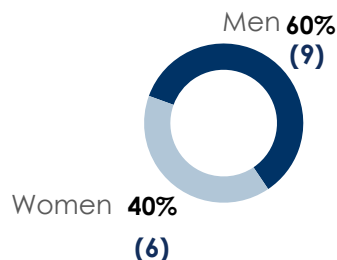
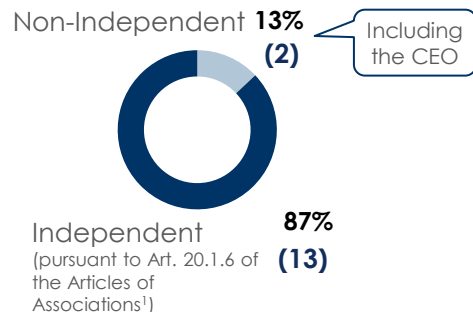
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Corporate Bodies and
Key Policies



Composition of the main Corporate Bodies

COMPOSITION OF THE BOD: 15 MEMBERS



Composition of the 5 Board Sub-Committees

Board Sub-Committees	Internal Control and Risk	Remuneration	Appointments	Related Parties	Sustainability
No. of Directors	5	3	3	3	3
o/w Non-executive	5	3	3	3	3
o/w Independent¹	5	2	3	3	3
o/w Women	1	1	2	2	2
o/w Men	4	2	1	1	1

DIRECTORS DIVIDED BY AREA OF EXPERTISE	#
ESG/social and environmental sustainability	10
Financial and/or banking markets	15
Banking and financial activities and products	13
Domestic and international economic & financial system, trends and prospects of banking, financial and insurance sectors	15
Internal control systems and other operational mechanisms	11
Risk management	13
Accounting and financial reporting	15
Guidance and strategic planning	14
Information technology	5
Regulation in the banking, financial and insurance sector	15
Organisational and corporate governance structures	15
Human resources and remuneration systems and policies	9

BoDs ESG activities in 2024

- **41 ESG** topics covered in **20** meetings

Board of Statutory Auditors

Composition of the Board of Statutory Auditors	
No. of Directors	8
o/w <i>Standing</i>	5
o/w <i>Alternate</i>	3
Women	50%
Independent¹	100%

Key Policies and Business Conduct data

OUR POLICIES

GOVERNANCE AND BUSINESS CONDUCT

(All documents published on Banco BPM's website)

1. Articles of Association
2. Code of ethics
3. Organisational, management and control model pursuant to Italian legislative decree 231/01
4. Code of Corporate Governance and Reports on Corporate Governance and Ownership structure
5. Anti-corruption regulation
6. Anti-money laundering regulation
7. Regulation and procedures governing related party transactions
8. Regulation on Internal Dealing
9. Regulation on the management of Inside Information
10. Remuneration Policy
11. Shareholder-Director Engagement Policy
12. Regulation on tax management
13. Whistleblowing Statement

Key Business Conduct data in 2024

ANTI-CORRUPTION

66,135
Training
hours

for
18,093
Employees

0 dismissals related to
corruption events

ANTI-MONEY LAUNDERING

57,466
Training
hours

for
12,157
Employees

ENVIRONMENT, HEALTH & SAFETY and HUMAN RIGHTS

(All documents published on Banco BPM's website)

1. Guidelines regarding the management of environmental and energy issues and the fight against climate change
2. Guidelines on workplace health and safety
3. Guidelines on respecting and safeguarding human rights

BUSINESS

1. Lending policies integrated with ESG factors
2. Guidelines on operations in the sector of weapon materials and systems (published on Banco BPM's website)
3. Guidelines on the integration of sustainability risks in the provision of investment services (published on Banco BPM's website)
4. Green Social & Sustainability Bonds Framework (published on Banco BPM's website)
5. Guidelines on the integration of sustainability factors into the proprietary portfolio investment strategies (published on Banco BPM's website)

PRIVACY, DATA GOVERNANCE, IT & BUSINESS CONTINUITY

1. Cybersecurity and Privacy Statement (published on Banco BPM's website)
2. Regulation on information security - in line with PSD2 ¹
3. Regulations on ICT Risk and Security - in line with Bol Circular No. 285
4. Regulations on privacy, processing and protection of personal data
5. Business continuity plan and related regulations
6. Guidelines on IT incident management
7. Methodological manuals on cyber risk analysis
8. Process standards on: business impact analysis and cyber risk management; IT fraud prevention and management; security incident management and data breach; management of digital certificates

Remuneration Policy

ESG Targets included in STI and LTI plans

SHORT-TERM INCENTIVE PLAN

- Between 40% and 60% deferred
- $\geq 50\%$ payable in ordinary shares

ESG KPIs of the 2025 STI

- Low-carbon new M/LT financing
- Share of ESG Corporate Bonds in own proprietary portfolio
- **Qualitative Sustainability KPIs** linked to NZBA, CSRD, operational & reputational risk, risk culture and promotion of values coherent with corporate culture
- ESG KPIs related to the area of responsibility or to activities carried out in relation to the position + Qualitative performance, also linked to Sustainability
- ESG-related KPI (e.g. those associated with the annual performance on the ESG targets of the Strategic Plan) + Qualitative performance, also linked to Sustainability

- ESG KPIs included also in the variable remuneration of the network and of the Corporate & Enterprise commercial functions
- ECAP Reputational risk indicator considered for all employees

ESG
weighting:
20% of
the overall
scorecard

CEO

Managers with
control duties

Managers without
control duties

~ 150
Top
Managers
involved

At least 10%
of the
overall
scorecard

LONG-TERM INCENTIVE PLANS

- 40% upfront and 60% deferred
- 100% payable in ordinary shares

ESG KPIs of the 2024-2026 LTI

- a) Increase of women in managerial positions at YE 2026 vs. YE 2023 (Floor +15% / Cap +20%)
- b) Overall issues of Green, Social & Sustainable bonds in 2024-2026 (Floor €3.75bn / Cap €5bn)

