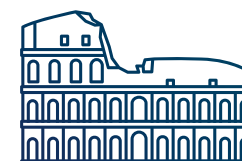


# ONE STEP FURTHER

## SUSTAINABILITY REPORT 2022

CONSOLIDATED  
NON-FINANCIAL  
STATEMENT  
PURSUANT TO  
ITALIAN LEGISLATIVE  
DECREE 254/2016

  
**BANCO BPM**  
GRUPPO





# ONE STEP FURTHER

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**Banco BPM S.p.A.**

Piazza F. Meda, 4  
Milan

  
**BANCO BPM**  
GRUPPO



# Letter to our Stakeholders

Dear Readers,

**The uncertainty generated by the sequence of emergencies** - pandemic, economic, climate - accentuated by the international conflicts that are so close to us **should not prevent us from looking with hope at the signs of recovery** appearing with increasing frequency in our country.

Even if the ability to make reliable forecasts revealed its limits, we can see at the same time the **extent of the responses that**, in this very precarious situation, **we have generated thanks to the commitment of a healthy**, generous and responsive social and entrepreneurial fabric **and a banking system that has responsibly supported our economy**.

Strengthened by this clear potential, we must look at the current challenges with confidence and commitment and continue to seize opportunities. **Indeed, we must accelerate towards business models that are increasingly sustainable, resilient and flexible**, capable of rapidly responding to new scenarios and the resulting social impacts.

At Banco BPM, we have long worked in this direction, aware of the contribution we can make to our customers and the community in this decisive decade towards the achievement of the 2030 Agenda goals.

Only six years since our foundation, we have become a leader in sustainability and inclusiveness, more solid, profitable and appreciated by the market and all our stakeholders.

**We closed 2022 with record results**, having also improved our creditworthiness and risk profile, and **maintaining prospects for further development in the coming years** both in terms of profitability and financing and lending to the country's productive fabric. The amount of dividends that we have submitted to the next Shareholders' Meeting in April 2023 has also increased.

Alongside these economic results, **we have also integrated climate and environmental risks into our credit system, and as part of our focus on ESG issues**, we will continue to invest in internal and external training, expanding our commercial and consulting offerings, **supporting our customers** in adopting more sustainable models, **also through local meetings**.

We have succeeded because **Banco BPM** is not only Italy's third-largest bank but is **the sum of 20,000 people who have contributed** their commitment and sense of belonging to **building a community bank**, a reliable partner for our SMEs and a benchmark for all our stakeholders: customers and shareholders, suppliers and institutions, the third sector and the community, with whom we are now allied to exploit the potential of the environmental transition and the NRRP for a recovery that increases and involves all the production systems and sectors of our society.

**We want to continue to develop without losing our capillary presence in Italy, which we also pursue to support the most fragile groups of the country.**

Growing to share, this is the direction in which we want to continue, and we take the opportunity of **this document to report to you**, clearly and transparently, **not only the results achieved but also the objectives** and the perspectives on which we are already working.

**Every day, one step further, together with you.**

Enjoy the report!

**Massimo Tononi**  
Chairman

**Giuseppe Castagna**  
Chief Executive Officer

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# Reading Guide

The Consolidated Non-Financial Statement of the Banco BPM Group contains **information on environmental, social and personnel issues, respect for human rights and the fight against corruption**.

This helps provide a better understanding of the Group's activities and their impact on its activities by presenting, for each material topic identified, the management and organisational model, policies, indicators, risks generated and incurred and the related management methods/policies practised. We identified the risks represented and the relative management methods/policies applied with the contribution of the corporate departments which manage such risks directly and indirectly. This representation also considers the risk factor mitigation levers identified in the risk identification process.

The Group pursues an unceasing commitment to improving sustainability reporting, believing that the requirement to prepare such a document is an **opportunity for sharing policies, strategies and impact in the various reporting areas**.

The qualitative and quantitative disclosure considers the GRI standards, the 2021-2024 Strategic Plan, requests from the ECB and major financial market participants, the Task Force on Climate-related Financial Disclosures (TCFD) and the UN Global Compact.

The document is divided into **ten macro-chapters**. The first macro-chapter **'Strategy'** opens with a section on new challenges and opportunities, followed by a description of the Strategic ESG Plan, listening to our stakeholders, materiality analysis, and financial and non-financial risk management.

*The document was produced by the **Sustainability Department**, which guided, coordinated and followed all the stages of its production, from the materiality analysis to the identification of qualitative and quantitative requirements, including the processing of the information and data received from the various Group structures, the drafting of the contents and relations with the auditing firm PVVC and with Message, the company responsible for the document's concept and graphic layout. In continuity with previous years, the 2022 data was collected with the support of the cloud platform ESGeo. For further information on this document, please write to [sostenibilita@bancobpm.it](mailto:sostenibilita@bancobpm.it).*

In the second macro-chapter **'Identity'** we describe the Group and its mission, business model, governance and organisational model, remuneration policies and business conduct.

The third macro-chapter concerns **'Value Creation'** and contains the economic value generated and distributed, and the material topic of capital strength and profitability. Macro-chapters 4, 5, 6, and 7 **'Customers', 'People', 'Community'** and **'Environment'** describe the management and organisational methods, indicators, principal risks and related management methods/policies practised that refer to the relevant material topics. From the third to the seventh macro-chapter, the disclosure opens with a section of 2022 highlights, with a selection of particularly significant quantitative and qualitative indicators.

The final part of the document contains macro-chapter 8, which describes the **'Acknowledgements'** that Banco BPM Group obtained in 2022; macro-chapter 9, which includes the **'Annexes'**, in particular, relating to the document's key indicators and an in-depth analysis of environmental and social data; the **'Method and framework'** macro-chapter, which contains the methodological aspects, the reconciliation table with the standard adopted (Global Reporting Initiative), the principles of the UN Global Compact and the recommendations of the TCFD, as well as the auditor's report.

All the macro-chapters are preceded by 'covers' that briefly highlight their content, the SDGs supported, the relevant stakeholders and the icons of our ESG Programme fields to which the contents of the macro-chapters refer.

## NAVIGATING

Name of reference chapter, at the top of each right-hand page

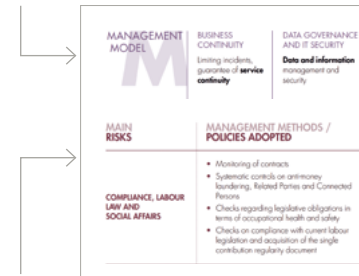


## TITLES

Present in the document table of contents

## DIAGRAM

Management model at the beginning of each chapter (material topic)



## TABLE

Risks and management methods/policies implemented at the end of each chapter.

## COVERS

2022 KPIs at the beginning of each macro chapter



## INDICATORS

SDGs, stakeholders and fields

## FIELDS



# STRATEGY

Being sustainable means knowing how to change so we can change tomorrow



## SDGs



## ESG FIELDS





Our work is about relationships, making us an active part of the **community**, aware that with what we do, we are building a **future** not only our own, but **shared**.

The connection we feel with the world around us impels us to be **driver of change** and ready to **evolve** in response to the stimuli flowing from **society**, considering all elements of **sustainability** in our **business** strategy.

We intend to offer our contribution to consolidate a **model of sustainable, just and inclusive development**.

We want to do this together with important domestic and international partners, participating step by step in the shared journey of **change and transition**.

Ready to change  
so we can change tomorrow.

# New Challenges and Opportunities

## SUSTAINABILITY: A PATH IN CONTINUOUS EVOLUTION

The consolidation of a **sustainable, just and inclusive** development model is punctuated by initiatives of the regulator, supervisory bodies and international organisations and confirmed by the attention of institutional investors and savers' choices in a geopolitical and market environment marked by **instability and uncertainty**.



The outbreak of the Russia-Ukraine war has accelerated the decisive challenges for the future. The devastating effects of the **climate crisis** are unfolding against a background of high **international geopolitical tensions**, which have led to rising **energy costs** and the **resurgence of inflation**, making a transition towards sustainability urgent.

In its annual report, the International Energy Agency (**IEA**) points out that the global energy crisis triggered by the Russian invasion of Ukraine is causing a 'profound reorientation' of global energy markets, public policies (such as the *Inflation Reduction Act* in the US, *Fit for 55* and *REPowerEU* in Europe, *Green Transformation* in Japan) and increased investment in renewables<sup>1</sup>.

<sup>1</sup> ieorg > World energy outlook 2022

## SUSTAINABILITY IN THE ITALIAN CONSTITUTION

Constitutional Law No. 1 of 11 February 2022 amended **Articles 9 and 41 of the Constitution**, putting a clear emphasis on **environmental protection** and giving the **State and private individuals** a role in its preservation.

**The interest of future generations** was included in Article 9, in line with the internationally recognised **principle of sustainable development**.

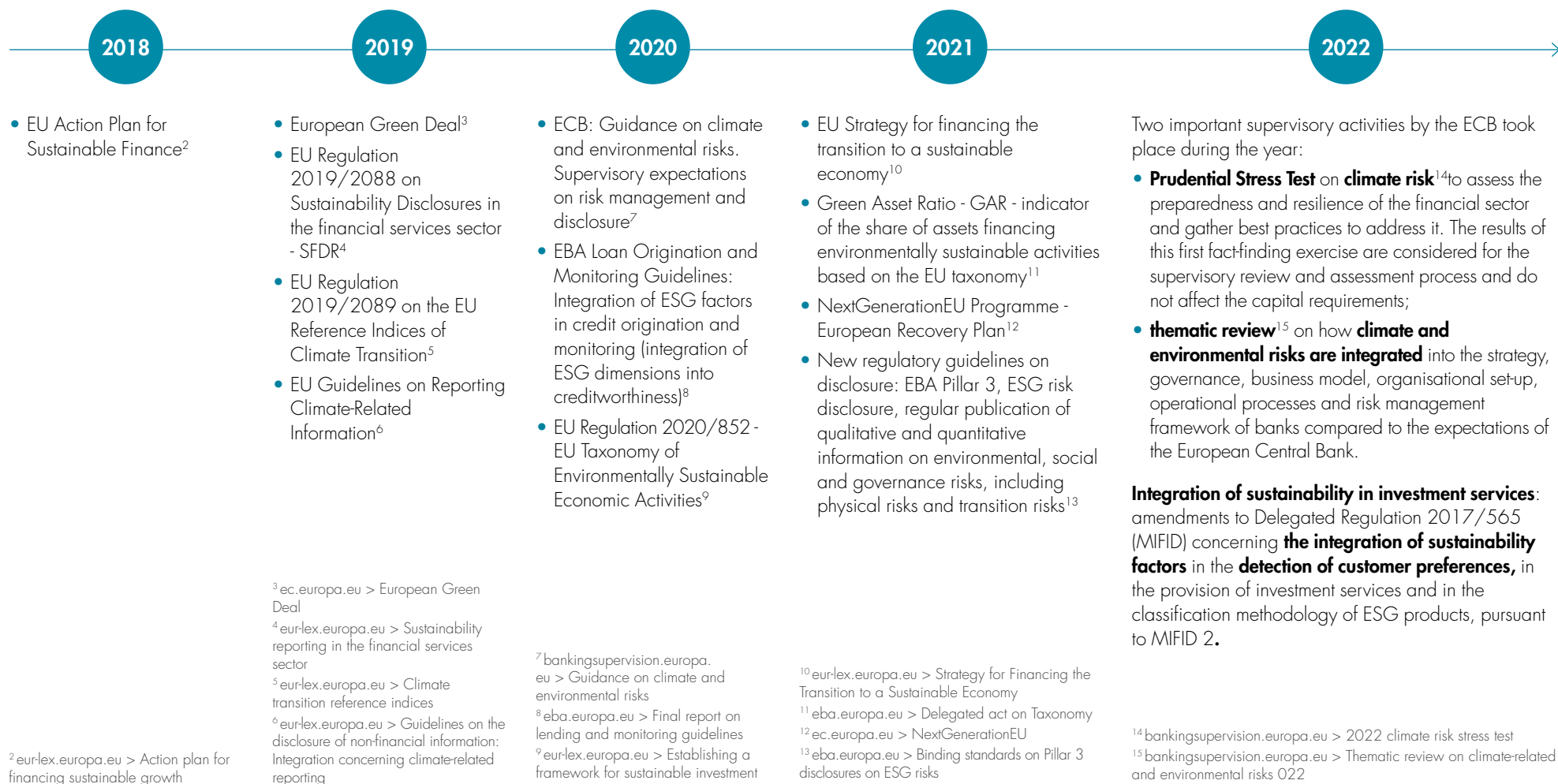
'The Republic promotes the development of culture and scientific and technical research. It protects the countryside and the nation's historical and artistic heritage. **It protects the environment, biodiversity and ecosystems, also in the interest of future generations**'.

In Article 41, two new limits are introduced to free enterprise (health and environment), and its orientation and coordination are for social and environmental purposes.

'Private economic initiative is free. To tackle the social and economic crisis caused by COVID-19, the European Commission adopted the **Next Generation EU Programme**, the largest fiscal stimulus package ever funded by Europe. The law determines the appropriate programmes and controls so that **public and private economic activity can be directed and coordinated for social and environmental purposes**'.

## THE LEGAL AND REGULATORY FRAMEWORK OF SUSTAINABILITY

Below are the main initiatives and legislative and regulatory interventions in the field of sustainability carried out in recent years, and for each of them the reference to the web pages for further details.



### THE EVOLUTION OF THE ESG FRAMEWORK CONTINUES

The European Parliament and the European Council approved the **CSRD** - Corporate Sustainability Reporting Directive - on corporate reporting, which, besides broadening the scope of companies obliged to draw up a non-financial report, introduces **more detailed disclosure obligations on sustainability issues** following the principle of 'double materiality' (financial relevance and environmental and social relevance).

