

## PRE-ISSUANCE REVIEW

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### Sustainability Quality of the Issuer and European Green Bond Factsheet

Banco BPM Group

9 October 2025

#### VERIFICATION PARAMETERS

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Type of instrument contemplated	<ul style="list-style-type: none"><li>European Green Bonds</li></ul>
Relevant standard	<ul style="list-style-type: none"><li>European Green Bond Standard Regulation (EU 2023/2631), January 2024</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>Banco BPM's European Green Bond Factsheet (as of Oct. 9, 2025)</li><li>Banco BPM's eligibility criteria (as of Oct. 9, 2025)<sup>1</sup></li></ul>
Lifecycle	<ul style="list-style-type: none"><li>Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>Valid as long as the cited Factsheet remains unchanged</li></ul>

<sup>1</sup> Banco BPM initially published its Green, Social, and Sustainability Bonds Framework in November 2023. The eligibility criteria used in the European Green Bond Factsheet correspond to the green financing eligibility criteria outlined in November 2023. No modifications occurred regarding the alignment of the eligibility criteria with the EU Taxonomy Climate Delegated Act, based on which ISS-Corporate performed its analysis in November 2023.

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## SCOPE OF WORK

Banco BPM S.p.A. (“the Issuer,” “the Bank” or “Banco BPM”) commissioned ISS-Corporate to assist with its European Green Bonds by assessing three core elements to determine the sustainability quality of the instrument:

1. Banco BPM’s European Green Bond Factsheet (as of Oct. 9, 2025), benchmarked against the European Green Bond (EuGB) Regulation.
2. The alignment of the project categories with the EU Taxonomy based on ISS-Corporate’s methodology<sup>2</sup> — whether the nominated project categories are aligned with the EU Taxonomy technical screening criteria (including substantial contribution to climate change mitigation criteria and do no significant harm criteria) and minimum safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2023).<sup>3</sup>
3. Consistency of EU Green Bonds with Banco BPM’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

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<sup>2</sup> While the final delegated acts for mitigation and adaptation were published in June 2023, the technical screening criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, alignment with the EU Taxonomy has been evaluated on a “best-efforts basis.”

<sup>3</sup> Commission [Delegated Regulation \(EU\) 2023/2485](#) of 27 June 2023 amending [Delegated Regulation \(EU\) 2021/2139](#).

## BANCO BPM OVERVIEW

Banco BPM S.p.A. operates as a national commercial bank. It is classified in the commercial banks and capital markets industry, as per ISS ESG's sector classification. The firm operates through the following segments: Retail, Corporate, Institutional, Private, Investment Banking, Insurance, Strategic Partnerships, and Corporate Centre. The Retail segment offers the management and marketing of banking and financing services or products and loan brokering to private customers and small businesses. The Corporate segment offers the management and marketing of banking and financing services or products and loan brokering to medium- and large-sized companies. The Institutional segment includes the management and marketing of banking and financing services or products and loan brokering to bodies and institutions (UCITs, SICAVs, insurance companies, pension funds and banking foundations). The Private segment includes the management and marketing of banking and financing services or products and loan brokering to private customers with assets. The Investment Banking segment includes activities to structure financial products, access to regulated markets, and support and development of financial services. The Insurance segment includes the contribution of the interests held in Vera Vita, Vera Assicurazioni, Banco BPM Vita and Banco BPM Assicurazioni. The Strategic Partnerships segment includes the contribution of shares held in Agos Ducato, Alba Leasing, SelmaBipiemme Leasing, Gardant Liberty Servicing, and Anima Holding. The Corporate Centre segment includes the portfolio of owned securities, the treasury and the group's asset and liability management, the stock of bond issues placed on institutional markets, the activities relating to the Group's leasing business, equity interests not classified as Strategic Partnerships and companies operating in the real estate sector. Banco BPM was incorporated through the merger of Banco Popolare Soc. Coop. (Banco Popolare) and Banca Popolare di Milano S.c.a r.l. (BPM) on Jan. 1, 2017.

### *ESG risks associated with the Issuer's industry*

Banco BPM is classified in the Commercial Banks and Capital Markets industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies<sup>4</sup> in this industry are sustainability impacts of lending and other financial services/products, customer and product responsibility, sustainable investment criteria, labor standards and working conditions, and business ethics.

This report focuses on the sustainability credentials of the issuance.

<sup>4</sup> Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within that industry. Key ESG issues by industry are sourced from ISS ESG's Corporate Rating methodology.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>5</sup>
<b>Part I:</b>  <b>Alignment with EuGB Regulation</b>	The Issuer follows the requirements outlined in articles 4 to 8 of the EuGB Regulation on a best-efforts basis. The Issuer has provided a Factsheet.	<b>Aligned</b>
<b>Part II:</b>  <b>Alignment with EU Taxonomy</b>	Banco BPM's project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2023). The nominated project categories <sup>6</sup> are considered to be: <ul style="list-style-type: none"> <li>▪ <b>Aligned</b> with the climate change mitigation criteria</li> <li>▪ <b>Aligned</b> with the do no significant harm criteria</li> <li>▪ <b>Aligned</b> with the minimum safeguards requirements</li> </ul>	
<b>Part III:</b>  <b>Consistency of EU Green Bonds with Banco BPM's Sustainability Strategy</b>	The key sustainability objectives and the rationale for issuing EU Green Bonds are clearly described by the Issuer. All the project categories considered are in line with the Issuer's sustainability objectives.	<b>Consistent</b>
<b>Other Information</b>	Banco BPM confirms to follow the commitments set forth in the Green, Social, and Sustainability Bonds Framework published on Nov. 7, 2023. Banco BPM's <a href="#">GSS Bonds Framework (Nov. 7, 2023)</a> was assessed by ISS-Corporate as aligned with the Green Bond Principles, as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1). <sup>7</sup>	

<sup>5</sup> The evaluation is based on Banco BPM's European Green Bond Factsheet (Oct. 9, 2025).

<sup>6</sup> Electricity Generation Using Solar Photovoltaic Technology (Activity 4.1), Electricity Generation from Wind power (Activity 4.3), Electricity Generation from Hydropower (Activity 4.5), Electricity Generation from Bioenergy (Activity 4.8), Construction of New Buildings (Activity 7.1), Renovation of Existing Buildings (Activity 7.2), Acquisition and Ownership of Buildings (Activity 7.7).

<sup>7</sup> ISS-Corporate's [SPO Banco BPM](#) (Nov. 6, 2023).

# SPO ASSESSMENT

## PART I: ALIGNMENT WITH EUGB REGULATION

This section evaluates the alignment of Banco BPM’s European Green Bond Factsheet (as of Oct. 9, 2025) with the EuGB Regulation (as of January 2024).