ESG KPIs of the 2025-2027 LTI

- a) Increase of women in managerial positions at YE 2027 vs. YE 2024 (Floor +11% / Cap +17%)
- b) Overall issues of Green, Social & Sustainable bonds in 2025-2027 (Floor €3.75bn / Cap €5bn)

ESG
weighting:
15% of the
overall
scorecard

CEO &
Managers

~ 85
Top
Managers
involved

- Variable Remuneration limit of 2:1 for the ratio between the variable and fixed component of the remuneration for selected positions (incl. CEO)

ESG QUANTITATIVE TARGETS CONSISTENT WITH STRATEGIC PLAN AND MONITORED AT RAF LEVEL

Annex 1

2024 Key ESG Results:

- Clients & Business
- Risks & Credit
- Own Environmental Impact
- People
- Community



Key Sustainability ESG results in 2024 in a nutshell



ENVIRONMENT

- **Low-Carbon New M/L Term financing: €5.7bn** in 2024 (vs. €5bn FY 2024 target)¹
- **NZBA**: targets approved in terms of intensity emission reduction by 2030 for 5 priority sectors²
- Use of an internally developed **rating “Climate”** for **risk assessment** and **provisioning purposes**
- **Scope 1&2 direct emissions** market-based confirmed below 11K tCO₂e³

	2023	2024
Direct Energy consumption⁴	498K GJ	486K GJ



SOCIAL & GOVERNANCE

	2023	2024
Women in managerial positions⁵	29.7%	30.7%
New young hiring⁶	#123	#133
ESG Training hours for Employees	~ #164K	~ #178K
New lending to third sector	€169m	€202m ⁷
Donations and contributions for S & E projects	€5.8m	€6.3m
ESG Training hours for companies (ESG factory)	~ #1.3K	~ #1.8K

- **New “Transition & Sustainability” unit** officially started in July 2024, **directly reporting to the Co-General Manager – CFO**; furthermore, **new structure** within Finance department dedicated to **sustainable funding**
- **PAI indicators** included into the **“Guidelines on the integration of sustainability factors in the provision of investment services”**
- **“Policy on the integration of sustainability factors in the provision of investment services”** approved also for our subsidiary **Banco BPM Invest SGR**

	2023	2024
Issue of Green, Social & Sustainable Bonds	€2.0bn	€1.5bn
Share of ESG bonds in the Corporate bond proprietary portfolio (banking book)⁸	29.1%	35.0%

- **2024 GSS Bonds Impact Reporting** released in July
- **“Guidelines on the integration of sustainability factors into the proprietary portfolio investment strategies”** approved

Our ESG focus areas



E



S



G

1

CLIENTS & BUSINESS

- Material support to Italian economy, thanks to a business model focused on Households & SMEs
- Concrete achievements in the ESG integration into our commercial activity and business model
- Development of digital banking supported by strong safeguard of Business Continuity, Cybersecurity and Privacy



2

RISKS & CREDIT

- ESG-oriented lending policies
- Progress in the integration of ESG risk drivers into Risk Management Framework

3

OWN ENVIRONMENTAL IMPACT



4

PEOPLE



5

COMMUNITY

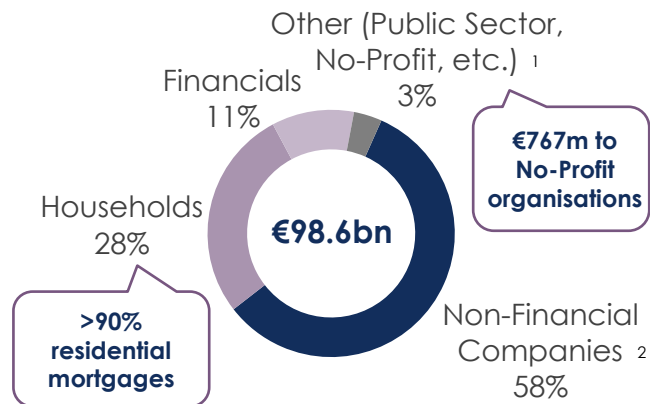
- Sustainable development of local territory



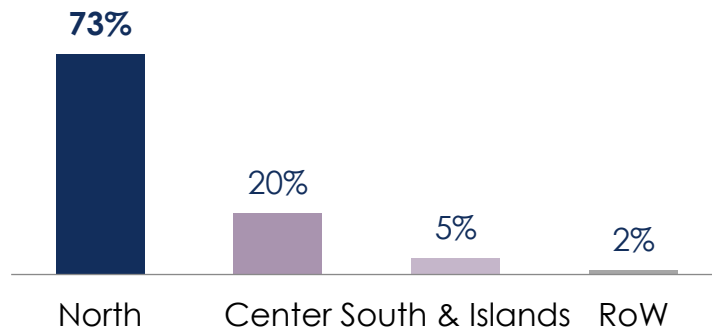
1

Material support to Italian economy thanks to a business model focused on Households & SMEs

Performing customer loans
as at 31/12/2024 (GBV)



Geographic breakdown



€21.5bn New Lending to Italian economy in 2024



1

Concrete achievements in the ESG integration into our commercial and business model: Credit & Wealth Management

CREDIT



**€11.2BN LOW CARBON NEW
M/L TERM FINANCING IN 2023-2024¹**

- o/w **€5.7bn** in 2024



- o/w **€317m** Residential
Mortgages



**€371M NEW LENDING TO
THIRD SECTOR IN 2022-2024**

o/w: **€202m** in 2024²

WEALTH MANAGEMENT

GUIDELINES FOR SUSTAINABILITY RISK INTEGRATION IN THE PROVISION OF INVESTMENT SERVICES:

- Collection of client's Sustainability preferences
- In-house ESG Due Diligence of products manufacturers
- Proprietary ESG Product Classification Model
- Verification of coherence between client's sustainability preferences and ESG characteristic of product
- Some ESG metrics included in the information report for clients
- Integration of PAIs on sustainability factors into investment decisions
- Launch of Art.8 Discretionary Mandates in 2025