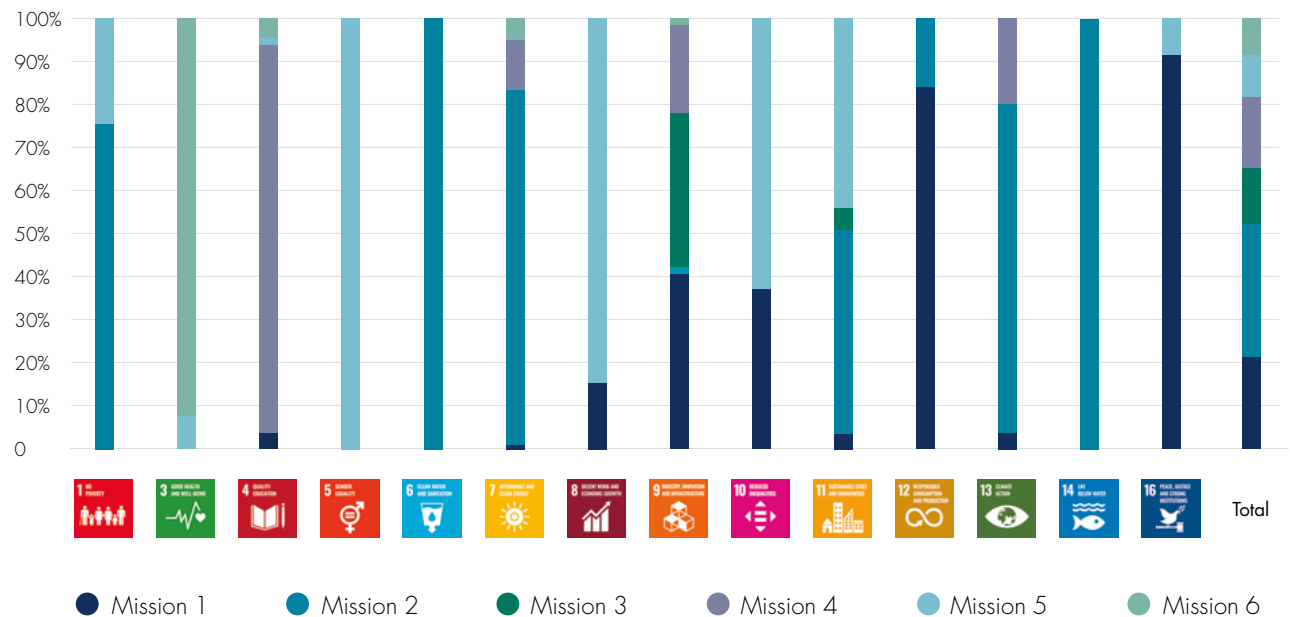
The European Commission is working on: **CSDD** - Corporate Sustainability Due Diligence - for implementing systems and processes to identify, prevent and mitigate the **negative impacts** caused by business activity **on the environment and human rights** along the entire value chain.

### THE CONTRIBUTION OF THE NRRP TO THE UN 2030 AGENDA

To tackle the social and economic crisis caused by COVID-19, the European Commission decided to adopt the **Next Generation EU Programme**, the largest fiscal stimulus package ever funded by Europe. To access the funds, each country must prepare a **National Recovery and Resilience Plan (NRRP)** outlining **investments and reforms** capable of counteracting the effects of the pandemic and ensuring economic recovery through the promotion of **ecological and digital transition**. The Next Generation EU Programme grants our country, through the PNRR, resources of **€191.5 billion** over a six-year horizon

(2021-2026). These resources were allocated using a classification based on four levels (six missions, 16 components, 191 measures and 285 sub-measures)<sup>16</sup>.

The **2022 ISTAT SDGs report** illustrates how the interventions envisaged in the NRRP aim to affect a wide range of economic, social and environmental aspects of our country, consistent with the Sustainable Development Goals (SDGs) of Agenda 2030<sup>17</sup>. In addition, the report uses a dashboard<sup>18</sup> in 2022 to propose the reconciliation of the six missions of the NRRP to the Sustainable Development Goals: a mapping of the resources in the NRRP using the SDGs system for monitoring public policies.



<sup>16</sup> ec.europa.eu > Next Generation EU  
<sup>17</sup> Istat.it > 2022 SDGs Report pages 15-23  
<sup>18</sup> public.tableau.com > Istat - RGS

# Our Strategic ESG Plan

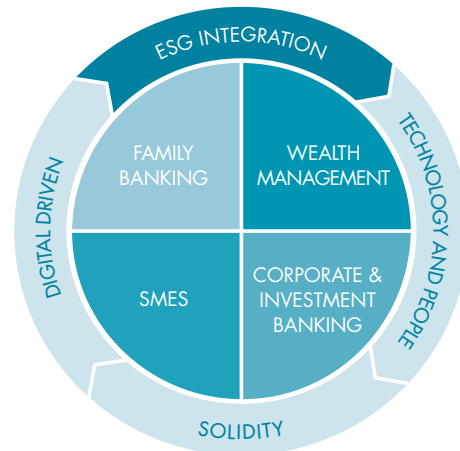
## GENERATING VALUE IN A CHALLENGING ENVIRONMENT

By fully integrating the ESG strategy into the business, the 2021-2024 Strategic Plan aims to strengthen our role as a creator of sustainable and shared value.



## DEVELOPING A SUSTAINABLE BUSINESS

We seek commercial growth in the main business areas through an **innovative service model based on omnichannel communication** and leveraging bancassurance, asset management and consumer credit.



## DIGITAL-DRIVEN SERVICE MODEL

- Reorganisation and optimisation of the physical commercial network
- Enhancing remote banking to increase the efficiency and effectiveness of customer relations

## INVESTMENT IN PEOPLE AND TECHNOLOGY

- People-oriented approach to attract and develop talent
- Investment in skills development and specialisation of the commercial network
- New digital-enabled architecture and enhanced cybersecurity

## ESG INTEGRATION

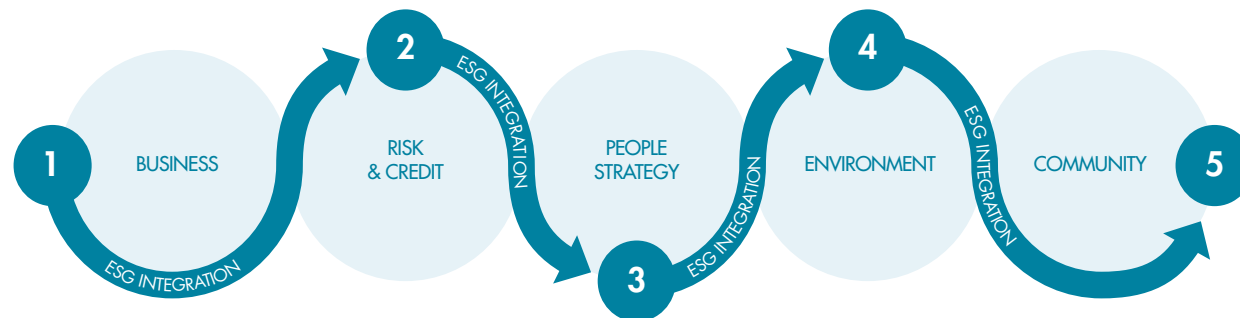
- Clear governance of ESG issues
- Full ESG integration into business and operational policies

## CAPITAL STRENGTH

- New management and monitoring systems to improve asset quality and focus on 'low NPE Bank'
- Effective management of corporate finance to maintain and improve the Group's capital strength

## ESG INTEGRATION

The **2021-2024 Strategic Plan complements and expands on our strategic ambition in all areas of sustainability under the ESG Programme**, committing us to targets of increasing integration and dissemination of Environmental Social & Governance (ESG) elements in our governance and business models<sup>19</sup>. **ESG issues guide the Group’s development activity across five pillars: Business, Risk&Credit, People Strategy, Environment, Community.**



## OBJECTIVES OF THE STRATEGIC PLAN AND 2022 RESULTS

### BUSINESS

Offer of **solutions, products and consulting services** that **support customers in the transition to a sustainable economy**.

#### KEY OBJECTIVES OF THE 2021-2024 STRATEGIC PLAN

	TARGET TO 2024	STATUS IN 2022
Share of new loans in Green and low-transition-risk sectors <sup>20</sup>	> 65%	<b>55.6%</b>
Green residential mortgages (cumulated new disbursements) <sup>21</sup>	€4 billion	<b>€1.32 billion</b> (of which €0.62 billion in 2022)
Purchases of property tax credits (cumulative flow) <sup>22</sup>	€3 billion	<b>€2.43 billion</b> (of which €1.52 billion in 2022)
Banca Akros Lead Manager/Bookrunner of ESG Bonds (cumulative)	€12.5 billion	<b>€16.05 billion</b> (of which €8.05 billion in 2022)
Corporate Bond Ownership Portfolio: share of ESG bonds	> 30%	<b>24.15%</b>
Issue of Green & Social Bonds (cumulative)	€2.5 billion	<b>€2.55 billion</b> (of which €2.05 billion in 2022)

### RISK & CREDIT

Progressive **integration of environmental and climate risks into lending policies and risk management frameworks** aiming to ensure more favourable access to capital for companies investing in green activities or wishing to undertake a transition process and, conversely, adopting exclusion policies and a selective approach towards sectors with high environmental risk.

#### KEY OBJECTIVES OF THE 2021-2024 STRATEGIC PLAN

	DURING THE PLAN HORIZON	STATUS IN 2022
<b>STOP TO NEW DISBURSEMENTS TO SECTORS HEAVILY IMPACTED BY THE CLIMATE TRANSITION:</b>		
<ul style="list-style-type: none"> <li>• Mining of hard coal</li> <li>• Manufacture of coal-fired blast furnace products</li> <li>• Power generation from coal</li> </ul>	<b>RUN-OFF</b>	<b>€25 million</b> (stock figure, - 57.2% vs January 2022)
<b>NEW LENDING TO THE FOSSIL FUEL SECTOR DEDICATED TO TRANSITION PROJECTS</b>	<b>&gt; 80%</b>	/ <sup>23</sup>

<sup>19</sup>The actions taken to achieve the Plan objectives are described in the chapters referring to the material topics

<sup>20</sup>New lending to corporate clients in green or low transition risk sectors and green financing products to corporate clients

<sup>21</sup>Loans granted to customers for class A-B-C buildings or those renovated for better energy efficiency

<sup>22</sup>Purchases of property tax credits related to tax incentives for energy upgrading and seismic risk reduction

<sup>23</sup>Although in the medium to long term the road to the green transition in Italy and Europe seems to be clear and well mapped out, in the short term the energy crisis caused by a general increase in energy costs and the reduced supply of gas and oil products from Russia has prompted governments to review their energy diversification strategy, also taking into account high-impact energy sources to secure the necessary energy supply. In the short term, this change of action has therefore slowed down the adoption of measures to reduce the use of products and energy from fossil sources. This slowdown was reflected in the pursuit of the Strategic Plan target for new disbursements dedicated to transition projects for fossil fuel companies.

## PEOPLE STRATEGY

**People-oriented** approach featuring the promotion of a corporate culture based on **diversity, inclusion** and **people's well-being**. Internal sharing of **ESG awareness** and **training** on sustainability issues.

## KEY OBJECTIVES OF THE 2021-2024 STRATEGIC PLAN

	TARGET TO 2024	STATUS IN 2022 <sup>24</sup>
Share of women in managerial positions	> 30%	<b>26.1%</b>
Share of new hires young people aged 20-30	> 90%	<b>89.5%</b>
Annual remote work days	500,000	<b>384,298</b>
ESG Ambassadors	100	<b>75</b>
Training hours for employees on ESG issues (cumulative)	400,000 (of which 174,213 in 2022)	<b>279,545</b>

## ENVIRONMENT

Development of actions to combat climate change by **reducing consumption and CO<sub>2</sub> emissions** to achieve **carbon neutrality (Scope 1 + Scope 2)**.

## KEY OBJECTIVES OF THE 2021-2024 STRATEGIC PLAN

	2019	TARGET TO 2024	STATUS IN 2022
Total direct and indirect energy consumption (Giga Joule)	732K	588K <b>-20%</b>	<b>571K</b>
To be improved to -30% by 2030			
<b>CONFIRMED 100% USE OF ELECTRICITY FROM CERTIFIED RENEWABLE SOURCES</b>			
Total net direct & indirect emissions (Scope 1 & 2 TCO <sub>2</sub> equivalent)	17.5K	<b>CARBON NEUTRALITY DURING THE PLAN HORIZON</b>	<b>7.4K</b>
Indirect commuting emissions (Scope 3 TCO <sub>2</sub> equivalent)	16.6K	13.1K <b>-21%</b>	<b>11K</b>
CDP Rating	B	A	<b>B</b>

## COMMUNITY

Continued support for **the social fabric of the local area** by supporting valuable initiatives and confirming our powerful role as a financial partner for the Third Sector.

## KEY OBJECTIVES OF THE 2021-2024 STRATEGIC PLAN

	DURING THE PLAN HORIZON	STATUS IN 2022
Donations and sponsorships for social and environmental projects	~€10 million	<b>€8.4 million</b> (of which €4.6 million in 2022)
Institutional Partner AIRC	5,000 researchers & 660 projects	<b>Continuous support of 5,000 researchers and over 700 projects</b>
Social initiatives for local communities, schools and students	> 300 initiatives	<b>266 initiatives</b> (of which 137 in 2022)
New disbursements to the third sector	> €700 million	<b>€356 million</b> (of which €180 million in 2022)
Corporate volunteering, ESG awareness and financial education	> 10,000 hours	<b>24,190 hours</b> (of which 14,566 in 2022)

<sup>24</sup>The data on new hires of young people consider the last two years: 743 recruitments, compared to 804 planned recruitments (as per trade union agreement on the Solidarity Fund), of which 665 were between 20 and 30 years old. Throughout the document, ESG training hours consider the training actually provided during 2022, even though some employees are no longer on the job as at 31 December 2022. The share of women in managerial positions does not consider the insurance companies, consistent with the corporate perimeter in 2021, to which the 2021-2024 Strategic Plan refers.

## PARTNERSHIP AND COMMITMENTS

By joining international initiatives, we aim to contribute to challenging sustainability goals through our activities and our stakeholder engagement.