EUGB REGULATION	ALIGNMENT	OPINION
<p><b>1. Use of proceeds</b></p>	<p style="text-align: center;">✓</p>	<p>The use of proceeds description provided by Banco BPM’s European Green Bond Factsheet is <b>aligned</b> with the EuGB Regulation.</p> <p><b>Article 4:</b></p> <p>The Issuer’s green categories align with the project categories as per the EuGB Regulation. Criteria are defined in a clear and transparent manner. The Issuer uses a portfolio approach and does not deduct issuance costs.</p> <p><b>Article 5:</b></p> <p>All project categories align with the EU Taxonomy.</p> <p><b>Article 6:</b></p> <p>Proceeds of financial assets are reallocated to uses in accordance with the conditions set out in Article 6.</p> <p><b>Article 7:</b></p> <p>Banco BPM does not have a CapEx plan, as it does not allocate proceeds in line with articles 4.1b and 4.1c of the Regulation.</p> <p><b>Article 8:</b></p> <p>The Issuer confirms that the proceeds are allocated in alignment with the currently applicable technical screening criteria and, in case of future amendments, will be allocated in alignment with the future applicable technical screening criteria no later than seven years after the date of application of the new criteria.</p>

EUGB REGULATION	ALIGNMENT	OPINION
		<p><b>Annex I:</b></p> <p>The Issuer provides the statistical classification of financed activities and a justification for not estimating the anticipated environmental impacts. The Issuer finances the following transitional activity: Renovation of existing buildings (7.2).</p> <p>Moreover, the Issuer provides the links to its relevant public documents.<sup>8</sup></p>
<p><b>2. Process for project evaluation and selection</b></p>	<p>✓</p>	<p>The process for project evaluation and selection described in Banco BPM's European Green Bond Factsheet is <b>aligned</b> with the EuGB Regulation.</p> <p><b>Annex I:</b></p> <p>A description detailing how projects align with taxonomy requirements and the relevant technical screening criteria for each project category is provided.</p>
<p><b>3. Management of proceeds</b></p>	<p>✓</p>	<p>The management of proceeds provided by Banco BPM's European Green Bond Factsheet is <b>aligned</b> with the EuGB Regulation.</p> <p><b>Annex I:</b></p> <p>The Issuer discloses the estimated date by which the proceeds are expected to be fully allocated. Furthermore, should revisions occur in the technical screening criteria for the financed categories, the Issuer commits to allocating any remaining unallocated proceeds in accordance with the revised criteria within seven years of the revised criteria's publication date.</p>
<p><b>4. Reporting</b></p>	<p>✓</p>	<p>The allocation and impact reporting provided by Banco BPM's European Green Bond Factsheet is <b>aligned</b> with the EuGB Regulation.</p> <p><b>Articles 11 and 12:</b></p> <p>The Issuer commits to disclosing the allocation of proceeds transparently and to reporting with</p>

<sup>8</sup> Banco BPM's [Consolidated Sustainability Report](#), [Investor Relations](#) webpage and [GSS Bonds Framework](#) webpage.

EUGB REGULATION	ALIGNMENT	OPINION
		<p>appropriate frequency, using the template laid down in Annex II. The reporting will be publicly available on the Issuer's <a href="#">website</a>. The Issuer does not plan to publish a CapEx plan in relation to the European Green Bonds, as Banco BPM does not allocate proceeds in line with articles 4.1b and 4.1c of the Regulation. Moreover, the Issuer commits to reporting annually until maturity and to obtaining an external review. Banco BPM commits to providing an impact report at least once during the lifetime of the bond and once the full allocation of proceeds has been achieved, using the template laid out in Annex III.</p> <p><b>Annex I:</b></p> <p>Banco BPM has disclosed the type of information that will be reported and explains that the level of expected reporting will be at project category level. The Issuer commits to disclosing the expected environmental impacts. The Issuer discloses the manner in which bond proceeds are intended to contribute to funding and implementing transition plans.</p>
<p><b>5. Strategy</b></p>	<p style="text-align: center;">✓</p>	<p>The Issuer clearly links the bond issuance to its sustainability strategy. Therefore, Banco BPM's European Green Bond Factsheet is <b>aligned</b> with the EuGB Regulation.</p> <p>The Issuer states how the bond contributes to its strategy and EU objectives.</p>
<p><b>6. Securitization of EuGB Regulation</b></p>	<p style="text-align: center;">N/A</p>	<p>Banco BPM is not issuing a securitization bond.</p>
<p><b>7. Other information</b></p>	<p>Banco BPM confirms adherence to the commitments set forth in the Green, Social, and Sustainability Bonds Framework published in November 2023. <a href="#">Banco BPM's Green, Social, and Sustainability Bonds Framework</a> (November 2023) was <a href="#">assessed by ISS-Corporate</a> as aligned with the Green Bond Principles, administered by the International Capital Market Association (as of June 2021 with the June 2022 Appendix 1).</p>	

## PART II: ALIGNMENT OF THE ELIGIBILITY CRITERIA WITH THE EU TAXONOMY CLIMATE DELEGATED ACT<sup>9</sup>

The alignment of Banco BPM's project characteristics, due diligence processes and policies for the nominated use of proceeds project categories has been assessed against the relevant climate change mitigation and do no significant harm (DNSH) technical screening criteria, as well as against the minimum safeguards requirements of the EU Taxonomy [Climate Delegated Act](#) (June 2023), based on information provided by Banco BPM. Where Banco BPM's project characteristics, due diligence processes and policies meet the EU Taxonomy criteria requirements, a tick is shown in the table below.

Banco BPM's project eligibility criteria overlap with the following economic activities in the EU Taxonomy:

- 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

All projects financed under the European Green Bond Factsheet are and will be located in Italy.

Note: To avoid repetition, the evaluation of the alignment of Banco BPM's assets to the DNSH criteria to climate change adaptation is provided in Section h); to the DNSH to water, in Section i); to the DNSH on pollution prevention and control, in Section j); and to the DNSH to protection and restoration of biodiversity and ecosystems, in Section k). These are applicable to all of the above activities where indicated.

Furthermore, this analysis illustrates only how the EU Taxonomy criteria are fulfilled or not fulfilled. For the sake of brevity, the original text of the EU Taxonomy criteria is not included. Readers can access the original criteria at the following [link](#).