Managerial figures

1

Concrete achievements in the ESG integration into our commercial and business model: Finance & CIB

FUNDING



**ISSUED €2.25BN GREEN BONDS
IN 2023-2024**

- o/w **€750m** in 2024



**ISSUED €1.25BN SOCIAL BOND
IN 2023-2024**

- o/w **€750m** in 2024

**ELIGIBLE
PORTFOLIOS
AT YE 2024**

Eligible
Social
Loans
41%



Eligible
Green Loans
59%

€bn

PROPRIETARY PORTFOLIO



**35.0% SHARE OF ESG BONDS IN THE CORPORATE BOND
PROPRIETARY PORTFOLIO (BANKING BOOK) AT YE 2024¹**
(VS. 29.1% AT YE 2023)

CIB



**€17.5BN ESG BOND ISSUES
ASSISTED BY BANCA AKROS
IN 2023-2024**

- o/w **€9.4bn** in 2024

In 2024, Banca Akros participated, as **joint bookrunner** or **joint lead manager**, in the placement of **13 ESG bond issues** of its corporate clients, including those issued by Banco BPM



Managerial figures

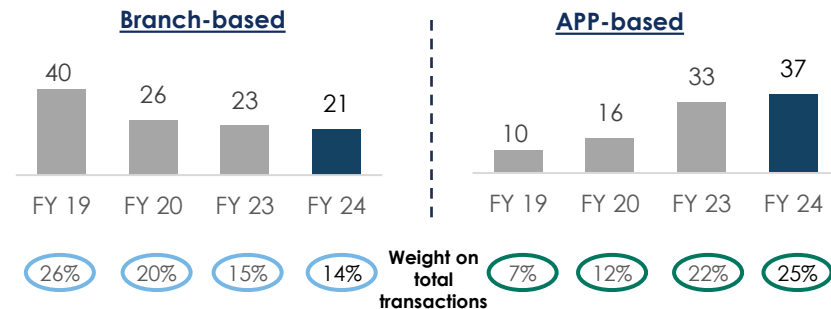
Successfully continuing our digitalization path

MAIN ACHIEVEMENTS IN 2024

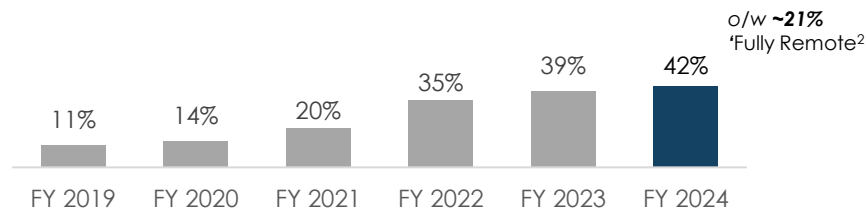
- Wider **digitalized customer base**: >1.6m individual customers with Digital Identity (2/3 of active customers) and >45% of Small Business customers with APP Mobile
- Increased product range available for **digital sales** (e.g. time deposits and personal loans on mobile APP)
- Enhanced **digital platforms** with expanded web banking capabilities; development already underway for a **new SME-focused web banking solution**
- More flexible **digital onboarding capability** (24% of overall acquired clients) thanks to BBPM and Webank different and distinctive market position
- Stronger and more effective **Digital Branch** contribution to retail sales (almost 5%, including 23,000 direct sales and 65,000 indirect sales¹), with growing **focus on business clients** (>41% of Digital Branch commercial effort)

DIGITAL BANKING KPIs

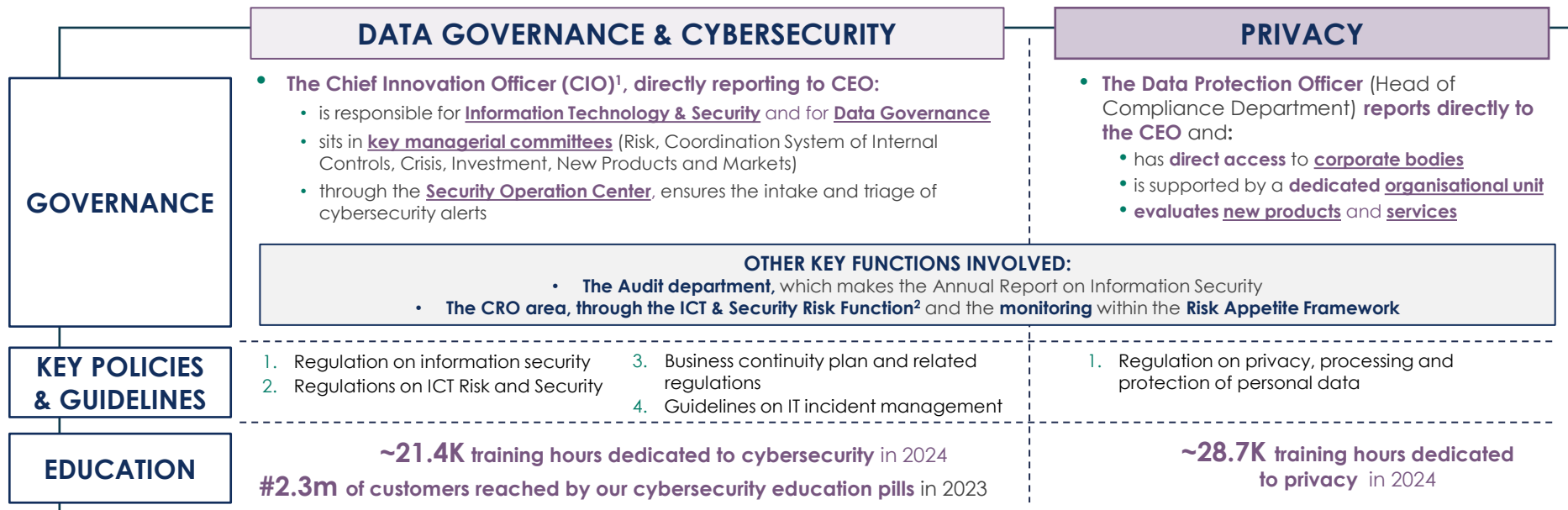
BRANCH AND APP-BASED TRANSACTIONS (M)