### MARCH 2023

#### NET-ZERO BANKING ALLIANCE (NZBA)

Launched in 2021 with the initiative of the United Nations, it aims to **accelerate sustainable transition** through the banking sector's involvement and currently has 126 banks representing over 40% of global banking assets as members. By joining the NZBA, banks commit to aligning their credit and investment portfolios to the goal of net zero emissions by 2050, in line with the targets set by the Paris Climate Agreement, and to establish an interim target by 2030 as well as to disclose progress.

**Banco BPM** decided to join the NZBA in March 2023 and, following careful analyses and evaluation, **identified five priority areas for the communication of its targets 18 months after the original membership:**

- **Oil & Gas;**
- **Power generation;**
- **Cement;**
- **Automotive;**
- **Coal<sup>25</sup>.**

<sup>25</sup>We should note that again as part of the 2021-2024 Strategic Plan regarding the coal sector (hard coal mining, manufacturing of coal-fired blast furnace products and coal-fired power generation), Banco BPM has already committed to a progressive run-off of existing exposures.

### MEMBERSHIP IN 2021

#### GLOBAL COMPACT

Launched in 2000, this United Nations' initiative now counts over 21,000 companies in 162 countries. Based on ten principles relating to respect for human and labour rights, environmental protection and anti-corruption to be integrated into business management, it **encourages governments, businesses and civil society to work together to create a sustainable and inclusive economic model.**

**Banco BPM joined the Global Compact in December 2021.**

This document contains a **correlation table** between our activities and the Global Compact principles.

#### TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Created in 2015 by the Financial Stability Board (FSB), **it is an international organisation which aims to encourage companies to be more transparent on the risks and opportunities associated with climate change.** In 2017, the Task Force published recommendations for effectively and transparently structuring environmental disclosure, which were endorsed by some 4,000 organisations worldwide representing a market capitalisation of \$26 trillion.

**Banco BPM has supported the TCFD since December 2021.**

Since that year, we have prepared the Non-Financial Statement, also considering the **Task Force's recommendations.** A **correlation table** makes it easier to relate the different topics covered to the four thematic areas of disclosure (governance, strategy, risk management, metrics and targets) defined by the TCFD.

### MEMBERSHIP BY 2024

#### SCIENCE BASED TARGET INITIATIVE (SBTI)

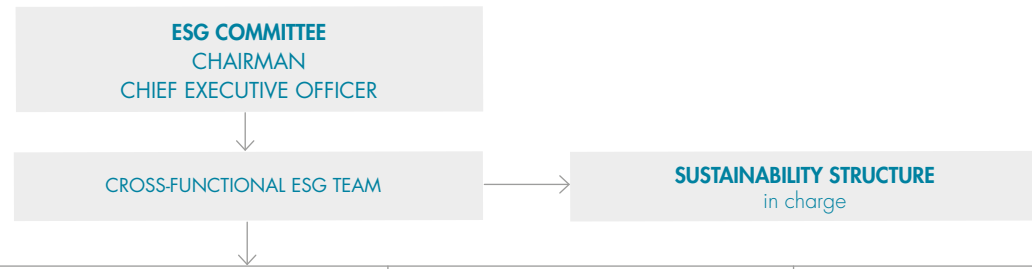
It was established in 2015 as a partnership between the Carbon Disclosure Project, United Nations Global Compact, World Resource Institute and WWF, aiming to **support companies in defining and validating climate change mitigation targets that are scientifically based** and in line with the Paris Climate Agreement.





## OUR ESG PROGRAMME: RELATIONSHIP WITH THE STRATEGIC PLAN AND STATE OF PROGRESS

The five ESG pillars of the 2021-2024 Strategic Plan are defined in continuity with the areas of action in which the seven ESG programme fields launched in February 2021 are distributed.



ESG MACRO-AREAS 2021-2024 STRATEGIC PLAN							
ESG STRATEGIC AMBITION AREAS AND MAIN OBJECTIVES	PEOPLE STRATEGY		RISK & CREDIT	BUSINESS		ENVIRONMENT	COMMUNITY
	GOVERNANCE AND CONTROLS	PEOPLE	RISK & CREDIT	CORPORATE AND SMES	WEALTH MANAGEMENT, FINANCE AND PRODUCTS	ENVIRONMENT	STAKEHOLDER ENGAGEMENT & MEASUREMENT
		<ul style="list-style-type: none"> <li>Integrating ESG-oriented <b>roles and responsibilities</b> in all activities</li> <li>Integrating ESG issues into <b>corporate policies</b></li> </ul>	<ul style="list-style-type: none"> <li>Attention to <b>Diversity&amp;Inclusion</b>, with a focus on women's empowerment</li> <li>Strengthening ESG <b>training plans</b></li> </ul>	<ul style="list-style-type: none"> <li>Integrating ESG factors into <b>risk management and credit granting</b> processes</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening <b>commercial offerings</b> to support customers' green transition</li> <li>Developing <b>client engagement</b> skills on ESG issues</li> </ul>	<ul style="list-style-type: none"> <li>Defining ESG <b>investment policies</b></li> <li>Strengthening the <b>advice and offering of ESG investment products</b></li> </ul>	<ul style="list-style-type: none"> <li>Managing and reducing <b>direct environmental impacts</b></li> </ul>
ACHIEVEMENTS	<ul style="list-style-type: none"> <li>Expanded ESG Ambassador perimeter: 75 at the end of 2022</li> <li>Revised and enriched Code of Ethics</li> </ul>	<ul style="list-style-type: none"> <li>ESG awareness initiatives implemented:               <ul style="list-style-type: none"> <li>activation of a Master's programme for training of ESG Ambassadors during the plan years;</li> <li>training initiatives dedicated to the 'Environmental, Social and Governance' dimensions for the entire corporate population</li> </ul> </li> <li>Increased number of women in managerial positions</li> <li>Defined and internally shared the Respect Pact, approved by management, concerning the commitment to respect every single person in the company and all diversity</li> </ul>	<ul style="list-style-type: none"> <li>Including physical risk assessments and analyses consistent with the EU taxonomy in the context of credit</li> <li>ESG risks considered in the methodology and monitoring of reputational risk</li> <li>First integration of climate risk into the ICAAP</li> <li>First 'Climate Risk Stress Test' exercise carried out by the ECB</li> </ul>	<ul style="list-style-type: none"> <li>New Chirografario Corporate product launched (with Objective Sustainability)</li> <li>Defined a reference function for the sales network to support the ESG commercial offer</li> <li>Improved diagnostics (tools and methodologies) to identify business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Published our first Green, Social and Sustainability Bonds Report</li> <li>'Green' bond issues totalling €2.05 billion</li> <li>Guidelines on integrating sustainability risks in the provision of investment services updated</li> <li>Integrated sustainability factors in measuring client preferences, in the provision of investment services</li> <li>Carried out training on ESG advisory, solutions and products</li> </ul>	<ul style="list-style-type: none"> <li>Extraordinary energy efficiency measures adopted in response to the energy crisis</li> <li>Completed the Offsetting Project, compensating ~8,000 t CO<sub>2</sub> eq</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened climate disclosure</li> <li>Strengthened stakeholder engagement in the materiality definition process</li> </ul>

## Listening to our stakeholders

**Listening to our stakeholders** is an essential part of making **strategic decisions** and our daily work. Sharing interests and objectives with the local and financial communities and our people allows us to find new ways to make **our business evolve**



### SHAREHOLDERS/ FINANCIAL COMMUNITY

- **Calls/Webcasts** to present results
- **Events** (Banking Conference, Roadshows and Reverse roadshows) and **meetings organised to relate with the institutional financial community** (analysts/investors and rating companies)
- **Shareholders' Meeting**

Banco BPM **considers the relationship**  
EVENTS AND MEETINGS

# 153

with institutional  
investors, rating  
agencies and analysts

with **shareholders and the national and international financial community** fundamental to ensure greater transparency and prompt disclosure of the Group's annual and interim financial reporting and strategies.



### CUSTOMERS

- **Customer Satisfaction Surveys** to measure overall customer satisfaction
- **Customer Experience** to identify critical points and improvement actions
- **Research projects** to gather feedback on services/products and new ways of using banking services
- **Customer Feedback Management (CFM) platform** for collecting instant feedback on products, services and processes
- **Survey on sustainability issues**, aimed at companies to understand levels of awareness, needs and expectations concerning ESG areas

### SURVEYS ON SUSTAINABILITY ISSUES

Involved:  
**~350**  
Companies

The customers involved in the survey belong to three Segments: Business, Enterprise and Corporate<sup>26</sup>. The interviews were conducted using questionnaires. One of the **findings that emerged from the analysis of the results is the need to structure different approaches to ESG issues according to company size.**

<sup>26</sup>- Businesses: with a turnover of €250,000 to €5 million  
- Companies: companies with a turnover of €5 million to €75 million  
- Corporate: companies with a turnover of over €75 million



## PEOPLE

- **Staff managers and facility/branch managers** oriented towards resource management and professional development
- **Development section**, a communication channel activated in the performance appraisal process to record individual professional aspirations
- **Channels for listening** to people, to foster well-being in the company and the development of an inclusive culture
- **Surveys** to investigate issues of shared interest, such as mobility between home and work in a work-life balance perspective
- **Surveys** to investigate issues of shared interest such as mobility between home and work in a work-life balance perspective

### IN TEAMS WITH THE CEO

The following participated:

**40** Hub or CIM Managers

**Two meetings were organised between the CEO and the eight Regional Departments and three meetings between the CEO and the Company Centres.**

Eight Hub <sup>27</sup> branch managers or Company Centre managers attended each meeting. The aim of the initiative is to stimulate dialogue, explore issues, especially commercial ones, resolve doubts and build a team.

<sup>27</sup> Hub Branches: generally large organisational structures with direct management of all customer segments and coordination of smaller branches



## COMMUNITY/ENVIRONMENT

- **Local Committees**, collecting local needs and also involved in the materiality analysis
- **Foundations** envisaged in the Articles of Association. Seven are located in the areas in which we historically operate to respond to social and environmental needs in a capillary manner
- **Dialogue with Third Sector organisations** through cooperation with the National Forum

### LOCAL COMMITTEES

**7**  
to protect  
the local area

**49**  
meetings

**The Local Committees are a tool to maintain a continuous dialogue with the local areas where we have roots.** They comprise representatives from the economic, professional and associative worlds. They formulate proposals, plan and organise events and initiatives and, when requested, express opinions on proposed issues.



## SUPPLIERS

- **Suppliers' Register**, the portal through which there is a constant dialogue with suppliers and the relationship takes shape
- **Email address and dedicated toll-free number**
- **Questionnaire** sent to suppliers to assign an ESG rating

### QUESTIONNAIRES

**1,143**  
Questionnaires  
sent

**58%**  
Responses  
received

**The questionnaire** uses an analysis methodology **to assess the supplier** both during the census and in operation **assigning it a rating** to certify its soundness also in terms of environmental, social and governance aspects.



## PA AND SUPERVISORY AUTHORITIES

- **Participation in working groups**, also promoted by the trade association (ABI) when consulting on new legislation
- **Interactions during inspections** by supervisory authorities both onsite and remotely
- **Meetings with the European Central Bank (ECB) also dedicated to ESG issues**
- **Tax rulings** - requests for clarification addressed to the Revenue Agency on the occasion of relevant transactions concerning the interpretation, application or removal of legal rules of various kinds relating to taxation;
- **Response to questionnaires** from the Inland Revenue concerning information on customers/suppliers in support of Tax Administration controls

### CONTACTS WITH SUPERVISORY AUTHORITIES

**83**  
calls/videocalls

**683**  
participants

**A unit of Banco BPM is entirely dedicated to relations with the Supervisory Authorities.** During 2022, there were many contacts with the ECB and the Bank of Italy (BI), many of which focused on ESG issues. In particular, the discussion with the ECB focused on the 'Thematic Review on Climate-Related and Environmental Risks'.

# Materiality Analysis

## A PROCESS OF CONTINUOUS IMPROVEMENT

In 2022, we further strengthened the materiality process, through better and broader involvement of our stakeholders. We included the evaluations and considerations expressed by customers, employees, Territorial Committees and institutional players in the financial market, key stakeholders supporting our growth path. Moreover, in line with the new GRI standards, we have identified our most significant impacts on the economy, environment and people, including on human rights because of Group activities and business relations. We also grouped them into material topics<sup>28</sup> whose level of importance was determined through the engagement of stakeholders and top management.