<sup>9</sup> The assessment remains unchanged and is based on the analysis delivered on Nov. 6, 2023, following an engagement period from May to November 2023.

a) 4.1 – Electricity generation using solar photovoltaic technology

PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>10</sup>	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
The activity generates electricity using solar photovoltaic technology, meeting the climate change mitigation technical screening criteria.	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See h)	✓
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there are no EU Taxonomy criteria for the category.	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
<p>Banco BPM employs an internal screening and questionnaire process as part of the due diligence process for financed projects. This process requires borrowers to provide responses regarding the project's requirements and technical due diligence.</p> <p>As all projects are located in Italy, they comply with national legislation and regulations, such as the fifth Conto Energia (DM 5 July 2012), which mandates that module manufacturers guarantee the recycling of photovoltaic modules by participating in a European system or consortium. Furthermore, Italy has transposed Directive 2012/19/EU on Waste Electrical and Electronic Equipment into national law. Italy's national law, Attuazione della direttiva 2012/19/UE sui rifiuti di apparecchiature elettriche ed elettroniche (RAEE), outlines the end-of-life management and treatment of photovoltaic modules. Additionally, D.lgs n. 152/2006 mandates due diligence for future loans to certify that financed economic activity reuses and utilizes secondary raw materials in manufactured products, including critical raw materials, while also guaranteeing the durability, recyclability, ease of disassembly and adaptability of those products.</p>	✓
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no EU Taxonomy criteria for the category	

<sup>10</sup> This column is based on input provided by the Issuer.

**6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA**

See k)





b) 4.3 – Electricity generation from wind power

PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>11</sup>	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
<b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION</b>	
The activity generates electricity from wind power, meeting the climate change mitigation technical screening criteria	
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>	
See h)	
<b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b>	
N/A: The financed projects are/will be only onshore wind.	
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>	
See a)4	
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>	
N/A: there is no EU Taxonomy criteria for the category	
<b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>	
See k)	

<sup>11</sup> Ibid.

c) 4.5 – Electricity generation from hydropower

PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>12</sup>	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>Banco BPM employs an internal screening and questionnaire process within its due diligence to assess projects considered for financing. This process requires borrowers to provide responses regarding project requirements and technical due diligence. Based on the assessment results and externally verified supporting documentation, the Bank confirms that it will only finance projects meeting the following criteria:</p> <ul style="list-style-type: none"> <li>▪ The electricity generation facility is a run-of-river plant without an artificial reservoir.</li> <li>▪ The power density of the electricity generation facility exceeds 5 W/m<sup>2</sup>.</li> <li>▪ The life-cycle GHG emissions from hydropower electricity generation are less than 100 gCO<sub>2e</sub>/kWh.</li> </ul> <p>The life-cycle GHG emissions are calculated using Recommendation 2013/179/EU or, alternatively, ISO 14067:2018, ISO 14064-1:2018 or the G-res tool. Quantified life-cycle GHG emissions are verified by an independent third party.</p> <p>The Issuer excludes non-compliant projects from financing.</p>	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See h)	
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
<p>The activity complies with the provisions of Directive 2000/60/EC and all requirements outlined in Article 4 of the Directive. Italy has transposed the EU Water Directive (2000/60/EC) into Italian law via Legislative Decree No. 152 of 3 April 2006, concerning Environmental Regulations. Banco BPM has also implemented a due diligence process for future borrower assets. This process requires borrowers to provide information addressing the following requirements, or a technical due diligence of the project will include confirmation of the</p>	

<sup>12</sup> Ibid.

following requirements. Based on questionnaire results and externally verified supporting documents, the Bank will only finance projects that comply with the taxonomy criteria:

- In accordance with Directive 2000/60/EC, particularly articles 4 and 11, all technically feasible and ecologically relevant mitigation measures have been implemented to reduce adverse impacts on water, as well as on protected habitats and species directly dependent on water.
- Measures include, where relevant and depending on the ecosystems naturally present in the affected water bodies: measures to ensure downstream and upstream fish migration (such as fish-friendly turbines, fish guidance structures, state-of-the-art fully functional fish passes, measures to stop or minimize operation and discharges during migration or spawning); measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydro-peaking operations) and sediment flow; and measures to protect or enhance habitats.
- The effectiveness of these measures is monitored within the context of the authorization or permit, which outlines the conditions aimed at achieving good status or potential of the affected water body.
- In accordance with Article 4 of Directive 2000/60/EC, particularly Paragraph 7, an impact assessment of the project is carried out prior to construction to assess all potential impacts on the status of water bodies within the same river basin, as well as on protected habitats and species directly dependent on water, considering in particular migration corridors, free-flowing rivers, or ecosystems close to undisturbed conditions. The assessment is based on recent, comprehensive and accurate data, including monitoring data on biological quality elements that are specifically sensitive to hydromorphological alterations, and on the expected status of the water body as a result of the new activities, compared to its current status. It assesses, in particular, the cumulative impacts of this new project with other existing or planned infrastructure in the river basin.
- Based on that impact assessment, it has been established that the plant is conceived by design and location, and through mitigation measures, complies with one of the following requirements: the plant does not entail any deterioration nor compromise the achievement of good status or potential of the specific water body to which it relates; or, where the plant risks deteriorating or compromising the achievement of good status/potential of the specific water body to which it relates, such deterioration is not significant, and is justified by a detailed cost-benefit assessment demonstrating both of the following: (i) the reasons are of overriding public interest, or the benefits expected from the planned hydropower plant outweigh the costs from deteriorating the status of water that are accruing to the environment and society; and (ii) the overriding public interest or the benefits expected from the plant cannot, for reasons of technical feasibility or disproportionate cost, be achieved by alternative means that would lead to a better

environmental outcome (such as refurbishing existing hydropower plants or using technologies not disrupting river continuity).

- All technically feasible and ecologically relevant mitigation measures are implemented to reduce adverse impacts on water, as well as on protected habitats and species directly dependent on water. Mitigation measures include, where relevant and depending on the ecosystems naturally present in the affected water bodies: measures to ensure downstream and upstream fish migration (such as fish-friendly turbines, fish guidance structures, state-of-the-art fully functional fish passes, measures to stop or minimize operation and discharges during migration or spawning); measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydro-peaking operations) and sediment flow; and measures to protect or enhance habitats. The effectiveness of these measures is monitored within the context of the authorization or permit, which outlines the conditions aimed at achieving good status or potential of the affected water body. The plant does not permanently compromise the achievement of good status/potential in any of the water bodies in the same river basin district.
- In addition to the mitigation measures referred to above, and where relevant, compensatory measures are implemented to ensure that the project does not increase the fragmentation of water bodies in the same river basin district. This is achieved by restoring continuity within the same river basin district to an extent that compensates for the disruption of continuity that the planned hydropower plant may cause. Compensation begins prior to the execution of the project.

Banco BPM will report compliance annually through EU Taxonomy questionnaire responses.