% OMNICHANNEL SALES¹



1 Cybersecurity and Privacy



PARTNERSHIPS:

- CERTFin³
- OF2CEN⁴
- EU Payment Council⁵

CERTIFICATIONS:

- **ISO 27001** issued for the provision of the Digital Preservation service
- **Information system** compliant with **EU & IT mandatory standards**, but also with key **external accreditations (PCI-DSS, SWIFT CSP, etc.)**

ASSESSMENTS:

- **Security Plan** internally assessed on a regular basis, in line with the **NIST Cybersecurity Framework**
- **Data Protection Impact Assessment** carried out whenever required
- **Information system** periodically **audited by the Audit department** (including logical security aspects), via on-site audits conducted by **senior ICT auditors**

ESG-oriented lending policies since 2022

1. EVALUATION OF ESG AND CLIMATE CHANGE RISK DRIVERS (ESG ANALYSIS) INTEGRATED WITHIN LENDING POLICIES BY MEANS OF:

- **Transition risk analysis:** based on the sector of the debtor
- **Physical risk analysis** base on the geolocation of productive assets and collaterals
- **ESG Questionnaire** → **quali-quantitative diagnostic tool** (differentiated on the basis of the size of the company) aimed at evaluating the ESG profile of a **debtor**

THE RESULTING ESG SCORE IS CONSIDERED WITHIN THE OVERALL CREDIT POLICY STRATEGY

2. SPECIFIC CREDIT STRATEGIES FOR NZBA PRIORITY SECTORS¹
3. RUN-OFF FOR COAL-RELATED SECTORS STRONGLY AFFECTED BY CLIMATE TRANSITION
4. SPECIFIC APPROACH FOR CONSTRUCTION AND REAL ESTATE SECTORS TO EVALUATE THE ENVIRONMENTAL SUSTAINABILITY OF A SPECIFIC ASSETS (e.g. considering the energy efficiency class of the asset)
5. TRANSITION-FINALISED TRANSACTIONS, FOR SUPPORTING SPECIFIC INVESTMENTS

KEY ELEMENTS OF THE ESG QUESTIONNAIRE

- ✓ Collection of **quantitative ESG data** of the company
- ✓ Assessment of sustainability elements that can contribute to **mitigate the ESG risks**, leveraging on questions about:
 - the Transition path of the client (e.g. emission reduction plans & targets)
 - the presence of mitigating factors for Physical risk (presence of a business continuity plan and/or of insurance policies)
 - specific Social and Governance aspects (existence of any pending litigations and/or litigations with negative outcomes concerning "S" & "G" matters)



FURTHER UPGRADE

- **In 2024 ESG Analysis integrated into the Financial Sustainability Assessment** (evaluation of the ability to financially support the investments for de-carbonization and use of a tool for assessing prospective KRIs)
- **In 2025, the analysis of the transition plans of the companies belonging to NZBA priority sectors** (based on their Sustainability Reports), compared to the Bank's NZBA targets, has been integrated

Progress in the integration of ESG into Risk Management

RISK IDENTIFICATION

- Climate-related & Environmental risks
- Governance & Social sustainability risk¹

TRANSITION RISK IMPACTS IDENTIFIED: Legislative, Technological, Market-related and Reputational
PHYSICAL RISK IMPACTS IDENTIFIED: Acute and Chronic and related sub-risks

TIME HORIZONS IDENTIFIED:
 Short Term: up to 1Y
 Mid Term: up to 3-5Y
 Long Term >5Y

IDENTIFIED IMPACTS ON BUSINESS MODEL, COMPETITIVE FRAMEWORK, TARGETS & STRATEGY

Risk Appetite Framework

- Integration of ESG risks within RAF since 2021
- 2024 RAF ESG indicators evolved, in line with the targets of the Strategic Plan
- New “ESG Specific” area included in 2025 RAF framework for monitoring the short-to-medium term ESG KPI/KRI linked to the Strategic Plan and the longer-term targets linked to NZBA

ICLAAP

- Climate scenarios identified and sensitivity analysis already included in ICAAP and ILAAP frameworks
- The comprehensive process of integrating climate-related risk drivers into capital & liquidity adequacy assessments has been further tightened and completed in 2024

Credit risk

- “C&E” risk scoring calculated for Credit Risk purposes, considering: sectorial information, geographic data and additional info provided by clients
- Integration of Climate risks in the main processes of credit risk quantification (IFRS 9 and ICAAP):
 - New Satellite Models to incorporate the use of financial KPIs to estimate the effects on risk exposure
 - Definition of a framework aimed at including climate risks in internal ratings for managerial purposes

Other risks

- Climate-related risk potential impacts are also evaluated in the Market, Operational and Liquidity risk frameworks
- Inclusion of ESG risks also in the Reputational², Strategic, Real Estate and Equity risk frameworks
- New ICT & Security Risk Function created in July 2023 within the Enterprise Risk Management Area

Starting from 2024, use of an internally developed rating “Climate” for risk assessment and provisioning purposes



Keep on reducing our own impact

KEY FIGURES

Energy consumption (GJ in '000)	2022	2023	2024	% Chg. vs. 2022	% Chg. vs. 2023
Of natural gas, diesel oil and gasoline ¹	148.6	129.0	128.3	-13.6%	-0.5%
Of electric energy	355.6	320.7	308.7	-13.2%	-3.7%
o/w: from renewable sources	100%	100%	100%		
Other ²	58.3	48.7	48.9	-16.1%	0.4%
TOTAL³	562.5	498.4	486.0	-13.6%	-2.5%