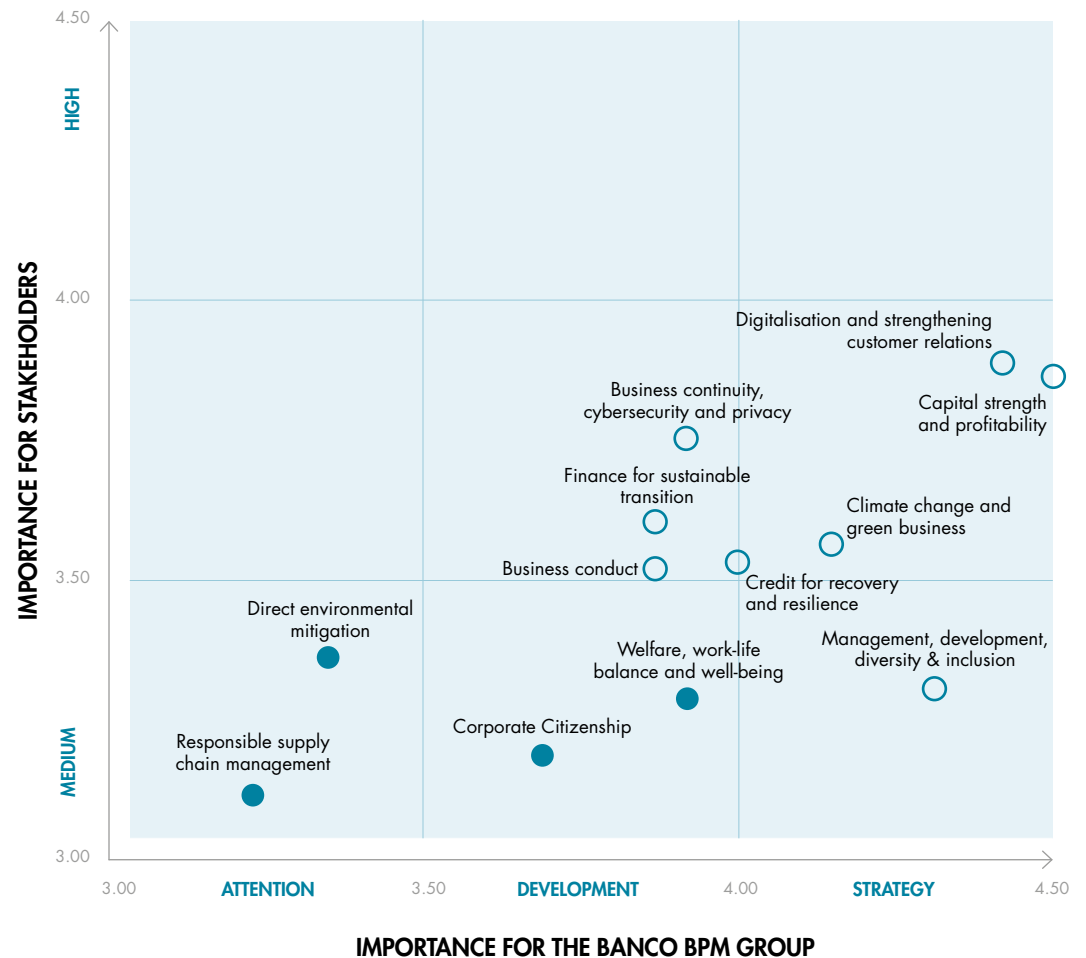
<sup>28</sup> Italian Legislative Decree 254/2016, implementing the European Parliament's Directive 2014/95/EU on sustainability reporting, requires sizeable public interest companies to report on material topics, meaning those which are 'relevant, considering the activities and characteristics of the company' and 'sufficient for an understanding of the company's business, its performance, its results and the impact it produces', considering at least environmental, social, staff, human rights compliance, active and passive anti-corruption areas.

## THE MATERIALITY MATRIX

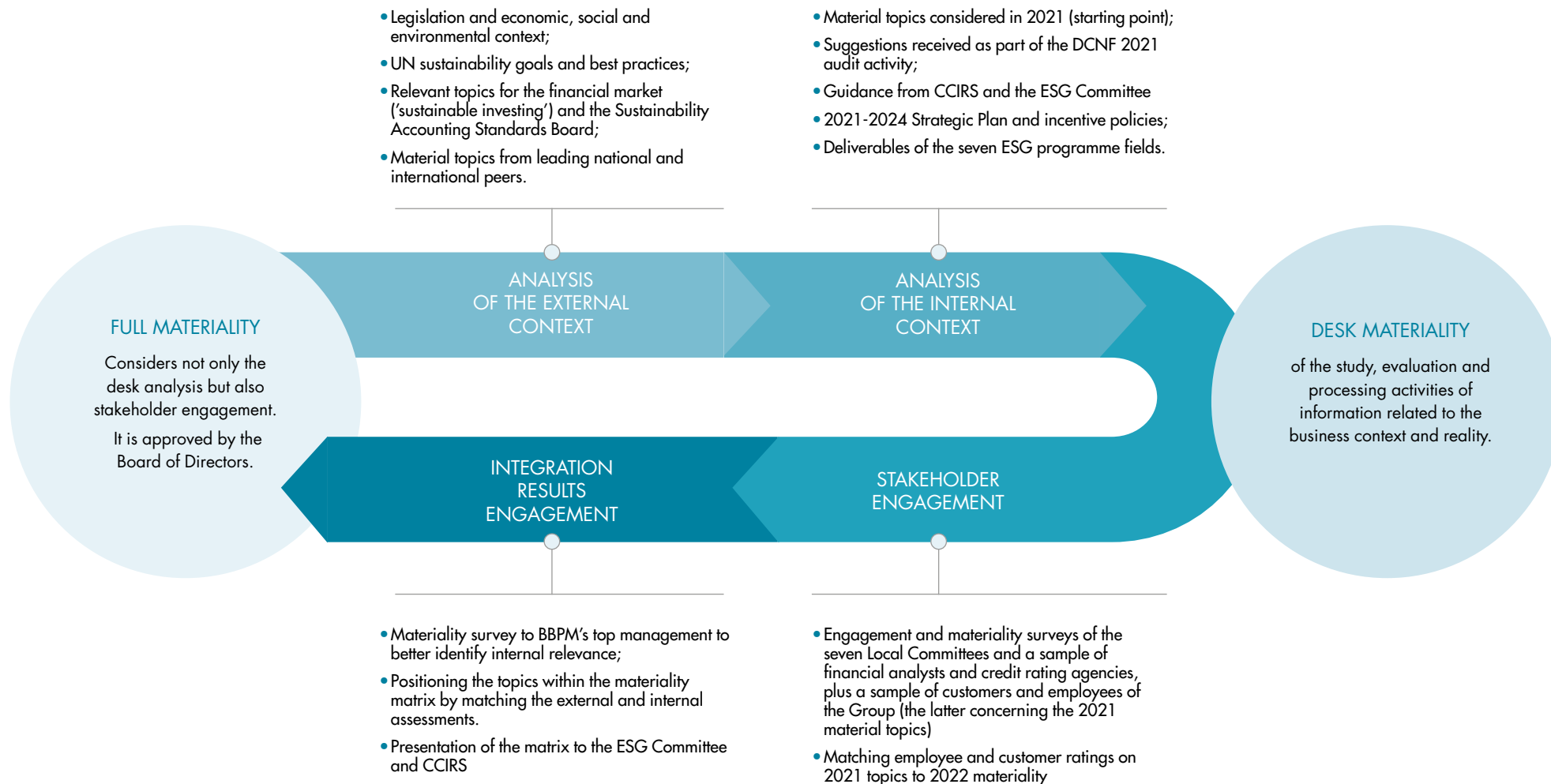
To position the material topics within the matrix, we submitted the topics of the 'desk' materiality analysis to our stakeholders and the top management of the Banco BPM Group. We collected their ratings (from 1 - unimportant to 5 - strategic).

The average ratings assigned by stakeholders and top management start from the 'importance' level for all topics considered (average rating greater than 3), confirming the materiality of the topics.

○ The most important material topics of 2022 are also reflected in the risk factors of the 2022 risk identification



## HOW WE CREATE THE MATERIALITY MATRIX



## EVIDENCE OF 2022 MATERIALITY AND COMPARISON WITH 2021 MATERIALITY



Regarding the **topics with higher ratings for both the Group and its stakeholders** compared to 2021, we note an increasing internal and external focus on 'business continuity, cybersecurity and privacy' (a focus also confirmed considering the 2022 risk identification). While still very important, credit ranks behind customer relations, the green/sustainable transition, and 'business continuity, cybersecurity and privacy'.



The **lowest rated topics for the Group and stakeholders** are 'responsible supply chain management', 'reducing direct environmental impact', and 'corporate citizenship'. The last two topics, in particular, show a deterioration from their 2021 positioning.

A detailed analysis of the material topics compared to 2021 shows that:



- The 'transition towards a sustainable economy and finance' changes its name to **'finance for a sustainable transition'** as it focuses more on **all business activities** to support companies towards sustainable business models and people towards asset management that do not just consider sustainability, and to manage proprietary finance with financial instruments that consider sustainability criteria. The topic thus illustrates the Group's contribution to the sustainable transition through its core business.
- The **credit focus** remains on the **economic recovery** affecting Italy and the European economy over the past two years. It incorporates the critical topic of the **National Recovery and Resilience Programme (PNRR)**, which came into full effect in 2022.
- The theme of innovation, which in 2021 had been addressed across the board on all innovative aspects in the material topics, is refocused on **digitisation and strengthening customer relations**, a driver of the Strategic Plan that represents one of the most critical areas of innovation to which the Group can contribute, considering its business activities.
- Investment in economic, human and technological resources has been further strengthened to ensure continuity and reliability of service and personal data (**business continuity, cybersecurity and privacy**) in a post-pandemic context characterised by remote work and significant online operations.
- **The theme of 'capital strength and profitability' strategic** as well as important, albeit less so than other topics, to **help build corporate citizenship** through economic resources, skills and by forging relationships with local players, as well as to contribute to the integration of sustainability for supplier companies ('responsible supply chain management').



**The commitment to people and the development of related issues continues** with particular regard to:

- management of staff, their development and the ability to include and enhance diversity and merit, including through new organisational structures, training activities and programmes to promote female talent (topic '**management, development, diversity and inclusion**', which received very high ratings from top management and high average ratings from stakeholders);
- the well-being and involvement of people, especially in a context where it is still necessary to pay special attention both to the protection of staff health and safety and to a work model that reconciles work and personal needs (**welfare, work-life balance and well-being** was associated with high average importance by top management, while it received lower average ratings from stakeholders).



**Environmental topics remain relevant**, albeit to different degrees and in different ways, in particular:

- the importance of **managing climate and environment-related business risks and opportunities and supporting customers in the green transition** also through dedicated products and services is reinforced;
- **the importance of limiting the direct environmental impact** mainly through reducing consumption and emissions related to the company's operation is reduced, while remaining considerable.



The focus on **corporate conduct** is growing, especially from stakeholders.



















**FOCUS ON IMPACTS**

Through the Sustainability structure, we have identified the **aspects on which we generate the most significant impacts on the economy, environment and people, including on their human rights**. This activity started with the analysis of the organisation’s context (external and internal context before the








desk materiality), which allowed us to identify the relevant aspects of the sector as well as the principal positive and negative (current or potential) inside-out impacts. Subsequently, the identified impacts were grouped into material topics. These were finally prioritised based on the relevance (significance) expressed by stakeholders and top management. To respond to the logic of

the new standard GRI 3: Material Topics, see below for a further representation of materiality in the form of a ‘prioritised list of material topics’. The following table considers the main impacts, grouped and prioritised by material topic, and their possible mitigation actions.

PRIORITISATION	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS	ACTIONS TO MITIGATE NEGATIVE IMPACTS
1	<b>CAPITAL STRENGTH AND PROFITABILITY</b>	<ul style="list-style-type: none"> <li>• Adequate shareholder remuneration and value creation for the whole community</li> <li>• Financial stability of the country</li> </ul> 		
2	<b>DIGITALISATION AND STRENGTHENING CUSTOMER RELATIONS</b>	<ul style="list-style-type: none"> <li>• Digital transition of customers and the country</li> <li>• Satisfaction of customer needs</li> <li>• Contribution to customer financial awareness</li> </ul> 	<ul style="list-style-type: none"> <li>• Potential loss of customer contact and employment because of branch closures</li> <li>• Difficulties in the use of new technologies/applications by customers</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening of alternative channels to the branch and retraining/reconversion of staff in branches involved in the rationalisation</li> <li>• Improvement and expansion of remote customer services for the efficient and effective use of resources</li> </ul> 
3	<b>CLIMATE CHANGE AND GREEN BUSINESS</b>	<ul style="list-style-type: none"> <li>• Transition of corporate clients to a low-emission business model</li> <li>• Improved energy efficiency of the country’s buildings</li> <li>• Reducing indirect Scope 3 CO<sub>2</sub> emissions</li> </ul> 	<ul style="list-style-type: none"> <li>• Generation of CO<sub>2</sub> emissions along the value chain (Scope 3) and consequent reinforcement and acceleration of climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Improved internal qualification of the ESG taxonomy for internal processes (e.g., collection of relevant information) and disclosure issues (e.g., green asset ratio) and offer of green products and services</li> <li>• Promoting environmental awareness among employees and customers to encourage less indirect environmental impact</li> <li>• Joining the Net Zero Banking Alliance and Science Based Target initiative to align the portfolio with the Paris Agreement by 2024</li> <li>• TCFD Supporters</li> <li>• Integration of environmental and climate risks into the risk management framework</li> <li>• Remote work to reduce employee-related Scope 3 emissions</li> </ul> 

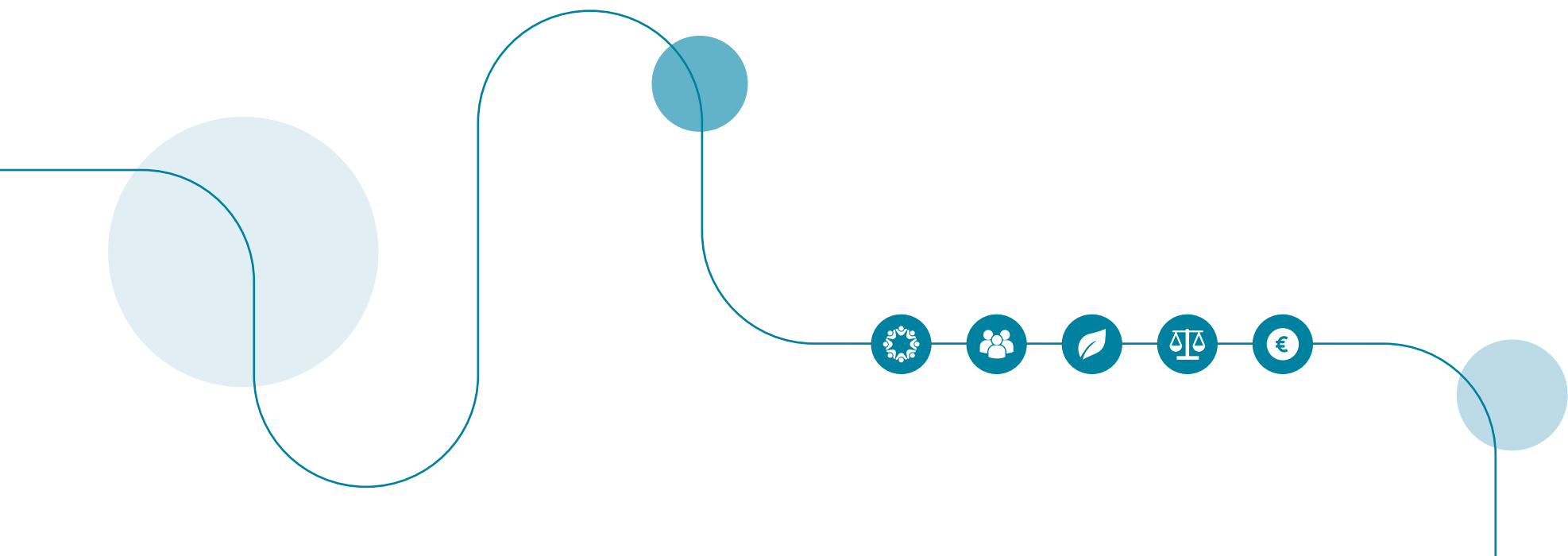
PRIORITISATION	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS	ACTIONS TO MITIGATE NEGATIVE IMPACTS
4	<b>BUSINESS CONTINUITY, CYBERSECURITY AND PRIVACY</b>	<ul style="list-style-type: none"> <li>• Continuity and reliability of services even in the case of adverse events</li> <li>• Protection of personal data vis-à-vis third parties</li> <li>• Customer awareness on cybersecurity and privacy</li> <li>• Cyber resilience of the financial system</li> </ul>	<ul style="list-style-type: none"> <li>• Potential major cyber attacks resulting in possible loss of trust, personal data, economic resources by customers</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening of physical and IT security safeguards, development of partnerships to identify threats, adoption of policies and risk mitigation solutions on infrastructure and applications supporting the Bank's IT system</li> </ul> <p>The planned actions include (Strategic Plan):</p> <ul style="list-style-type: none"> <li>• adoption of the continuity plan to absorb shocks in a complex and rapidly changing environment;</li> <li>• improvement of recovery solutions to address emerging challenges (e.g., security threats, climate change, etc.);</li> <li>• continuous improvement of customer data confidentiality, availability and integrity;</li> <li>• investment in security research and innovation to foster technology adoption (e.g., Cloud, online services, third parties, etc.);</li> <li>• layering security defence to improve detection, prevention and recovery from cyber attacks.</li> </ul>
			 	