**4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA**

N/A: there is no EU Taxonomy criteria for the category

**5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA**


N/A: there is no EU Taxonomy criteria for the category

**6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA**

See k)



d) 4.8 – Electricity generation from bioenergy

PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>13</sup>	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>Banco BPM confirms that it will only finance projects that meet the following criteria:</p> <ul style="list-style-type: none"> <li>▪ Agricultural biomass used in the activity complies with the criteria outlined in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001. Forest biomass used in the activity complies with the criteria outlined in Article 29, paragraphs 6 and 7 of that Directive.</li> <li>▪ GHG emission savings from the use of biomass are at least 80% in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001.</li> <li>▪ Where installations rely on anaerobic digestion of organic material, the production of the digestate meets the criteria in Sections 5.6 and criteria 1 and 2 of Section 5.7 of this Annex, as applicable.</li> <li>▪ Points 1 and 2 do not apply to electricity generation installations with a total rated thermal input below 2 MW and using gaseous biomass fuels.</li> <li>▪ For electricity generation installations with a total rated thermal input from 50 to 100 MW, the activity applies high-efficiency cogeneration technology; or, for electricity-only installations, the activity meets an energy efficiency level associated with the best available techniques (BAT-AEL) ranges set out in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for large combustion plants.</li> <li>▪ For electricity generation installations with a total rated thermal input above 100 MW, the activity complies with one or more of the following criteria: (i) Electrical efficiency of at least 36%; (ii) highly efficient combined heat and power (CHP) technology as referred to in Directive 2012/27/EU of the European Parliament and of the Council; (iii) uses carbon capture and storage technology. Where the CO<sub>2</sub> that would otherwise be emitted from the electricity generation process is captured for the purpose of underground storage, the CO<sub>2</sub> is transported and stored underground in</li> </ul>	

<sup>13</sup> Ibid.

<p>accordance with the technical screening criteria set out in sections 5.11 and 5.12, respectively, of Annex I.</p> <p>Banco BPM will conduct due diligence and implement a questionnaire process with customers to ensure that financed projects fulfill the above requirements.</p>	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See h)	✓
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
See i)	✓
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
N/A: there is no EU Taxonomy criteria for the category	
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
<p>The financing activities will adhere to the following criteria:</p> <ul style="list-style-type: none"> <li>▪ For installations falling within the scope of Directive 2010/75/EU of the European Parliament and of the Council, emissions must be within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges, as defined in the latest relevant best available techniques (BAT) conclusions, including those for large combustion plants. Furthermore, no significant cross-media effects may occur.</li> <li>▪ For combustion plants with a thermal input greater than 1 MW but below the thresholds for the application of BAT conclusions for large combustion plants, emissions must be below the emission limit values stipulated in Annex II, Part 2, of Directive (EU) 2015/2193.</li> <li>▪ For plants located in zones or parts of zones not complying with the air quality limit values established in Directive 2008/50/EC, measures must be implemented to reduce emission levels, taking into account the information exchange results published by the Commission in accordance with Article 6, paragraphs 9 and 10, of Directive (EU) 2015/2193.</li> <li>▪ For anaerobic digestion of organic material, where the produced digestate is used as fertilizer or soil improver, either directly or after composting or any other treatment, it must meet the requirements for fertilizing materials as defined in Component Material Categories 4 and 5 in Annex II to Regulation (EU) 2019/1009, or applicable national rules on fertilizers or soil improvers for agricultural use.</li> </ul>	✓

<ul style="list-style-type: none"> <li>For anaerobic digestion plants treating over 100 tons per day, emissions to air and water must be within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges established for anaerobic treatment of waste in the latest relevant best available techniques (BAT) conclusions, including those for waste treatment. Furthermore, no significant cross-media effects may occur.</li> </ul>	
<p><b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b></p>	
<p>See k)</p>	<p>✓</p>

e) 7.1 – Construction of new buildings

<p><b>PROJECT CHARACTERISTICS AND SELECTION PROCESSES<sup>14</sup></b></p>	<p><b>ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA</b></p>
<p><b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION</b></p>	
<p>Banco BPM confirms that the construction of new buildings will align with the NZEB less than 10% requirement. The Bank will utilize both pathways provided by CRIF, an external consultant, to identify thresholds based on available data. Eligible assets will be selected using primary energy demand (PED) thresholds. The Bank will also certify the energy performance of buildings using an as-built energy performance certificate (EPC). For financed buildings exceeding 5,000 m<sup>2</sup>, the Bank's technical due diligence process requires borrowers to demonstrate compliance with airtightness, thermal integrity and life-cycle global warming potential limits. The due diligence process requires borrowers to provide the results of these tests.</p>	<p>✓</p>
<p><b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b></p>	
<p>See h)</p>	<p>✓</p>
<p><b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b></p>	
<p>As part of the financing process, Banco BPM requires the Borrower to provide information at the start of the project demonstrating compliance with specific water use requirements. This includes maximum flush volumes and water flow</p>	

<sup>14</sup> Ibid.

rates for wash hand basin and kitchen taps (6 liters/min), showers (8 liters/min), WCs (full flush volume of 6 liters and average flush volume of 3.5 liters), urinals (2 liters/bowl/hour), and flushing urinals (1 liter), accompanied by technical specifications for sanitary compliance.

For commercial building constructions, Banco BPM also requires borrowers to provide information at the start of projects demonstrating compliance with specified water use for listed water appliances. This information should be technically appraised externally through product datasheets, building certification or ecolabel.



See i): Additionally, as outlined in Annex B of the Delegated Regulation on EU Taxonomy, Banco BPM will identify and address risks of environmental degradation related to water quality maintenance and water scarcity prevention.



**4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA**

Banco BPM confirms that its lending due diligence will ensure all financed projects located in Italy comply with relevant EU and national regulations. Italy’s waste regulation complies with Directive (EU) 2018/851 of the European Parliament and of the Council amending Directive 2008/98/EC on waste. The directive stipulates that the preparation for reuse, recycling and other material recovery processes, including backfilling operations using waste to substitute other materials, of nonhazardous construction and demolition waste (excluding naturally occurring material defined in category 17 05 04 in the list of waste) shall be increased to a minimum of 70% by weight.

Banco BPM will collect the waste management plan of each construction project from borrowers to ensure:

- Operators limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol, taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances, and facilitate reuse and high-quality recycling by selective removal of materials, utilizing available sorting systems for construction and demolition waste.
- Building designs and construction techniques support circularity with reference to ISO 20887 or other standards for assessing the disassembly or adaptability of buildings, and how the buildings are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling.