100%

Consumptions³ of
electric energy from
renewable sources
since 2020

Corresponding to **135K MWh**
(**221.9K MWh including properties
owned by the Group and leased
to third parties**)⁴

GHG emissions (T Co2 Eq. in '000)	2022	2023	2024	% Chg. vs. 2022	% Chg. vs. 2023
Scope 1	11.5	10.6	10.5	-8.3%	-0.7%
Scope 2 Market- Based	3.4	2.9	3.0	-12.5%	2.6%
TOTAL GROSS EMISSIONS³	14.9	13.5	13.5	-9.2%	0.0%

HFC gas leaks included

**Avoided
emissions for
~26,000**

tons of Co2 eq. in
2024 thanks to
electric energy from
renewable sources

Corresponding to:

- **16.8K** TCo2e of Scope 1 emissions
- **25.4K** TCo2e of Scope 2 Market-based, including properties owned by the Group and leased to third parties⁴

OTHER 2024 ACHIEVEMENTS:

- Maintenance of the **ISO Environmental, Energy and Occupational Health and Safety certifications (ISO 14001, ISO 50001 and ISO 45001)**



Composition, gender diversity and focus on young hires

KEY FIGURES

GROUP EMPLOYEES	2022	2023	2024
Total employees	20,156	19,761	19,490
of which women	46%	46%	47%
Part-time employees	3,408	3,357	3,335
of which women	93%	94%	93%

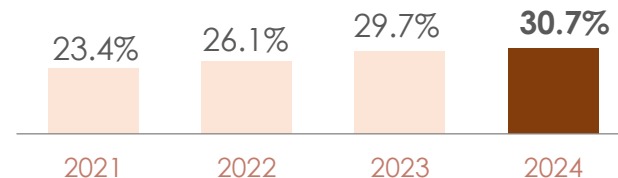
- **99%** of employees with **permanent contracts**
- **~100%** employees covered by workers' representatives

PAY GAP @ 16.6% (raw gap)²

Considering the implications of EU Directive 2023/970 on pay transparency, Banco BPM has defined a process for establishing and measuring Equal Pay for Equal Work, based on a new skills-based professional architecture.

WOMEN DEVELOPMENT & GENERATIONAL CHANGE

Evolution of share of Women in managerial positions¹



#222
New hiring for
generational
change³

2.7%
exit turnover rate
(vs. 3.4% in 2023)



TRAINING & PEOPLE DEVELOPMENT PROGRAMS

#140,319
Days of training
for employees

KEY TRAINING AREAS

- Inclusion and professional growth of young people;
- Programmes aimed at spreading a leadership style based on trust, respect and cooperation;
- Training by business segment to increase customisation and effectiveness
- Support for all internal initiatives in the field of ESG, Digital, Privacy & Cybersecurity.

KEY DEVELOPMENT PROGRAMS

- ESG training for all employees: >177,000 hours
- **#Respect Project** confirming commitment to promote a respectful culture and create an inclusive and accessible environment. **150 people involved** in the first two legs of #Respect Tour
- **Disability Management: 1.134 disabled people involved, 12 certified Diversity Manager and 213 trained people manager.**
- **Youth Program** (train, engage and accompany young people in their first years of experience): **550 people involved**
- **Mentoring program: 140 young people involved**
- **Talent Program** (skill strengthening for future new roles): **involved 630 people**



SAFETY MANAGEMENT

UNI ISO 45001:2018

CERTIFICATION
FOR OCCUPATIONAL HEALTH AND
SAFETY MANAGEMENT SYSTEM

Since 2020

~62,400

training hours on health & safety

- **Injury rate¹: 6.3** (vs. 6.5 in 2023)

WORK-LIFE BALANCE AND WELLBEING

- **Smart work: 33.8%** of total working hours²
- **>3,300 people in part-time**
- **2,044 people involved** in the initiatives dedicated to families and caregivers
- **2,139 people involved** in initiatives dedicated to wellbeing

~62,300 people with
coverage of medical
expenses³

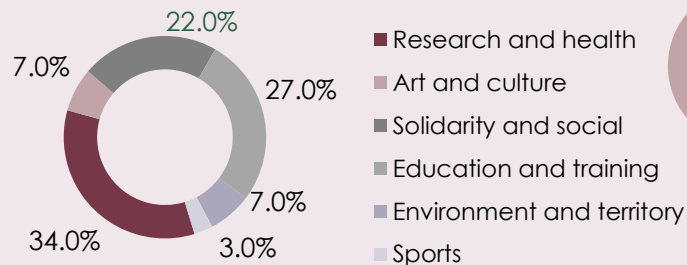
~24,000 supplementary
pension arrangements with
company contribution

Our contribution to the sustainable development of local territory

~€6.3m DONATIONS AND SPONSORSHIPS

for social and environmental projects
(+€390,000 vs. 2023)

o/w: ~€2.1m



o/w: ~€4.2m

- For 159 social and environmental projects

- Research and health
- Art and culture
- Solidarity and social
- Education and training
- Environment and territory
- Sports

>5,000
Researchers
supported by
partnership



Corporate volunteering, ESG awareness and financial education: ~10,300 hours

>8,000 hours of **financial and ESG awareness training** for customers, new generations, businesses and other stakeholders

~2,300 hours of **company volunteerism**



Focus on ESG Awareness training

“ESG FACTORY” INITIATIVE FOR COMPANIES

- 16 conferences organized
- >1,800 hours
- ~1,000 entrepreneurs involved

Topics discussed:

- ecological transition and its impact on business
- social inclusion
- governance



Annex 2

Details on Climate Risks

Details on total Emissions of Banco BPM Group in 2024

Total GHG Emissions (In '000 of t CO₂e)

		in %
Scope 1	17	0.03%
Scope 2 (Market-based)	25	0.04%
Scope 3 cat. 1, 2, 6, 7	16	0.03%
Scope 3 cat. 15	58,082	99.9%
- o/w Banking Business	56,598	97.3%
- o/w Insurance Business	1,484	2.6%
TOTAL (Market-based)	58,140	100%