5	<b>MANAGEMENT, DEVELOPMENT, DIVERSITY AND INCLUSION</b>	<ul style="list-style-type: none"> <li>• Creating and maintaining quality employment</li> <li>• Skills creation for employees</li> <li>• Talent enhancement and growth with positive impacts on the territory and employment</li> <li>• Creation and dissemination of the culture of Diversity&amp;Inclusion and enhancement of equal opportunities with positive impacts on individuals, minorities and society at large</li> <li>• Economic value distributed to employees and contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Potential lack of competitiveness of human capital in a public interest sector</li> <li>• Potential wage disparities with negative impacts on individuals, minorities and society in general</li> </ul>	<ul style="list-style-type: none"> <li>• Measuring skills, assessing achievements and customisable development paths</li> <li>• Training in diversity &amp; inclusion</li> <li>• Creation of organisational structures in D&amp;I and talent management</li> <li>• 'Manifest Commitment' to share a common culture of respect</li> <li>• Developing female talent and increasing the proportion of women in management</li> <li>• In-depth analysis of the current state of D&amp;I, including the Gender Pay Gap, to define an effective action plan</li> </ul>
				
6	<b>CREDIT FOR RECOVERY AND RESILIENCE</b>	<ul style="list-style-type: none"> <li>• Recovery and resilience of the Italian economic and social system</li> <li>• Financial inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Potential loss of NRRP-related opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Use of subsidised financial instruments (e.g., public guarantees)</li> <li>• Role as co-funder, thanks to the funds made available by the NRRP, of modernisation plans, digital transformation, sustainable transition</li> <li>• Creation of NRRP organisational structures and related education, communication and dedicated commercial action initiatives</li> </ul>
		  	  	



PRIORITISATION	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS	ACTIONS TO MITIGATE NEGATIVE IMPACTS
7	<b>FINANCE FOR A SUSTAINABLE TRANSITION</b>	<ul style="list-style-type: none"> <li>• Sustainable transition of the economy</li> <li>• Contribution to customer awareness of initiatives contributing to sustainable development</li> </ul> 	<ul style="list-style-type: none"> <li>• Contribution, through funding/ investment, to controversial activities with negative social and environmental impacts</li> </ul> 	<ul style="list-style-type: none"> <li>• Strengthening of ESG financing product offerings and staff specialising in ESG products and services</li> <li>• Credit policies that support sustainable ESG managed transition, aiming to direct customers' savings towards sustainable initiatives</li> <li>• Consultancy to companies to address competitive ESG challenges, including through workshops and training sessions to create awareness</li> </ul>
8	<b>BUSINESS CONDUCT</b>	<ul style="list-style-type: none"> <li>• Dissemination of a culture of ethics, integrity, honesty, impartiality and transparency</li> <li>• Economic contribution to Public Administration</li> </ul> 	<ul style="list-style-type: none"> <li>• Potential litigation and other legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, negligence, etc.</li> <li>• Potential corruption incidents</li> <li>• Potential money laundering practices</li> </ul> 	<ul style="list-style-type: none"> <li>• Policy on business conduct (e.g., OMC pursuant to Italian Legislative Decree 231/2001; procedures for regulating Related-Party Transactions; Anti-Corruption Regulation; Anti-Money Laundering Regulation; Taxation Regulation)</li> <li>• Establishment of a system for reporting violations in the event of conduct that does not comply with the rules through different access channels (whistleblowing platform, electronic mailbox, both paper and digital, of the Supervisory Body)</li> <li>• Compliance, anti-corruption and anti-money laundering training</li> </ul>
9	<b>WELFARE, WORK-LIFE BALANCE AND WELL-BEING</b>	<ul style="list-style-type: none"> <li>• Employee welfare and dissemination of a culture of well-being, safety and prevention</li> </ul> 	<ul style="list-style-type: none"> <li>• Potential work-related stress disorders</li> <li>• Potential accidents/ near misses/ occupational diseases</li> <li>• Potential motivational loss of people in the company</li> </ul> 	<ul style="list-style-type: none"> <li>• Adoption of flexible working arrangements to reconcile personal and work needs</li> <li>• Strengthening of targeted programmes for the reintegration of staff on maternity leave</li> <li>• Occupational health and safety training</li> <li>• Improvement and expansion of welfare services</li> <li>• Employee engagement initiatives (intranet, events, workshops, etc.)</li> </ul>
10	<b>CORPORATE CITIZENSHIP</b>	<ul style="list-style-type: none"> <li>• Contribution to the social activities of non-profit organisations, health organisations, research, etc.</li> <li>• Contribution to the education and training of young people and their integration into the world of work</li> <li>• Contribution to the country's art and culture</li> <li>• Contribution to community financial awareness</li> </ul> 		

PRIORITISATION	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS	ACTIONS TO MITIGATE NEGATIVE IMPACTS
11	<b>DIRECT ENVIRONMENTAL MITIGATION</b>	<ul style="list-style-type: none"> <li>Reduction of energy consumption, consumables and direct CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Current and potential impact of business activity on climate change</li> <li>Generation of CO<sub>2</sub> emissions in the course of business activities (Scope 1 and 2)</li> </ul>	<ul style="list-style-type: none"> <li>Energy efficiency</li> <li>Use of electricity from renewable sources</li> <li>Guidelines for responsible energy use in company buildings and corporate fleet policies</li> <li>Rationalisation of real estate assets</li> <li>Digitisation projects and CO<sub>2</sub> offsetting initiatives</li> </ul>

12	<b>RESPONSIBLE SUPPLY CHAIN MANAGEMENT</b>	<ul style="list-style-type: none"> <li>Contribution to the creation of a sustainable value chain</li> <li>Economic value distributed to the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Potential violation of human rights and ethical principles along the supply chain</li> <li>Indirect environmental impact of the supply chain (Scope 3)</li> </ul>	<ul style="list-style-type: none"> <li>Supplier selection and monitoring also taking into account the possession of sustainability certifications (e.g., Quality, Environment, Energy, etc.)</li> <li>Requesting suppliers to read Model 231 and the Code of Ethics</li> <li>Collection of supply chain ESG information for better integration of sustainability throughout the value chain</li> </ul>
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# Financial and non-financial risk management

We continue to work on risk prevention and management<sup>29</sup> with a 'rigorous and punctual' approach, implementing strategies to pursue challenging business objectives while maintaining a low and appropriate risk profile.

The **timely identification of risks** and their updating is ensured through the Risk Department reporting directly to the CEO and independent of the operational functions and activities, as well as the **functional coordination of the Group companies' risk control systems**. In addition, **governance processes are monitored**, including through the development and validation of internal risk measurement models; **the proper implementation of the risk management process and compliance with the operational limits assigned to the various functions** (second level control) is also ensured. **Lastly, the quality of data and information used for risk measurement, monitoring and reporting is ensured.**

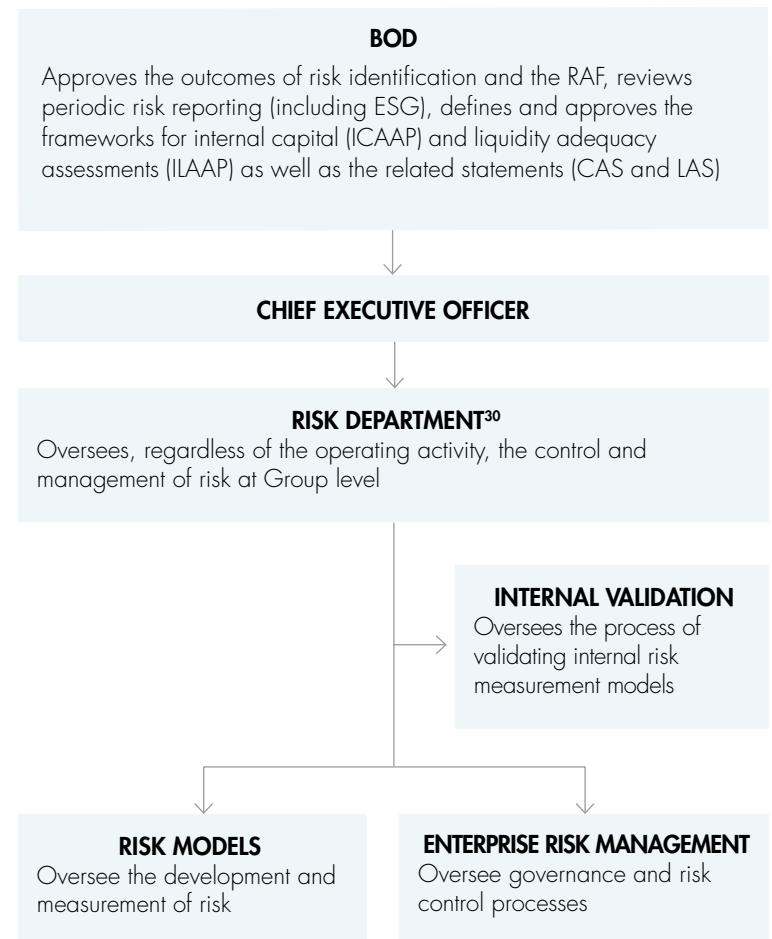
## ORGANISATIONAL MODEL

### BACKGROUND OF THE RISK MANAGER

Degree in Economics with many years of experience in management control and risk control gained in the industrial and banking sectors. After business experience in the consumer finance sector, he served as CRO and CFO in a leading Italian bank.

<sup>30</sup> As of January 2023, we strengthened the Risk Department by creating the position of CRO (Chief Risk Officer) entrusted to the Risk Manager

<sup>29</sup> For a detailed overview of the risk management system, refer to the relevant section of the Consolidated Financial Statements - Part E of the Notes



## INTEGRATING ESG INTO THE RISK APPETITE FRAMEWORK

In 2022, our Risk Appetite Framework (RAF)<sup>31</sup> was strengthened by introducing new indicators in the various risk areas to oversee the governance and relative elements of the main ESG risk factors. In addition, the Framework was extended to the Group's insurance companies with the introduction of specific KPIs referring to their respective risk areas. Long-term RAF thresholds were also introduced in order to:

- take into account the long-term risk appetite, consistent with the objectives set out in the Strategic Plan;
- strengthen the relationship with remuneration policies, creating a direct link between Long Term Incentive (LTI) and RAF.

<sup>31</sup> Instrument through which the Board of Directors identifies and approves risk objectives and defines the Bank's overall risk appetite in compliance with the chosen strategy and the specific business model adopted by the Group

<sup>32</sup> Regarding non-financial risks associated with the material topics, please refer to the individual chapters. The management methods/policies practised concerning the main risks associated with material topics, presented at the end of the relevant chapters, also consider the risk factor mitigation levers identified in the risk identification process.

<sup>33</sup> In 2022, the process was carried out through interviews with the Chairmen of the Board of Directors, Board of Statutory Auditors, Internal Risk Control and Sustainability Committee, the CEO and Top Management of the Parent Company, Banca Akros, Banca Aletti and the insurance companies. Thirteen meetings took place, with over 35 people interviewed.

In preparing the 2022 RAF, **the impacts of ESG factors on the Group's business model, competitive environment and strategies were considered**. All the activities aiming to identify, define and integrate suitable KPIs that should be closely related to the specific business activity to enable the Group to achieve a path of economic sustainability that matches the defined 'green appetite' were conducted. The **current Framework indicators** focus mainly on:

- the granting of credit for ESG initiatives, including Superbonus, Ecobonus and Third Sector financing;
- the overall adequacy of the Group's funding, with the monitoring of specific green and social bond issues;
- the monitoring of operational risks through an appropriate indicator to detect the occurrence of potential unexpected losses from physical risk events;
- the Bank's investment activity towards sustainable initiatives, monitoring the incidence of ESG bonds in its bond portfolio;
- Climate change leads to several risks and opportunities that must be correctly identified and managed to minimise negative impacts and reap positive aspects
- ESG bond issues followed by Banca Akros in the role of co-lead manager;
- the insurance business.

During 2023, the RAF will be further enriched with new indicators in the ESG area (e.g., details of the Bank's energy consumption and monitoring of its overall CO<sub>2</sub> emissions) also based on the development of projects defined by the Group.