<p>Banco BPM has also stated that the buildings it finances have a high waste recovery rate (98% as of 2022).</p>	
<p><b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b></p>	
<p>Banco BPM affirms that financing for building construction activities in Italy will adhere to the following European and national standards to mitigate noise, dust and pollutant emissions during construction or maintenance:</p> <ul style="list-style-type: none"> <li>▪ The EU Directive on Environmental Impact Assessment, in accordance with Directive 2011/92/EU, is assumed to be transposed into national regulations.</li> <li>▪ EU Regulation 1907/2006 (December 2006) concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).</li> <li>▪ CEN/TS 16516:2013, Construction products — Assessment of release of dangerous substances — Determination of emissions into indoor air.</li> </ul> <p>Banco BPM utilizes an internal screening and questionnaire process for projects considered for Green Financing as part of its due diligence. This process requires borrowers to provide a waste management plan and a construction site environmental plan. Based on the assessment results and externally verified supporting documentation, the Bank confirms financing only for projects meeting the following criteria:</p> <ul style="list-style-type: none"> <li>▪ Building components and materials used in building renovation that may come into contact with occupants will emit less than 0.001 mg of other Category 1A and 1B carcinogenic volatile organic compounds per m<sup>3</sup> of material or component, as determined by testing in accordance with CEN/EN 16516, ISO 16000-3:2011 or other equivalent standardized test conditions and determination methods.</li> <li>▪ New construction located on a potentially contaminated site (brownfield site) will be subject to investigation for potential contaminants, utilizing standard ISO 18400.</li> <li>▪ Measures will be implemented to reduce noise, dust and pollutant emissions during construction or maintenance.</li> </ul> <p>Banco BPM confirms that projects deemed non-compliant based on the assessment results are excluded from financing.</p>	
<p><b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b></p>	
<p>Banco BPM states that it will not finance companies or projects that negatively impact UNESCO World Heritage Sites, wetlands designated under the Ramsar Convention, or IUCN protected areas (categories I to VI). Furthermore, Banco BPM will adhere to national and supranational regulations mandating</p>	


environmental impact assessments (EU Directive on EIA in accordance with Directive 2011/92/EU and Legislative Decree 152/2006).

Banco BPM employs an internal screening process and questionnaire for projects considered for Green Financing, as part of its due diligence. This process requires borrowers to provide a construction site environmental plan. Based on the assessment results and externally verified supporting documents, the Bank confirms financing only for projects meeting the following criteria:

- Arable land and cropland with a moderate to high level of soil fertility and below-ground biodiversity, as referenced in the EU LUCAS survey.
- Greenfield land of recognized high biodiversity value and land serving as habitat for endangered species (flora and fauna) listed on the European Red List or the IUCN Red List.
- Land matching the definition of forest as defined in national law used in the national greenhouse gas inventory or, where not available, in accordance with the FAO definition of forest.

Banco BPM confirms that non-compliant projects are excluded from financing based on the assessment results.

f) 7.2 – Renovation of existing buildings

PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>15</sup>	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>Banco BPM confirms that all financing projects within this Framework will result in a reduction of PED of at least 30%. Banco BPM has a process in place requiring customers to provide the Bank with an EPC both before and after project completion. This serves to verify the PED reduction exceeds 30% or demonstrates an upgrade of at least two EPC classes. For significant renovation projects on both residential and commercial buildings, the Bank will also require an external technical due diligence report upon completion, at which point an updated EPC will be issued.</p>	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	

<sup>15</sup> Ibid.

See h)	✓
<b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b>	
See e)3	✓
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>	
See e)4	✓
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>	
See e)5	✓
<b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>	
N/A: there is no EU Taxonomy criteria for the category	

g) 7.7 – Acquisition and ownership of buildings


<b>PROJECT CHARACTERISTICS AND SELECTION PROCESSES<sup>16</sup></b>	<b>ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA</b>
<b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION</b>	
<p>Banco BPM has indicated that for buildings constructed before Dec. 31, 2020, it will identify the top 15% of properties exhibiting the best PED within the national or regional building stock, based on analysis conducted by CRIF/CTI. CRIF/CTI has established PED thresholds for each Italian climate zone. Banco BPM will select only those buildings whose PED, as documented in the EPC, falls below the threshold established by CRIF/CTI<sup>17</sup>.</p> <p>For existing residential mortgages, Banco BPM utilized the 2021 Technical Report published by CRIF. According to this report, if the cumulative percentage of residential buildings achieving EPC ratings of A (including A4, A3, A2 and A1), B and C is below the designated 15% threshold, or if 98.3% of newly constructed</p>	✓

<sup>16</sup> Ibid.

<sup>17</sup> [Energy Efficient Mortgages Initiative](#)

<p>properties (built after 2016) exhibit an EPC rating of C or higher, then these properties are considered to be within the top 15% EPC performance bracket.</p> <p>In the case of large non-residential buildings (possessing an effective rated output exceeding 290 kW for heating systems, systems for combined space heating and ventilation, air-conditioning systems, or systems for combined air-conditioning and ventilation), Banco BPM will ensure efficient operation through energy performance monitoring and assessment via inspection and certification processes.</p> <p>For buildings constructed after Dec. 31, 2020, Banco BPM mandates that its borrowers comply with the applicable requirements outlined in Section 7.1 of the relevant Annex at the time of acquisition. Banco BPM requires the borrower to confirm that the PED is at least 10% lower than the threshold established for NZEB requirements. Both the CRIF/CTI analysis and thresholds are employed to derive a practical methodology for selecting compliant buildings.</p>	
<p>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</p>	
<p>See h)</p>	<p>✓</p>
<p>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</p>	
<p>N/A: there are no EU Taxonomy criteria for the category.</p>	
<p>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</p>	
<p>N/A: there is no EU Taxonomy criteria for the category</p>	
<p>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</p>	
<p>N/A: there is no EU Taxonomy criteria for the category</p>	
<p>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</p>	
<p>N/A: there is no EU Taxonomy criteria for the category</p>	

h) Generic criteria for DNSH to climate change adaptation

PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>18</sup>	ALIGNMENT WITH THE EU TAXONOMY
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
<p>Banco BPM has been assessing physical risks on relevant activities since 2021 (latest update in Dec. 2024), classifying them as follows:</p> <ul style="list-style-type: none"> <li>▪ Caused by water, earth, temperature or wind</li> <li>▪ Acute or chronic</li> <li>▪ Measured directly or already captured indirectly by other physical risks</li> <li>▪ Indirectly measured risks manifest their effects through directly measured ones, thus avoiding double counting.</li> </ul> <p>The identified risks belong to the categories outlined in Section II of the delegated act.</p> <p>Moreover, Banco BPM has identified the primary physical risk drivers related to the specific location of assets and the intensity of each risk on the Italian map. Generally, climate and environmental risks are relevant at both geographical and sectoral levels, relying on data related to each financed firm or asset received as a guarantee, including mortgages.</p> <p>Banco BPM employs a three-step process to assign a score to the physical risk of the Bank’s activities: i) Search the borrower’s latitude and longitude based on the asset’s address; ii) Geo-locate the asset on the risk map using GIS software; iii) Score the asset’s risk based on a risk scale ranging from very low to very high. Overall, Banco BPM has a methodology to assess the materiality of physical climate risks on clients’ economic activities, based on all clients’ productive immovable assets.</p> <p>If the risk is classified as high, Banco BPM requests the client to implement preventive actions to reduce physical climate risk exposure. These actions include: i) stipulation of an insurance contract; ii) drafting of a business plan; and iii) providing practical technical solutions. In such cases, Banco BPM ensures the client commits to incorporating adaptation solutions and will report in its annual reporting on whether current and future assets fully comply with requirements. Customers are required to submit information via an ESG questionnaire, providing up-to-date information about their risk profile.</p>	

<sup>18</sup> Ibid.