➤ 46% covered by guarantees of origin contracted in the electricity supply

➤ Methodology based on GHG Protocol, Technical Guidance implemented by the ABI LAB Guidelines on the application in the Bank of the ESRs

SCOPE 3 OF FINANCED EMISSIONS

METHODOLOGY

- Compliant with the Global GHG Accounting and Reporting Standard developed by **PCAF**
- **Sources:**
 - precise data published by counterparties
 - estimated starting from official data obtained from public sources
→ estimation based on official data from public sources (Eurostat) on emission intensity, broken down by sector (NACE code).
 - for commercial real estate and mortgage asset classes, the estimate is based on the building's APE Certificate or using PCAF grids

PERIMETER FOR THE CALCULATION OF THE EMISSIONS: 74.9% of total Gross Carrying Amount

- **COVERAGE OF SPECIFIC DATA: 42.8%**
- **COVERAGE OF ESTIMATED DATA: 57.2%**



Green Asset Ratio as at 31/12/2024 (stock)

Banking business perimeter

2.52%

GAR

Turnover-based

(vs. 2.02% in 2023)

2.84%

GAR

Capex-based

(vs. 2.28% in 2023)

- Total covered assets: €130.4bn
 ↳ Coverage of total assets = **71.6%**
- Total eligible assets at >€35bn**

ANALYSIS OF TOTAL ENVIRONMENTALLY SUSTAINABLE ASSETS

BASED ON THE TURNOVER KPI OF THE DEBTOR

€m

Total environmentally sustainable assets 3,293

- o/w Residential Mortgages 2,556
- o/w NFC with Sustainability Reporting 695
- o/w Financial Corporates 41

BASED ON THE CAPEX KPI OF THE DEBTOR

€m

Total environmentally sustainable assets 3,703

- o/w Residential Mortgages 2,556
- o/w NFC with Sustainability Reporting 1,096
- o/w Financial Corporates 50



Disclosure of **GAR** on economic activities for **Climate change Mitigation & Adaptation** (considering only non-financial corporates with sustainability reporting as per NFRD, financial corporates, household mortgages, local governments, RE collateral obtained by repossession). Including both banking and insurance business.

Exposure to Physical Risk as at 31/12/2024

METHODOLOGY

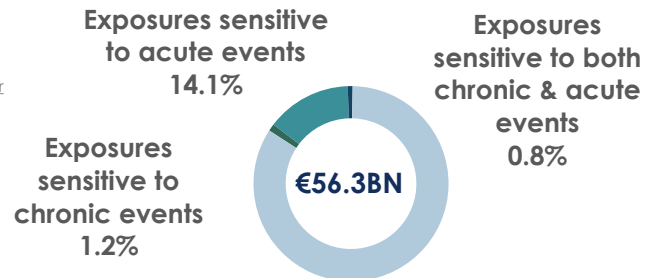
- The analysis is based on:
 - Mapping of the Italian territory** according to exposure to the different risk events considered;
 - Geo-location of the property**, through its address and positioning within the maps of risk;
 - Identification of a risk event score** based on the exposure level of the property
 - Calculation of the synthetic physical risk exposure score** of the property (from 0 “Very Low” to 4 “Very High”) through aggregation
- Sources used: public data¹ and third-party proprietary data
- For the purpose of compiling this analysis, Banco BPM Group considers only exposures with a “High” or “Very High” risk score to be subject to significant physical risk (acute and/or chronic)

- Physical risk assessment** on **collaterals** and on **counterparty operations** included in the **evaluation of credit risk**
- ESG questionnaire integrated with **questions regarding the presence of mitigating factors of physical risk** (business continuity plan and/or insurance policies)



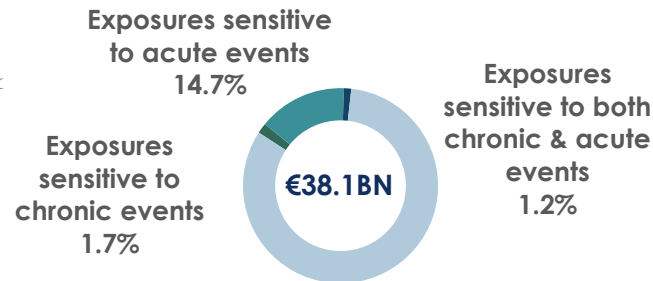
EXPOSURE TO PHYSICAL RISKS OF THE NON-FINANCIAL CORPORATE PORTFOLIO (IN RELATION TO THEIR OPERATING ASSETS)

Exposures in the
Banking Book
GBV as at
31/12/2024
[Italian perimeter](#)



EXPOSURES TO PHYSICAL RISKS OF THE RE COLLATERALS UNDERLYING LOANS TOWARDS HOUSEHOLDS AND CORPORATES

Exposures in the
Banking Book
Values at
31/12/2024
[Italian perimeter](#)



Annex 3

Green, Social and Sustainability Bonds Framework



GS&S Bonds Framework: Detailed description (1/2)

- On 7th November Banco BPM published its **NEW Green, Social & Sustainability Bond Framework** and **SPO** provided by ISS ESG.
- The development of a Green, Social and Sustainability Bonds Framework is fully complementary with Banco BPM commitment and strategy to **address climate change** and to **provide a positive social outcome** in its business conduct.
- The Framework is an umbrella document that enables Banco BPM to issue Green Bonds, Social Bonds and Sustainability Bonds; **either unsecured, such as Senior Unsecured Bonds, or secured instruments, such as Covered Bonds.**
- The Framework has been developed according to the following latest market standards: ICMA's **Green Bond Principles** (June 2021 with June 2022 appendix), ICMA's **Social Bond Principles** (June 2023), ICMA's **Sustainability Bond Guidelines** (June 2021) and the **EU Taxonomy** for some category of assets in the following activities: Green Buildings, Renewable Energy (Wind, Solar, Hydro and Bioenergy) and Manufacture of organic basic chemicals.