## THE PROCESS OF IDENTIFYING RELEVANT RISKS

The process of identifying relevant risks (i.e., **risk identification**<sup>32</sup>) constitutes one of the fundamental sources of information to feed all the Group's main strategic processes, including the Industrial Plan, Budget, RAF, ICAAP and ILAAP, Recovery Plan. Renewed annually, the process comprises the following steps:

- 1. identification of all current and emerging risk factors** to which the Group is or could be exposed, both under normal and adverse scenario conditions, also from a forward-looking perspective (3 years). The identification of risk factors requires the involvement of all relevant figures in the Group<sup>33</sup>;
- 2. identification of the correlation between risk factors**;
- 3. identification of possible levers to mitigate risk factors**, enabling their active management. With particular reference to climate and environmental risk factors, the Bank confirms a strong focus and monitoring of the initiatives identified in its ESG plan;
- 4. tracing risk factors to risks and updating the 'Risk Inventory'**. Over time, the Group has defined a Risk Inventory, i.e., the list of internally identified risks, which includes both qualitative risks for which adequate organisational safeguards are defined to mitigate and manage them, and quantitative risks that are measured using internal methodologies;
- 5. verification of the materiality of the identified risks**. What are known as 'first-pillar' risks (credit, market, operational and counterparty) is all considered material; the other risks are considered material by Banco BPM if, under both normal and adverse conditions, the ratio between the economic capital referred to a specific risk and the total financial resources available (AFR - total capital amount defined by the Bank adequate, in current and prospective terms, to deal with all quantifiable material risks (ICAAP) resulting from the risk identification process) is higher than 1%.

The list of risk factors that emerged is in line with that of 2021, albeit with a different qualification.

### THE IMPORTANCE OF CLIMATE AND ENVIRONMENTAL RISKS

The risk identification carried out in 2022 confirmed the relevance of 'climate change'<sup>34</sup> issues; in addition, the new emerging risk factor 'governance and social sustainability' was identified, understood as the ability to govern sustainability planning effectively, management and reporting and to integrate components related to the social sphere such as human rights, gender equality, sustainable supply chain management, and labour practices.

In 2022, there was also a greater internal awareness of the impact of ESG issues on the business model, on the competitive environment and on Banco BPM's objectives and strategies in its role as a guide for businesses and private customers in the transition process towards an economy that combines economic sustainability with environmental and social sustainability.

Climate change leads to a number of risks and opportunities that must be correctly identified and managed to minimise negative impacts and reap positive aspects. Climate risks can mainly be divided into two specific categories:

- **Transition risks:** mean the financial loss an institution may incur because of the adjustment process to a low-carbon economy that could be caused, for example, by changes in regulation, technology and market preferences (consumer choices and preferences).
- **Physical risks:** mean the financial impact of extreme weather events (acute) and gradual changes in climate, as well as environmental degradation (chronic). This also includes other environmental events such as water and air pollution, over-exploitation of land, loss of biodiversity, deforestation, etc.

The following tables describe the principal risk categories associated with physical and transitional risks, as well as the main impacts that these may have directly on the Bank and indirectly on its customers in both the short term, but especially in the medium and long term.

### TRANSITION RISK

RISK FACTOR	MAIN IMPACTS IDENTIFIED
REGULATIONS	<ul style="list-style-type: none"> <li>• <b>Higher operating costs</b> for companies operating in sectors associated with high carbon emissions</li> <li>• <b>Increased resources for collecting and reporting</b> climate and environmental data and information</li> <li>• <b>Increased regulatory capital requirements</b> on assets most exposed to physical and transitional risk</li> </ul>
TECHNOLOGICAL	<ul style="list-style-type: none"> <li>• <b>Replacing existing products and services</b> with solutions using lower-carbon technologies</li> <li>• Need for activities in sectors with a high environmental impact to incur <b>high costs for the transition to more sustainable technologies and business models</b></li> </ul>
MARKET	<ul style="list-style-type: none"> <li>• <b>Changes in demand for products and services</b> resulting from changes in consumer preferences that could also impact the revenue mix with repercussions on business profitability</li> <li>• <b>Rising energy prices</b> that can significantly affect the costs incurred by companies.</li> </ul>
REPUTATIONAL	<ul style="list-style-type: none"> <li>• <b>Negative economic/financial impact</b> because of perceived lack of commitment to combating climate change by stakeholders</li> </ul>

### PHYSICAL RISK

RISK FACTOR	MAIN IMPACTS IDENTIFIED
ACUTE	<ul style="list-style-type: none"> <li>• <b>Increase in the resources earmarked for the reconstruction of property</b> damaged by natural disasters and <b>increased insurance costs</b> to cover possible future damage</li> <li>• <b>Reduction in income-generating capacity</b> caused by natural disasters. E.g., damage to instrumental property, interruption of the supply chain, logistical difficulties, etc.</li> </ul>
CHRONIC	<ul style="list-style-type: none"> <li>• <b>Reduction in the value of assets in areas impacted by chronic physical risk and in the ability to generate income</b> by companies operating in areas exposed to such risk</li> </ul>

<sup>34</sup> Non-financial risks related to material topics are reported in the concluding part of the chapters related to the material topics

The potential impacts of transition (T) and physical (F) risks are assessed within traditional risk categories against the (short (S), medium (M), long (L) term) horizons of potential materiality, as summarised in the table below:

The ECB's expectations on ESG risks repeatedly make it clear that such risks are to be identified, analysed, monitored, managed and mitigated 'in the short, medium and long term', but only provide some guidance on the breadth of these time horizons and thus leave the formal definition of these risks to individual banks. To this end, the Group has outlined the following definitions of these time horizons:

- **short term:** time horizon of one year consistent with the budget horizon;
- **medium term:** time horizon of three to five years (and up to 2030 where relevant/possible) consistent with ECB indications, Net Zero Banking Alliance (NZBA) intermediate targets and EU intermediate targets (e.g., EU target to reduce CO<sub>2</sub>e emissions by at least 55% by 2030);
- **long term:** time horizon longer than five years (up to 2050 where relevant/possible) consistent with ECB guidance, Net Zero Banking Alliance (NZBA) target horizon and the Paris targets to which the EU subscribes.

TYPE OF RISK	POTENTIAL IMPACTS OF TRANSITION AND PHYSICAL RISKS	TIME HORIZON
<p><b>CREDIT RISK</b></p> <p>Risk that a debtor will default on his obligations or that his creditworthiness will deteriorate</p>	<p>Estimates of the <b>Probability of Default (PD)</b> and <b>Loss Given Default (LGD)</b> of financed counterparties are affected by the <b>additional costs that companies will incur to adapt to the new climate standards</b>.</p> <p><b>This specific factor</b> (e.g., lower collateral valuations in real estate portfolios impacts PD and LGD estimates of the exposures to sectors or geographical areas).</p>	<p>T</p> <p>F</p> <p>B M L</p>
<p><b>MARKET RISK</b></p> <p>Risk of potential losses in the trading and banking book portfolios generated by adverse changes in issuer-related variables (specific risk) or market conditions (generic risk)</p>	<p><b>Impairment of</b> financial instruments issued by corporations with <b>business models</b> perceived as climate unsustainable.</p>	<p>T</p> <p>M L</p>
<p><b>LIQUIDITY RISK</b></p> <p>Risk of being unable to meet payment obligations because of the inability to raise funds on the market (funding liquidity risk) or to dispose of assets (market liquidity risk)</p>	<p>Directly impacted by <b>significant cash needs</b> of customers who suffered damage caused by extreme weather events.</p> <p><b>Reduction in the value of the bank's liquid assets</b> because of the sudden <b>repricing of securities</b> because of <b>extreme weather events</b> or the sudden implementation of <b>restrictive carbon emission policies</b>.</p>	<p>F</p> <p>T</p> <p>M L</p>
<p><b>OPERATIONAL RISK</b></p> <p>Risk of suffering losses caused by inadequacy or failure attributable to internal procedures, human resources and systems, or caused by external events</p>	<p><b>Interruption of operations</b> following the occurrence of physical risks to owned operating assets, outsourced services or IT activities.</p> <p>Financial impact of <b>legal liability also in the area of 'greenwashing'</b>.</p>	<p>F</p> <p>T</p> <p>B M L</p>
<p><b>REPUTATIONAL RISK</b></p> <p>Risk arising from a negative perception of the Bank's image by stakeholders</p>	<p><b>Negative impacts on the ability to maintain or develop new business opportunities</b> and to continue to have access to funding sources because the Bank is not perceived by the various stakeholders as adequately sensitive to environmental, social and governance issues</p>	<p>T</p> <p>F</p> <p>B M L</p>

We are constantly working to improve our transparency exercises aiming to measure our portfolio's exposure to physical and transition risks<sup>35</sup>. These analyses are the basis for the first integration of climate risks into the Group's independent capital adequacy assessment process (ICAAP) leveraging, with specific reference to credit risk, the methodology defined by the ECB within the framework of the 'Climate Stress Test 2022'.

During the first half of 2022, we were involved in the **first '2022 ECB Climate Risk Stress Test'** conducted by the ECB, including bottom-up projections, which represented the first concrete test for banks on climate risk quantification and analysis. As a result of the climate stress test, we evolved scenario analyses considering physical and transitional risks and started projects to incorporate the impact of the expected scenarios in the projection of the company's business plans (forward-looking models) over the medium to long term.

This exercise was a useful learning tool on environmental and climate issues and helped to strengthen internal methodologies and discussions with the supervisory authority on such matters. As a continuation of 2021, during the year we were involved by the ECB in a specific process of reviewing the strategies, governance and frameworks for managing climate and environmental risks (known as the **Thematic Review**).

This activity aims to verify the level of bank compliance with ECB expectations in the 'climate' arena and the progress they have achieved regarding the self-assessments and operational plans sent last year<sup>36</sup>.

<sup>35</sup> For more information see the chapter 'Climate Change and Green Business'

<sup>36</sup> The final outcome of the *Thematic Review* is qualitatively included in the overall 2022 Supervisory Review and Evaluation Process (SREP), which also considers the results of the 2022 *Climate Stress Testing* exercise, with only an indirect potential impact on the Second Pillar requirements

## RISK MANAGEMENT IN BUSINESS

The Risk Department is a permanent member of the New Products and Markets Committee and expresses prior technical opinions on the new products presented to the Committee, also evaluating the reputational risk profile<sup>37</sup>. During 2022, the Guidelines on the Integration of Sustainability Risks in the Provision of Investment Services were updated<sup>38</sup>.

The Risk Department (in particular, as of January 2023, the Chief Risk Officer) is also a member of the Risk Committee, which aims to oversee the integrated management of corporate risks, and of the NPE (Non Performing Exposures) Committee, to provide support in the definition and implementation of policies concerning the management of exposures classified as impaired loans. Regarding 'Significant Transactions'<sup>39</sup>, the Risk Department is involved in defining the criteria for identifying such transactions and issues a preliminary opinion.

For the product governance of banking products, the Risk Department analyses the product and/or commercial proposal and provides the relevant opinions based on the characteristics of the individual initiative.

<sup>37</sup> The assessment of reputational risk is carried out through a specific model which, monitoring qualitative/quantitative parameters, integrated with the 'sentiment' component collected from digital channels (social and web) developed through the use of 'Artificial Intelligence' and 'Machine Learning', manages to capture the possible deterioration of the Group's reputation with reference to six specific analysis areas: Regulatory Affairs, Financial Market Perception, Litigation and legal, IT and Services, ESG Sentiment. The estimation methodology adopted therefore also includes the assessment of potential negative economic and financial impacts originating from a sudden deterioration of the Bank's image in relation to the potential occurrence of ESG risks.

<sup>38</sup> More information can be found in the chapter 'Finance for a Sustainable Transition'.

<sup>39</sup> Transactions considered material in terms of their impact on the risk profile of the Group and individual companies.

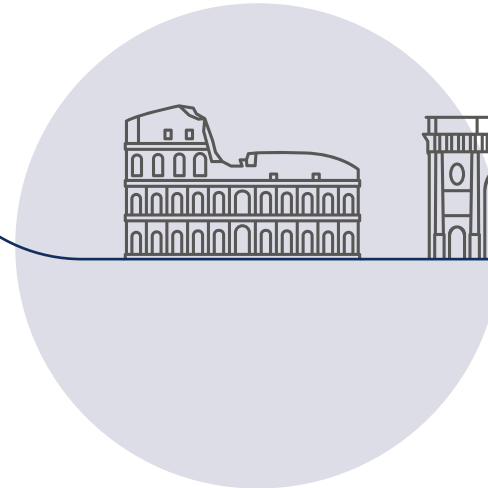
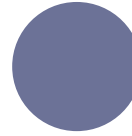
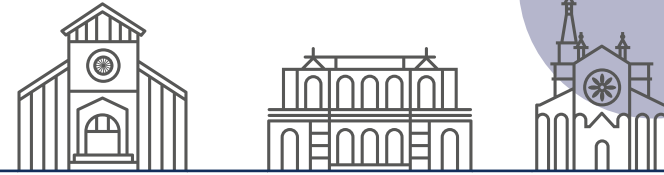
## MONITORING EMERGING RISKS AND THE DISSEMINATION OF RISK CULTURE

**Continuous risk monitoring and control** is accompanied by a timely and periodic flow of information to the BoD and the organisational units involved in risk management, and by the continuous improvement of risk measurement models.

To **disseminate and promote a solid and robust risk culture**, we promote the active participation of employees in the identification and mitigation of risks and carry out training activities for the Board of Directors and Group employees. Topics such as operational risks, compliance, security, administrative liability of banks, MIFID regulation, anti-money laundering, occupational health and safety and work-related stress have been addressed. Finally, a training plan was launched to strengthen skills in the insurance field, and training continued on ESG issues (dissemination of the new RAF, lending policies and credit assessment integrated with ESG factors for sales network managers and managers of central structures). Also in 2022, specific **risk induction sessions were held for the Board of Directors** on the internal control system, market risk assessment, management and control methodologies, and ESG strategies (with a focus on climate and environmental risks).