Currently, Banco BPM conducts a materiality assessment analysis of climate-related and environmental risk drivers, focusing on current physical risk, which is the most relevant and immediate concern. Simultaneously, Banco BPM is working to assess the expected risk evolution across all time horizons. In general, Banco BPM assesses climate risk drivers via scenarios in the short, medium and long term, adopting those of the Network for Greening the Financial System, which are based on the Intergovernmental Panel on Climate Change scenarios.

Banco BPM is committed to incorporating adaptation solutions.


i) Generic criteria for DNSH to water

PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>19</sup>	ALIGNMENT WITH EU TAXONOMY
2. WATER – DO NO SIGNIFICANT HARM CRITERIA	
<p>Banco BPM’s borrowers based in Italy are required to adhere to Legislative Decree No. 172 of 13 October 2015, which transposes EU Directive 2013/39/EC, amending EU Directive 2000/60/EC, regarding priority substances in water policy.</p> <p>Water protection involves both state and regional competencies. Furthermore, according to Law No. 205 of 27 December 2017 (the National Plan for Investments in the Water Sector), borrowers must adhere to water protection measures.</p> <p>The implementation of Directive 2013/39/EC, amending Directive 2000/60/EC, ensures that the requirements and objectives of the Water Framework Directive are incorporated into national legislation. If Banco BPM is aware that an environmental impact assessment is lacking for a borrower, the Bank will request integration of the loan to align with the taxonomy. Legislative Decree Law No. 205 of 27 December 2017, also known as the National Plan for Investments in the Water Sector, outlines the strategic plan for investments in Italy’s water sector. It includes measures and initiatives to improve water resource management, infrastructure development, and water quality preservation, aligning with the Water Framework Directive’s objectives. The Bank requires borrowers to adhere to planning and implementation measures necessary to mitigate drought-related damage and to promote the strengthening and adaptation of water infrastructures, as well as to reduce water resource dispersion. These measures are typically updated every two years and divided into two sections: the “reservoirs” section and the “aqueducts” section. To fulfill the requirements of the Water Framework Directive and Directive 2000/60/EC,</p>	

<sup>19</sup> Ibid.

projects and activities in Italy must comply with the provisions and measures outlined in Italian legislative decrees. This includes the development and implementation of a water use and protection management plan, ensuring sustainable and efficient water use while considering the preservation and enhancement of water resources and quality.


j) Generic criteria for DNSH on pollution and prevention control

PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>20</sup>	ALIGNMENT WITH EU TAXONOMY
5. POLLUTION PREVENTION AND CONTROL – DO NO SIGNIFICANT HARM CRITERIA	
<p>Banco BPM’s lending process requires borrowers to adhere to Italy’s Legislative Decree No. 155 of 13 August 2010 (the Framework Regulation on Air Pollution Control), as amended by Legislative Decree No. 250 of 2012. This decree aims to establish and define environmental air quality standards to avoid, prevent or reduce harmful effects on human health. The decree also identifies the authorities responsible for conducting air quality assessments and for drafting Restoration Plans in areas where limit values have been exceeded. The Decree fulfills requirements of a) through g) as follows:</p> <ul style="list-style-type: none"> <li>▪ The Decree incorporates the provisions of the EU Persistent Organic Pollutants Regulation, including the substances listed in annexes I or II of the EU Persistent Organic Pollutants Regulation (2019), to control and reduce their emissions into the air.</li> <li>▪ The Decree aligns with the Regulation on Mercury (2017) by implementing measures to control and limit the emissions of mercury and mercury compounds into the air.</li> <li>▪ The Decree includes provisions that comply with the Regulation on substances that deplete the ozone layer (2009), specifically addressing the substances listed in annexes I or II to prevent their release into the atmosphere.</li> <li>▪ The Decree incorporates the requirements in the Regulation on the restriction of hazardous substances in electrical and electronic equipment (2011), including the substances listed in Annex II, to control their emissions and ensure compliance in the relevant sectors.</li> <li>▪ The Decree adopts measures to comply with Annex XVII of the REACH Regulation (2006), which sets restrictions on the manufacture, placing on the</li> </ul>	

<sup>20</sup> Ibid.

<p>market, and use of certain substances, ensuring their controlled handling and emission reduction.</p> <ul style="list-style-type: none"> <li>▪ The Decree complies with the requirements of articles 57 and 59 of the REACH Regulation (2006) by identifying and regulating substances of very high concern (SVHC) based on their hazardous properties, unless their use is considered essential for society.</li> <li>▪ The Decree fulfills the obligations of Article 57 of the REACH Regulation (2006) by addressing the identification and control of substances of very high concern (SVHC), unless their use is deemed essential for society.</li> </ul>	
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k) Generic criteria for DNSH to protection and restoration of biodiversity and ecosystems


PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>21</sup>	ALIGNMENT WITH EU TAXONOMY
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
<p>Banco BPM is committed to not financing companies or projects with a negative impact on the Natura 2000 network of protected areas, UNESCO World Heritage Sites and Key Biodiversity Areas, and other protected areas. Furthermore, the Issuer confirms its adherence to national and supranational regulations mandating environmental impact assessments.</p> <p>For assets located in Italy, the Consolidated Environmental Law (Legislative Decree 152/2006) regulates the following issues:</p> <ul style="list-style-type: none"> <li>▪ Procedures for strategic environmental assessments, environmental impact assessments and integrated environmental authorizations</li> <li>▪ Protection of soil and the fight against desertification</li> <li>▪ Protection of water from pollution and the management of water resources</li> <li>▪ Waste management and remediation of contaminated sites</li> <li>▪ Protection of air and the reduction of emissions into the atmosphere, and compensation for environmental damages</li> </ul> <p>While the Consolidated Environmental Law does not directly align with Directive 2011/92/EC, it encompasses the requirements and provisions of the Directive for assessing environmental impacts, including both strategic environmental assessments and environmental impact assessments. These assessments</p>	

<sup>21</sup> Ibid.