Framework update

- Banco BPM published its inaugural Green, Social & Sustainability Bond Framework in 2021.** The aim of the **2023 update** was to **be aligned with best market practices**, **cover a broader range of its activities** and include **EU Taxonomy alignment** for some categories of eligible assets. New eligible loans categories have also been added:

New eligible Green Loans categories	New eligible Social Loans categories
Manufacture of organic basic chemicals	Sustainability-linked loans for SMEs
Green Guarantee	Residential Mortgages
Sustainable Agriculture	

External review **ISS ESG**

- ✓ The Framework has received an **external verification by ISS ESG.**
- ✓ The Framework is aligned with **Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.**
- ✓ ISS ESG confirms that Banco BPM has the processes in place to assure that **some assets are aligned with the Technical Screening Criteria of the EU Green Taxonomy.**

GS&S Bonds Framework: Detailed description (2/2)

The Green, Social and Sustainability Bond Reporting for year 2023 was published in July 2024:
https://gruppo.bancobpm.it/media/dlm_uploads/Green-Social-Sustainability-Bonds-Reporting-2024.pdf

USE OF PROCEEDS

- **Eligible Green Loan Categories:** Green Buildings, Renewable Energies, Manufacture of organic basic chemicals, Energy Efficiency, Pollution Prevention and Control, Sustainable Water Infrastructure, Low Carbon Transportation, Green Guarantee, Sustainable agriculture
- **Eligible Social Loan Categories:** Financing SMEs, Third and Public Sector, Healthcare, Sustainability-linked loans for SMEs, Residential Mortgages

PROJECT EVALUATION & SELECTION

- An appointed **Funding ESG Working Group** is in charge of reviewing, monitoring and updating the Eligible Portfolios
- Its scope includes the addition of new Eligible Categories and/or the alignment of the eligibility criteria with the latest best market practices, subject to obtaining an updated Second Party Opinion

MANAGEMENT OF PROCEEDS

- Implementations on internal systems have been made to identify Eligible Loans
- The Funding ESG Working Group will manage the **balance of the Eligible Portfolio with the net proceeds of the Green, Social and Sustainability Bonds** issued under this framework on a portfolio approach

REPORTING

- **The allocation and impact reporting (the “Report”) will be published annually by Banco BPM, on a portfolio approach basis until the Bond maturity**
- Banco BPM will make its Reports available for investors on its website



EXTERNAL REVIEW



- **ISS ESG** has reviewed and **certified the alignment** of the Framework with ICMA's Green Bond Principles, Social Bond Principles or Sustainable Bond Guidelines
- Banco BPM will mandate on annual basis an independent auditor in order **to verify the compliance of the Eligible Portfolio** with the Framework **and the reporting metrics** as published in the annual Report

Green, Social & Sustainability Bonds Framework: Use of Proceeds

Eligible Green Loans categories		Eligibility Criteria	
		For assets aligned with the Substantial Contribution Criteria of the EU Taxonomy	For assets aligned with other green Eligibility Criteria
Green Buildings	Residential	<ul style="list-style-type: none"> Renovation of existing buildings (7.2) Acquisition and ownership of buildings (7.7) 	<ul style="list-style-type: none"> Renovation of existing buildings Acquisition and ownership of buildings New construction
	Commercial	<ul style="list-style-type: none"> New construction (7.1) Renovation of existing buildings (7.2) Acquisition and ownership of buildings (7.7) 	<ul style="list-style-type: none"> New construction or acquisition, or renovation and ownership of buildings
Renewable Energies		<ul style="list-style-type: none"> Loans to finance the construction, acquisition, development, and maintenance of facilities generating and/or distributing energy from renewable sources such as: Solar energy (4.1) ; Wind energy (4.3) ; Hydro power (4.5) ; Bio energy (4.8) 	<ul style="list-style-type: none"> Loans to finance the construction, acquisition, development, and maintenance of facilities generating and/or distributing energy from renewable sources (geothermal energy & electricity transmission and distribution infrastructure)
Manufacture of organic basic chemicals		<ul style="list-style-type: none"> Manufacture of organic basic chemicals (3.14) 	-
Assets aligned with other green Eligibility Criteria			
Energy Efficiency		<ul style="list-style-type: none"> Loans to finance the development and distribution of and/or upgrades to equipment or technology such as smart grid, district heating and cooling, energy storage for low carbon energy, LED lighting 	
Pollution Prevention and Control		<ul style="list-style-type: none"> Loans to finance the development, construction, maintenance or consulting and advisory of waste management activities 	
Sustainable Water Infrastructure		<ul style="list-style-type: none"> Loans to finance the development, construction and maintenance of water infrastructures that contribute to GHG emissions savings 	
Low Carbon Transportation		<ul style="list-style-type: none"> Loans financing public land transport and clean transportation loans such as: public transport, electric vehicles, sea and coastal or inland freight or passenger water transport, vessels for port operations 	
Green Guarantee		<ul style="list-style-type: none"> SACE's green guarantee with clear eligibility criteria 	
Sustainable agriculture		<ul style="list-style-type: none"> Loans to finance sustainable agriculture project 	

Green, Social & Sustainability Bonds Framework: Use of Proceeds

Banco BPM intends to align some of the eligible green categories with **the EU Taxonomy**. **Some parts of the following Eligible Green Loans categories** will be aligned with the **Substantial Contribution Criteria (SCC)** to Climate Change Mitigation, the **Do No Significant Harm (DNSH)** criteria and the **Minimum Social Safeguards (MSS)** criteria.