# IDENTITY

Values, tradition,  
connection to the  
territory: fixed points  
in a process of  
conscious change.



## SDGs



## ESG FIELDS





**Caring** for **communities** and their needs,  
**continuous dialogue** with **local people** and **businesses**,  
and the constant search for the creation of **lasting and**  
**shared value** have always been essential elements of our  
way of **banking**.

Today, they inspire the choice - renewed day after day -  
to be a modern, dynamic and **sustainable bank**.

Along a path of natural evolution, we are increasingly  
integrating **sustainability** into our **corporate culture**  
and **identity**.

We want to provide the answers to  
the new challenges that the **future**  
needs, ours and everyone's.

# Mission, identity and Group profile

We are an Italian banking group that cares for and respects the land, the environment and future generations. We support people every day, creating value for the whole community through our work.

At a time of great change, our **development strategy** is based on what has always been part of our **identity**, a legacy of the cooperative bank tradition: we listen to the needs of the **territory** and the **people**, and stimulate growth that generates long-term value **to be shared with the community**.

This has always been the way **we do banking**: growing and changing **together** with the territories, responding to the challenges (social, environmental and economic) posed by time. This is us.

## MISSION



### INNOVATION

We work hard and innovate to provide banking and financial services to all **customers**, be they individuals or companies.



### DEVELOPMENT

We are committed to healthy, solid and long-lasting growth, in compliance with our commitments to investors, which generates shared and broader well-being **for the community**.



### FOCUS

We support initiatives useful for the development of **our areas of operation**, **environmental protection** and combating climate change and mitigating its effects.



### EMPOWERMENT

We value the **people** who, through their work, make a daily commitment to the Group's objectives.

## FOCUS ON THE LOCAL AREA

**Rootedness in the local area**, understood as the search for a solid link with communities, is one of our most important values.

*'We combine the national dimension with attention to the areas in which we operate, respecting and enhancing local specificities, and actively participating in the contexts in which we operate'*

(from our **Code of Ethics**<sup>1</sup>)



<sup>1</sup> gruppo.bancobpm.it > Sustainability > Code of Ethics and Governance > Code of Ethics

## TOWARDS A SUSTAINABLE IDENTITY CULTURE

Since the Group's foundation, we have embarked on a path to **integrate sustainability** not only into our operating model, but also into our **corporate culture** and identity.

Building on our cooperative tradition, we wanted to evolve our footprint to meet new challenges, developing initiatives to emphasise the importance of sustainability and integrate it into our identity and operations.

2018  
2019

- Internal Control and Risk Committee mandated to oversee sustainability issues
- Launch of the **financial awareness** project: meetings aimed at the community with the objective of sharing financial culture (in 2019, 23 events organised in branches, over 1,400 participants involved)
- A **sustainability section** was created on the company intranet (12 articles published in 2019); information was also disseminated on good practices in the areas of food education, wellness, solidarity and culture

2020

- Sustainability Department and ESG Management Committee chaired by the CEO established
- Obtained ISO 45001 Occupational Health and Safety, ISO 50001 Energy Management, ISO 14001 Environmental Management **certifications**
- Definition of the **#Respect** project (respect for people, environment, community and territory) and launch of an **internal ESG training** programme, with an initial course on *green awareness*
- **Financial awareness**: 36 meetings, about 1,900 people involved
- On the company intranet: we created a new section dedicated to **Covid-19**, published 16 articles in the **Sustainability section**, and pursued various initiatives to support colleagues working remotely during the pandemic emergency

2021

- Membership in the United Nations Global Compact and the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD)
- One member of the Board is designated as ESG contact person
- **ESG targets** in incentive plans for CEOs and top management
- Activation of seven workstreams with 32 ESG projects and a new **'2021-2024 Strategic Plan'** with a strong focus on ESG
- New departments 'Inclusion, Diversity and Social' and 'Key People and Talents' and appointment of 52 ESG Ambassadors to support sustainability activities
- Publication of the 'Green, Social and Sustainability Bond Framework', issue of the first social bond
- Launch of the **ESG Factory** project: dedicated meetings for companies to share sustainable transition opportunities and risks and expansion of the offering with ESG products
- Launch of the **Language R-Evolution** project to simplify communication between bank and customer, as well as a dedicated internal training plan
- **#Respect** project: 44 workshops were organised involving approximately 1,900 Group managers (97% of the total)
- 17,500 people involved in over 105,300 hours of **internal ESG training**
- **Financial awareness**: 48 meetings attended by over 3,700 people
- On the company intranet: 15 new articles were published in the **Sustainability section**; many information snippets on topics such as 'the seven fields of the ESG programme', 'Sustainable finance disclosure regulation', volunteering projects, 'red bench' combating violence against women, and on new 'green' products and services such as 'green mortgages'

2022

- Revision of the **Code of Ethics**, incorporating Territoriality and Sustainability as core values
- Inclusion in the Bloomberg Gender Equality Index
- **#Respect** project: 19 workshops organised involving first line management, managers, human resources and subsequently disseminated to all people in the Group (over 8,000 people involved in 2022)
- Over 18,000 people involved in over 174,000 hours of **internal ESG training**
- **Financial awareness**: 76 meetings attended by over 5,900 people, as well as 13 conferences dedicated to ESG issues involving 800 entrepreneurs
- On the corporate intranet: 21 new articles published in the **Sustainability section**; video clips dedicated to well-being, work-life balance, corporate welfare and solidarity initiatives (including fundraising for **Ukraine**); campaign in support of the ESG programme's objectives, with information snippets and contests such as #commitment



The Group's communication also confirmed the centrality of ESG factors and territoriality as a mark of appreciation for our stakeholders.

## GROUP PROFILE

Banco BPM operates directly in commercial banking, also through eight Regional Departments, and through specialised companies, subsidiaries and associates, in all the main market segments: private and investment banking, bancassurance, leasing and factoring, consumer credit.

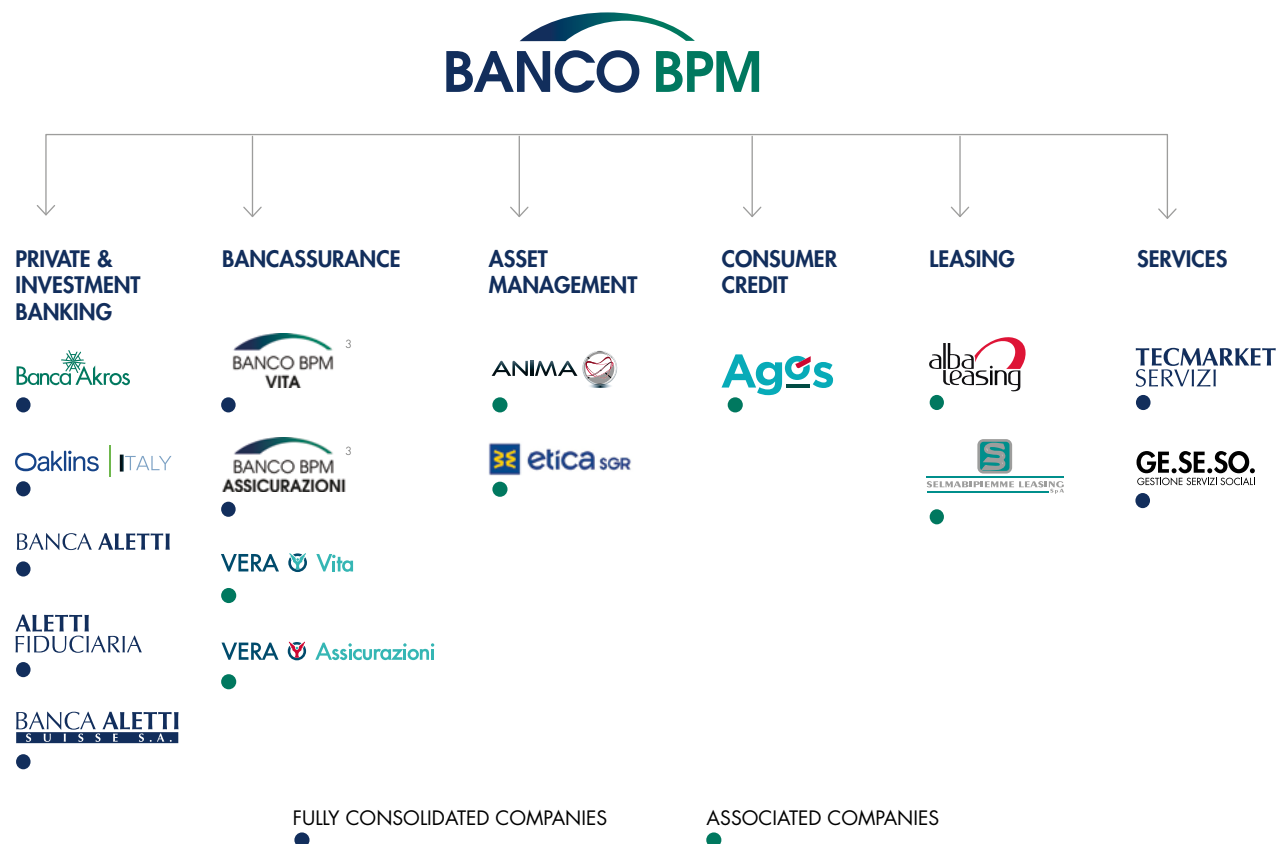
The diagram shows the main companies consolidated on a line-by-line basis and associated companies, organised by area.

**During 2022, the rationalisation of the Banco BPM Group's corporate and operational structure continued.** In particular, we sold the equity investment in Factorit and finalised **the merger of Bipielle Real Estate S.p.A. and Release S.p.A. into the Parent Company.**

The latter two operations also seek to simplify the Group's structure, optimising and enhancing resources and reducing costs, as well as concentrating the management of real estate assets directly in the Parent Company.

**In the bancassurance sector,** in July Banco BPM finalised the purchase from Covéa Coopérations SA of 81% of the share capital of **Bipiemme Vita S.p.A.**, of which it held 19%, and its subsidiary **Bipiemme Assicurazioni.** With effect from September 2022, the two companies changed their names to 'Banco BPM Vita S.p.A.' and 'Banco BPM Assicurazioni S.p.A.', respectively. The transaction represents the first step in the integration process of the Banco BPM Group's insurance business, as envisaged in the Strategic Plan.<sup>2</sup>

This Statement, in line with the Consolidated Financial Statements, refers to all fully consolidated companies except for the exclusions specified in the Note on Methodology

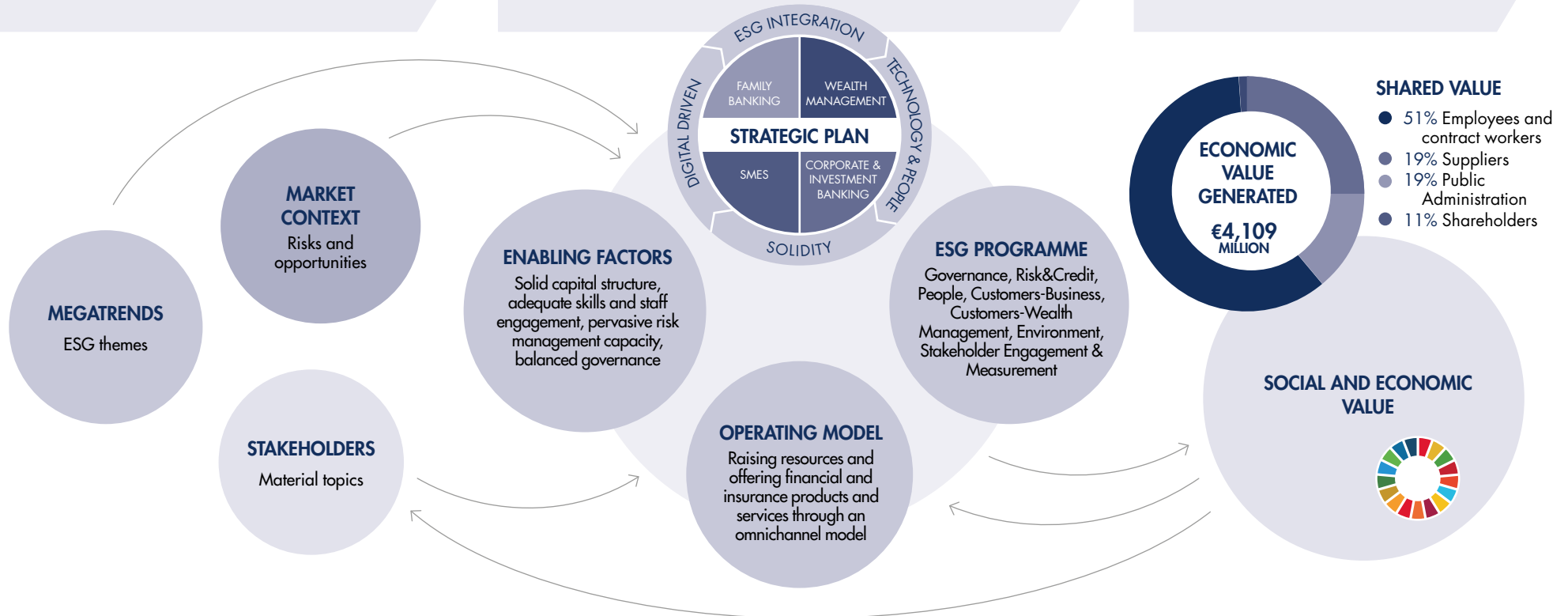


<sup>2</sup> At the end of 2022, we announced the strategic partnership between Banco BPM and Crédit Agricole Assurances S.A., which envisages the sale of a 65% stake in the share capital of Banco BPM Assicurazioni to the latter and, subject to the repurchase by Banco BPM of the stake currently held by Cattolica Assicurazioni, a 65% stake in Vera Assicurazioni (which holds 100% of Vera Protezione). The partnership also includes a 20-year distribution agreement. The transaction is expected to close by the end of 2023.