<p>consider the potential environmental effects of plans, programs and projects prior to approval.</p> <p>In addition, for assets located in Italy, an environmental impact assessment is mandatory for projects likely to have significant effects on the environment.</p> <p>Banco BPM also acknowledges that National Law 221/2015 fulfills the requirement of conducting appropriate assessments in accordance with Directives 2009/147/EC (Birds Directive) and 92/43/EEC (Habitats Directive) regarding projects near biodiversity-sensitive and protected areas. The law also mandates the adoption of Annual Reports to measure the physical and economic dimensions of Natural Capital stocks and flows, following methodologies defined by the United Nations Organization and the European Union. This includes both ex-ante and ex-post assessments of the effects of public policies on Natural Capital and Ecosystem Services.</p> <p>For future assets, if Banco BPM is aware that required mitigation and compensation measures are not clearly and properly implemented, the Bank will request the borrower to address the requirements or conduct a Technical Due Diligence to confirm whether a sensitive biodiversity areas assessment with related mitigation measures has been defined and implemented in accordance with Directive 92/43/EEC (Habitats Directive) and Directive 2009/147/EC (Birds Directive).</p>	
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**Minimum Safeguards**

The alignment of project characteristics and existing selection processes with the EU Taxonomy minimum safeguards, as described in Article 18 of the [Taxonomy Regulation](#), has been assessed. The results of this assessment are applicable to all project categories financed under this Framework and are detailed below:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>22</sup>	ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT
<p>Banco BPM is committed to upholding the OECD Guidelines and anti-corruption principles as outlined in its Code of Ethics. The Bank also acknowledges the principles established by the fundamental conventions of the International Labour Organization (ILO) and has published <a href="#">Guidelines on Respecting and Safeguarding Human Rights</a>. Given that all assets are located in Italy, the ILO Core Conventions are ratified.</p>	

<sup>22</sup> Ibid.

To cease, prevent, mitigate and remediate adverse impacts that may arise from its lending/financing activities, Banco BPM requires customers to complete an ESG questionnaire. This questionnaire includes yes/no questions pertaining to: 1. pending litigation or unsuccessful lawsuits related to human rights violations concerning employees. An affirmative response will result in a downgrade of the client's score in the evaluation process. 2. the existence of policies and strategies for respecting human rights in accordance with international standards and the adoption of policies that enable the reporting of human rights abuses. The ESG questionnaire is reviewed annually.

Banco BPM further requests customers to provide information regarding internal policy commitments to respect human rights and the existence of a well-defined due diligence process that is appropriate to the complexity of their business and aligned with the OECD Guidelines for Multinational Enterprises to ensure adherence to responsible business conduct practices as defined in the guidelines. Banco BPM also invites customers to voluntarily provide internal policy documents related to United Nations Guiding Principles on human and labor rights. Internal checks are conducted to verify the presence of controversies related to ESG issues concerning clients during the granting process and throughout the duration of projects. In cases of serious controversies, Banco BPM will decline financing to the customer.

Banco BPM utilizes an ESG questionnaire to identify and assess potential adverse impacts. This questionnaire is tailored to the specific sectors of the borrowers. In 2023, the questionnaire incorporated questions related to the borrower's company's green transition pathway and questions designed to mitigate physical risks. The questionnaire also addresses employee health and safety, human rights, corruption, cybersecurity, and anti-money laundering topics. An affirmative response to these questions may preclude Banco BPM from granting the loan.

Through the ESG Factory initiative, Banco BPM supports clients in preventing and mitigating adverse impacts by providing over 3,000 hours (projected for the 2024-2025 period) of workshops and training sessions to borrowers and prospects to raise awareness of ESG topics. Additionally, the financial institution offers 2,000 hours annually of ESG-related training for employees and provides clients with support for ESG self-assessment.

To track and implement results achieved by borrowers, Banco BPM will administer the ESG questionnaire to clients, with an annual review to monitor improvements in risk assessment and mitigation processes. Furthermore, the Bank will report annually on its performance in safeguarding human rights within the scope of management and monitoring methods, identified risks, assessment activities, and management and mitigation actions in publicly available documents on the company's website.

Banco BPM will also disclose how impacts are addressed by publishing figures related to complaints against the Bank, including data such as the number of complaints received, complaints processed and processing times.

Finally, Banco BPM employs a complaint treatment system and a violation reporting system for responsible relationship management, providing avenues to report any violation or misconduct, which are subsequently investigated by the Audit Department.

## PART III: CONSISTENCY OF EU GREEN BONDS WITH BANCO BPM'S SUSTAINABILITY STRATEGY

*Key sustainability objectives and priorities defined by the Issuer*

TOPIC	ISSUER APPROACH
<p><b>Strategic ESG objectives</b></p>	<p>The Issuer focuses on integrating sustainability throughout 7 pillars:</p> <ul style="list-style-type: none"> <li>▪ Broaden leadership in SMEs &amp; Corporate, supporting green transition</li> <li>▪ Reinforce Wealth Management &amp; Life Insurance</li> <li>▪ Capture value from Property and Casualty (P&amp;C) Insurance and Payments' deals</li> <li>▪ Benefit from further omnichannel reinforcement</li> <li>▪ Enhance tech innovation, lean banking, cybersecurity</li> <li>▪ Further consolidate a "future-proof" balance sheet</li> <li>▪ Empower People and Communities, in line with its Social-oriented DNA.</li> <li>▪ Evolve proposition towards an Asset Management integrated player (New pillar – Anima integration)</li> </ul> <p>These pillars have been defined in Banco BPM's 2025-2027 Strategic Plan through a materiality analysis.</p>
<p><b>ESG goals/targets</b></p>	<p>To achieve its strategic ESG objectives, the Issuer has set the following goals:</p> <ul style="list-style-type: none"> <li>▪ Increase the share of women in managerial positions to 36% by the end of 2027</li> <li>▪ Hire 800 new employees by 2026 for generational turnover</li> <li>▪ Reduce direct Scope 1 and 2 GHG emissions resulting from the Group's operations by approximately 1% compared to 2024, reaching 10.9 thousand tons by 2027</li> <li>▪ Reduce direct energy consumption by at least 3 percent to below 472 thousand GigaJoule by 2027</li> <li>▪ Run-off in coal-based sectors by 2026</li> <li>▪ Maintain 100% of electricity supply from renewable sources throughout the Plan</li> <li>▪ 40% share of ESG bonds in the Corporate bond proprietary portfolio (banking book)</li> <li>▪ 15% new hires dedicated to cybersecurity in the 2025-2027 period</li> </ul>