- Green Residential Buildings
- Green Commercial Buildings
- Renewable Energy (wind, solar, hydropower and bioenergy)
- Manufacture of organic basic chemicals

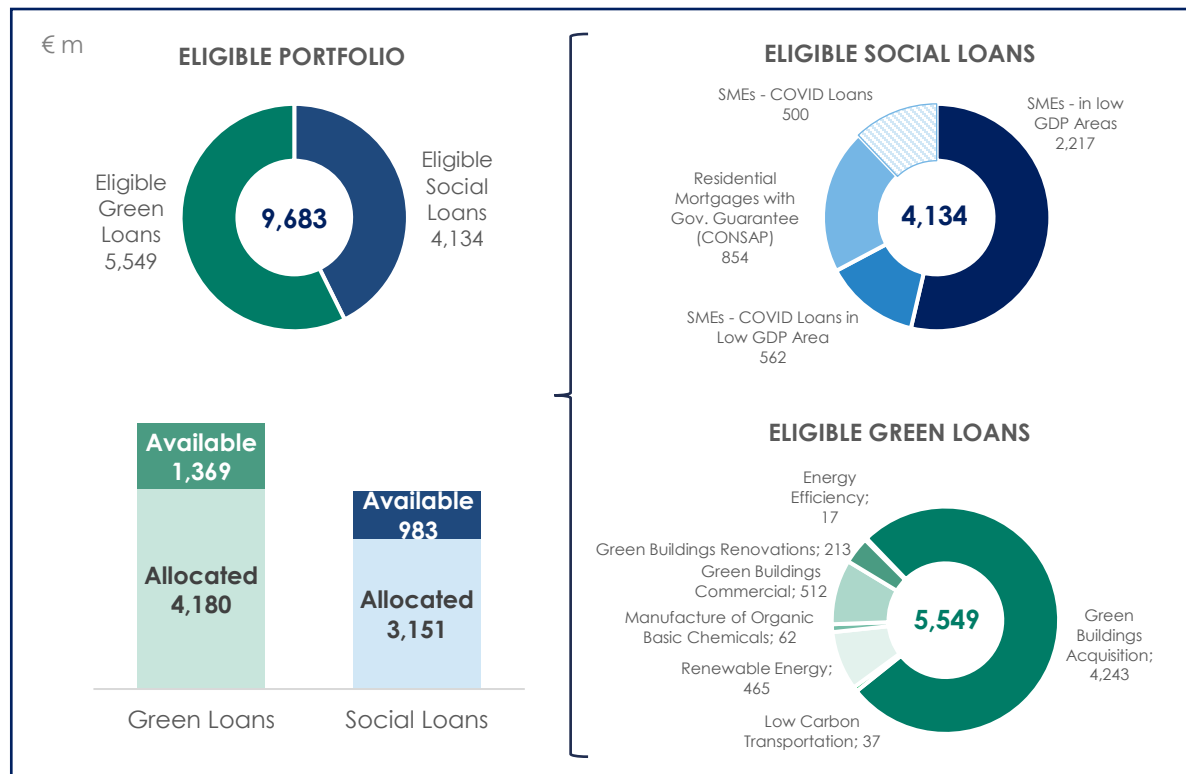
For following activities, Banco BPM can have two types of eligible loans:

- **Loans aligned with the criteria (SCC, DNSH, MSS) of the EU Taxonomy Climate Change Mitigation** objective:
 - 3.14 Manufacture of organic basic chemicals
 - 4.1 Electricity generation using solar photovoltaic technology
 - 4.3 Electricity generation from wind power
 - 4.5 Electricity generation from hydropower
 - 4.8 Electricity generation from bioenergy
 - 7.1 Construction of new buildings
 - 7.2 Renovation of existing buildings
 - 7.7 Acquisition and ownership of buildings
- Loans aligned only with the **Substantial Contribution Criteria** of the EU taxonomy or with **Other Green Eligibility Criteria**

Green, Social & Sustainability Bonds Framework: Use of Proceeds

Eligible Social Loans category	Eligibility Criteria	Target population
SMEs	<ul style="list-style-type: none"> Loans to SMEs: <ul style="list-style-type: none"> located in provinces with a GDP per capita below the national average under the government's Covid-19 borrower guarantee 	<ul style="list-style-type: none"> Maintaining the jobs & creating new jobs for employees working in SMEs
Third and public sector	<ul style="list-style-type: none"> Loans to the third sector & partly state-owned corporates to finance projects with a positive social impact (Education, Healthcare...) 	<ul style="list-style-type: none"> People benefiting from positive socio-economic outcomes (including youth, elderly people & those with disabilities)
Healthcare	<ul style="list-style-type: none"> Loans to finance the construction/ development/ renovation of activities in the healthcare sector 	<ul style="list-style-type: none"> Aiming to benefit all
Sustainability-Linked Loans	<ul style="list-style-type: none"> Sustainability-Linked Loans to SMEs with common guidelines 	<ul style="list-style-type: none"> Aiming to benefit all (but focus on those working in SMEs)
Residential Mortgages	<ul style="list-style-type: none"> Residential Mortgages granted to disadvantaged people with government guarantee to help access to housing¹ 	<ul style="list-style-type: none"> People with an ISEE under a certain threshold; People with age under 36 years; Lone parents; People who live in a social house; Married couples (at least two years of marriage) with one of them with age under 36 years.

GSS Bonds Framework – Eligible Green & Social Portfolio as at 30/06/2025



Assets readily refinaceable or refinanced in accordance with the eligibility criteria of the GSS Bonds Framework at **€9.7 billion**:

- **€5.6 billion in Eligible Green Loans**
- **€4.1 billion in Eligible Social Loans¹**

Outstanding Green and Social Bond issues amount to **€7 billion**, with green assets refinanced for approximately **€4 billion** and social assets for approximately **€3 billion**

The readily available portfolio allows for the issuance of Green Bonds for approximately €1.25 billion and Social Bonds for approximately €0.75 billion.

It should be noted that the eligibility of the loans has been verified, for the asset classes for which automatic execution is possible, using the SPV-ESG application, in which part of the implementations planned for 2025 (Phase 1 and Phase 2) have been carried out

- € 2.5 billion of Covid Loans to SMEs that are no longer refinaceable because they are not attractive to investors;
- € 0.8 billion disbursed to the Third Sector, as data recovery activities are underway that will allow for the selection of eligible assets.

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