TOPIC	ISSUER APPROACH
	<p>The goals are published in in Banco BPM’s 2025-2027 Strategic Plan<sup>23</sup> They are monitored quarterly.</p>
<b>Action plan</b>	<p>The Issuer has the following program in place to achieve its ESG goals.</p> <p>In terms of financial allocations, between 2025 and 2027, Banco BPM will allocate EUR 7 billion for Low-Carbon New M/L Term Financing, EUR 5 billion issue of GSS Bonds, and over EUR 250 million to the third sector (counterparties operating in non-profit activities).</p> <p>The Issuer will provide 200k hours annually on training employees on ESG issues.</p>
<b>Climate transition strategy</b>	<p>Banco BPM is focusing on low-carbon financing, running of coal-based sectors, and decreasing Scope 1 and 2 GHG emissions as explained above.</p> <p>Moreover, the Issuer has created a “Transition and Sustainability” function, operational from July 2024, reporting directly to the Co-General Manager-CFO. This department, which has been entrusted with the coordination of ESG activities carried out within the Group, is in turn divided into two structures: “ESG Strategy”, responsible for the development of the framework (approaches, methodologies, metrics and KPIs) and ESG disclosure, and ‘ESG Business Advisory’, responsible for supporting the company functions and Group companies in the implementation of the ESG strategy, with particular reference to the business units, in the dissemination of the ESG culture and in the indispensable related training activities. From 2024, the Group has also adopted a new structure within the Finance Department dedicated to sustainable funding operations and ESG consultancy, such as supporting the decarbonization of the proprietary portfolio. Finally, during 2024, intense activity was carried out to produce internal ESG regulations, which made it possible to integrate the PAI (Principle Adverse Impact) management framework into the “Guidelines on the integration of sustainability risks in the provision of investment services to customers”, as well as to approve the “Guidelines for the integration of sustainability factors in investment strategies for the proprietary portfolio”; furthermore, as part of the activities of the subsidiary Banco BPM Invest SGR, the ‘Regulations on the integration of sustainability factors in the provision of investment services’ were approved.</p>

<sup>23</sup> [Banco BPM’s 2025-2027 Strategic Plan](#).

TOPIC	ISSUER APPROACH
<p><b>ESG risk and sustainability strategy management</b></p>	<p>To implement its ESG strategy aimed at achieving the ESG ambitions outlined in its Strategic Plan, the Group has established and implemented an integrated Sustainability Governance Model, which includes the following bodies: Board of Directors, Sustainability Committee, ESG Committee and the Transition and Sustainability Unit already mentioned in the previous paragraph.</p> <p>The Board of Directors, supported by the Managing Director and the Co-General Managers, provides strategic oversight and management, with a focus on sustainable success. The CEO is responsible for approving the Bank's Guidelines, including those pertaining to sustainability issues. The Sustainability Committee, composed of three independent BoD's members with demonstrated expertise in ESG, supports the BoD in defining and approving strategic guidelines. The ESG Committee, chaired by the CEO and supported by the two Co-General Managers, along with most of the Bank's first-line managers examines the Group's ESG positioning and oversees all corporate activities and initiatives within the ESG sphere, in accordance with the Group's Strategic Plan. The Transition and Sustainability Unit coordinates all ESG-related activities undertaken by the Group's internal functions and reports directly to the Co-General Manager. Its aim is to ensure consistency across ESG ambitions and objectives.</p> <p>Banco BPM has a Risk Identification process in place to identify and analyze the various ESG risk factors, breaking them down between those specifically linked to climate/environmental aspects and those concerning governance and social sustainability.</p>
<p><b>Sustainability reporting</b></p>	<p>The Issuer reports on its ESG performance and initiatives annually. The report<sup>24</sup> is prepared according to the European Corporate Sustainability Reporting Directive (CSRD).</p>
<p><b>Industry associations, collective commitments</b></p>	<p>In 2021, Banco BPM has joined the UN Global Compact Initiative and the Task Force on Climate-Related Financial Disclosure (TCFD). In addition, as of March 2023, the Bank is also part of the Net-Zero Banking Alliance, an initiative supported by the UNEP FI and linked to the Principles for Responsible Banking (PRB).</p>
<p><b>Previous sustainable or sustainability-linked issuances or transactions</b></p>	<p>Banco BPM has issued several Sustainable Finance Instruments under its Green, Social and Sustainability Bonds Framework, such as a social bond for EUR 500 million to finance SMEs' Covid loans in July 2021. In March 2022, the Bank issued a green covered bond for EUR 750 million to finance green buildings. In September and November 2022,</p>

<sup>24</sup> [Banco BPM's Annual Reports](#), including sustainability reports.

TOPIC	ISSUER APPROACH
<p><b>and publication of sustainable financing framework</b></p>	<p>Banco BPM issued two green bonds of EUR 500 million each to finance a portfolio of green loans. In January and June 2023 Banco BPM issued two green bonds of EUR 750 million each to finance and/or re-finance eligible green loans and in November of the same year Banco BPM issued a social bond of EUR 500 million to finance SMEs in low GDP areas. In January 2024, Banco BPM issued a green bond of EUR 750 million and in September 2024 issued a social bond of EUR 750 million. In January 2025, Banco BPM issued EUR 500 million of social bond and in February 2025 a social covered bond of EUR 750 million to finance social residential mortgages. Further EUR 300 million Green Bond have been issued in July 2022 as private placement for the financing of green projects.</p>

*Rationale for issuance*

Banco BPM views European Green Bonds as a strategic tool to align its sustainable business activities with the growing demand from ESG-oriented investors. By issuing these instruments, the Bank can tap into targeted funding sources that reflect its environmental commitments. At the same time, the internal processes linked to European Green Bond issuance, outlined in Banco BPM’s factsheet, encourage deeper integration of sustainability considerations across business operations and foster constructive engagement with clients on green and sustainable opportunities.

**Opinion:** *The Issuer clearly describes the key sustainability objectives and the rationale for issuing European Green Bonds. All project categories financed align with the Issuer’s sustainability objectives.*

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## ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

### EU Green Bond Standard

The assessment evaluates whether the information contained in the European Green Bond Factsheet meets the requirements of the EuGB Regulation.

ISS-Corporate is authorized by the European Securities and Markets Authority to provide external review services for European Green Bonds during the transitional period ending on June 21, 2026.

ISS-Corporate complies its established procedures intended to avoid conflicts of interest and safeguard the independence of the external review.

### EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the European Green Bond Factsheet meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2023).

The evaluation shows if Banco BPM's project categories are indicatively in line with the entirety (or some of) the requirements listed in the EU Taxonomy technical annex.

The evaluation was carried out using information and documents provided confidentially by Banco BPM (e.g., due diligence reports). Furthermore, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the Issuer.

## ANNEX 2: QUALITY MANAGEMENT PROCESSES

### SCOPE

Banco BPM commissioned ISS-Corporate to compile a European Green Bond SPO. The second-party opinion process includes verifying whether the European Green Bond Factsheet aligns with the EuGB Regulation (EU 2023/2631) (as of January 2024) and assessing the sustainability credentials of its European Green Bond.

### CRITERIA

Relevant standards for this second-party opinion:

- EU GBS Regulation (EU 2023/2631), January 2024

### ISSUER'S RESPONSIBILITY

Banco BPM's responsibility was to provide information and documentation on:

- European Green Bond Factsheet
- Eligibility criteria

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the European Green Bond to be issued by Banco BPM has been conducted based on proprietary methodology and in line with the EuGB Regulation (EU 2023/2631) (as of January 2024).

The engagement with Banco BPM took place from April to October 2025.

### ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Please visit ISS-Corporate's [website](#) to learn more about our services for bond issuers.

For more information on SPO services, please contact: [SPOsales@iss-corporate.com](mailto:SPOsales@iss-corporate.com)

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