<sup>3</sup> Full consolidation from 30 September 2022 following the completion of the acquisition of 100% of the share capital on 22 July 2022

# Business model

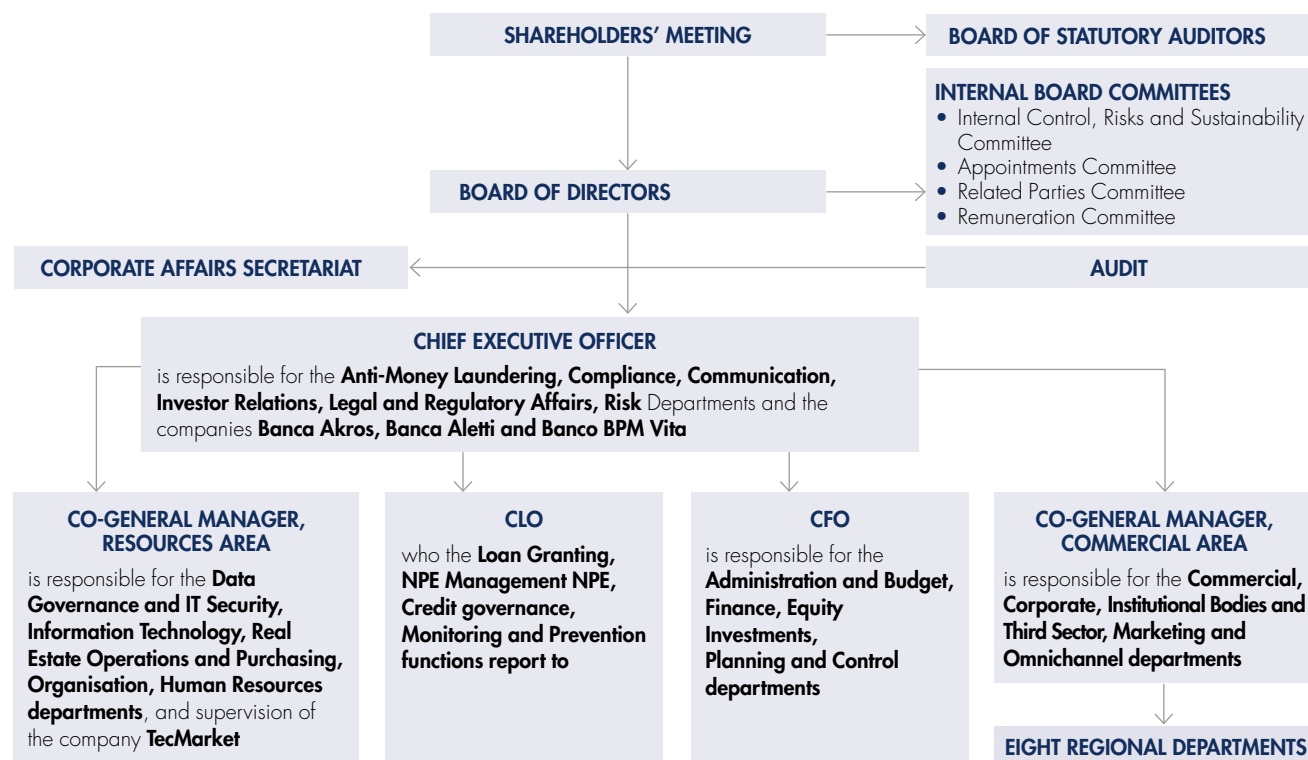
We aim to create sustainable value over time, seizing the opportunities presented by a changing environment. Our business model welcomes stakeholder input and integrates environmental, social and governance objectives to translate them into a responsible growth strategy.



# Organisational and governance model

We adopt a **traditional governance model** comprising:

- **Shareholders' meeting:** responsible for appointing the Board of Directors (BoD) and the Board of Statutory Auditors and deciding on remuneration; convened at least once a year and resolves on the approval of the annual Financial Statements and the allocation and distribution of profits;
- **Board of Directors:** performs the duties of strategic supervision and company management;
- **Board of Statutory Auditors:** oversees auditing activities, monitoring, among other things, compliance with regulations and the adequacy of the organisational and administrative-accounting structure of the Company.



**€7,1 BILLION**  
Share Capital

~ **265,000**<sup>4</sup>  
shareholders

<sup>4</sup> Approximately 180,000 depositors with the Banco BPM Group and approximately 85,000 with other Intermediaries. This figure represents the situation on the date of the dividend payment (20 April 2022 - payment date).

In November and December 2022, the Board of Directors defined the **new organisational** and governance structure of General Management, operational and senior management, and other top management figures: the Co-General Chief Financial Officer (CFO) was established, the scope of the Co-General Chief Business Officer (CBO) was redefined, the new Corporate & Investment Banking (CIB) Department was established, and the Chief Risk Officer (CRO) Department was created.

The new organisational structure and appointments took effect on 1 January 2023<sup>5</sup>. In addition, the position of Chief Innovation Officer (CIO) was created, with oversight over data governance and security, information technology, operations and property management (as well as the subsidiary TecMarket S.p.A.), whose responsibility was assigned ad interim to the CEO.

<sup>5</sup> For more information, please refer to the press release of 21 December 2022 [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Press & Media > Press releases > Banco Bpm extends and renews its organisational and governance model



## MAJOR PUBLICLY KNOWN SHAREHOLDERS

An analysis of the shareholding structure, carried out based on internal information<sup>6</sup>, shows that the 'institutional' component is around 55% of the capital.

### The main ones are:

- 9.18%: Crédit Agricole<sup>7</sup>;
- 4.99%: Capital Research and Management Company<sup>7</sup>;
- 8.28%: Consultation Agreement<sup>8</sup>.

<sup>6</sup> Source: Values calculated on total shareholding identified on record of ex-dividend flows April 2022.

<sup>7</sup> Source Consob - Major shareholding pursuant to Art. 120 of Italian Legislative Decree 58/98.

<sup>8</sup> Stipulated on 21 December 2020, updated on 20 July 2021, 18 October 2022 and 31 December 2022. For further details: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Investor Relations > Banco BPM Stock, Shareholder Base and Dividends.

<sup>9</sup> Please refer to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate governance > Report on Corporate Governance for information on the process for electing members of the Board of Directors with particular reference to diversity, the criteria used for nominating and selecting members, the participation of directors in meetings, the shareholders' right to vote on the remuneration policy and the resignation of Board members, and the criteria for selecting potential candidates for the office of director.

<sup>10</sup> According to the law in force at the time and of the Articles of Association. In particular, the members of the BoD must meet requirements of professionalism, integrity and independence, and respect the criteria of competence, fairness and time commitment and the specific limits regarding multiple roles. For more information: Report on corporate governance and ownership structure - financial year 2022

The Banco BPM **Board of Directors**<sup>9</sup> was re-elected in the course of the Shareholders' Meeting of 4 April 2020 and consists of 15 Directors with varying backgrounds to ensure a balanced combination of skills, experience and suitability to perform the required duties<sup>10</sup>. As stipulated in the Articles of Association, the Board of Directors must also have a composition that ensures gender balance and the current Board is composed of 6 out of 15 Directors belonging to the least represented gender.

On the occasion of its renewal, the Board of Directors informs the shareholders of the qualitative and quantitative composition deemed optimal for effectively performing the tasks entrusted to this body by law.

To this end, the **Qualitative and Quantitative Composition Document of the Board of Directors** is prepared, containing, among other things, the expected profiles of the members of the Board itself, including particularly significant roles (Chairman, Vice-Chairman and Chief Executive Officer), which is published on the Bank's website<sup>11</sup>.

The **Chairman** of the Board of Directors, whose office is separate from that of the Chief Executive Officer, has the role of driving the functioning of the Board of Directors and organising and coordinating its work. Furthermore, they perform all the activities envisaged in the current Articles of Association and is qualified as 'non-executive', meaning no management powers<sup>11</sup>.

The Board of Directors appoints a **Chief Executive Officer** from among its members, conferring upon them certain powers and attributions of the Board, including that of supervising the corporate management of the company and the Group. The CEO is the only executive member of the BoD<sup>11</sup>.

<sup>11</sup> For more information [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate governance > Report on Corporate Governance

We promote the participation of Directors, Statutory Auditors and members of General Management in **training initiatives** aiming to provide in-depth knowledge of the sectors in which the Group operates and ensuring the continuity and safeguarding of the experience gained over the years by Banco BPM's corporate bodies<sup>11</sup>. In 2022, the first training session related to ESG issues took place in May. In November, an extra training session took place on the following topic: 'ESG Strategies: Integrating Climate and Environmental Risks into the Group's Business Model'.

At the Ordinary and Extraordinary Shareholders' Meeting held on 7 April 2022, the amendment of Article 24.1. of the Articles of Association was approved, which introduced, concerning the powers and competences of the Board, a reference to the strategic supervision and management of the company to be conducted also with a view to **sustainable success**, understood as the creation of long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the company.

Consistent with our Code of Ethics, in performing all our activities, we work to manage properly any actual or even only potential **conflict of interest** that the Bank may encounter, as well as to ensure compliance with current conflict of interest regulations. To this end, we have established adequate safeguards. In particular, besides the provisions of the Code of Ethics, we have adopted the following regulations:

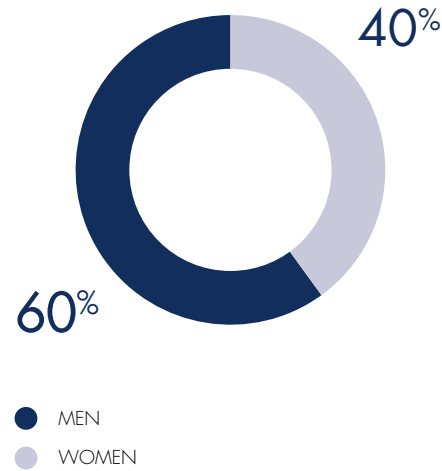
- 'Regulation and Procedures governing Related Party transactions' (Consob regulatory provisions);
- 'Regulation, Procedures and Policies to manage at-risk activities and conflicts of interest in relation to Connected Persons' (Bank of Italy regulatory provisions).

The Code of Ethics and both regulations are available on the Group's institutional website, in the Corporate Governance section.

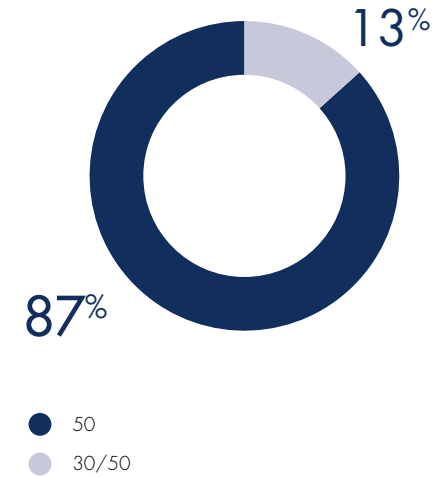
In addition, the Board of Directors has set up an internal **Related Parties Committee**<sup>12</sup> comprising three Directors, all meeting the independence requirements set forth in the Articles of Association. Their task is to ensure a linear and unambiguous management of the Consob regulations on Related Parties and the Bank of Italy Provisions on risk activities and conflicts of interest with Related Parties.

Information on related party transactions is available in the Notes to the Financial Statements, Section H of the Annual and Half-Yearly Financial Reports.

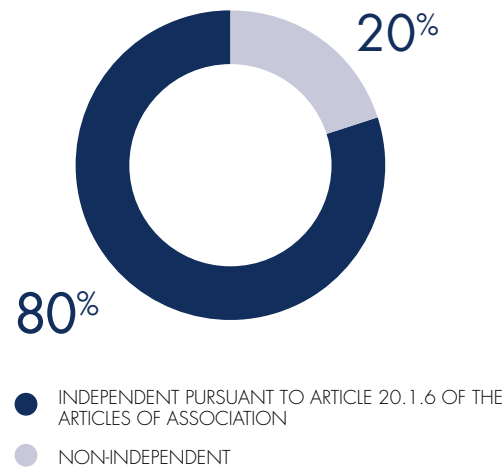
DIRECTORS BY GENDER



DIRECTORS BY AGE



DIRECTORS BY INDEPENDENCE



<sup>12</sup> For more information: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate governance > Report on Corporate Governance

## COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

	BANCO BPM BOARD OF DIRECTORS	INTERNAL CONTROL, RISK AND SUSTAINABILITY COMMITTEE	REMUNERATION COMMITTEE	APPOINTMENTS COMMITTEE	RELATED PARTIES COMMITTEE
<b>No. of Directors</b>	<b>15</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>
Of which executive	1	0	0	0	0
Of which non-executive	14	5	3	3	3
Of which independent pursuant to Article 20.1.6 of the Articles of Association <sup>13</sup>	12	4	3	2	3
Of which women	6	2	1	1	2
Of which men	9	3	2	2	1
Of which < 30 years	0	0	0	0	0
Of which 30-50 years	2	0	1	0	2
Of which > 50 years	13	5	2	3	1

DIRECTORS DIVIDED BY AREA OF EXPERTISE<sup>14</sup>

Banking and financial business	 13
Other financial businesses	 9
Legal-economic and/or accounting experience	 7
Strategic planning, knowledge of corporate strategy guidelines or the industrial plans of banks and relative implementation	 10
IT and Digital	 3
Governance and organisational structures	 7
Human Resources and remuneration systems	 5
Risks and controls	 13
Marketing and commercial	 6

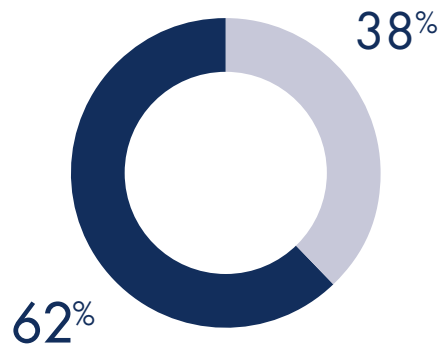
<sup>13</sup> Article 20.1.6 of the Articles of Association of Banco BPM contains a definition of independence which, on the one hand, considers Article 148, paragraph 3 of the Consolidated Law on Finance and the recommendations in the Corporate Governance Code and, on the other, fulfils the requirement to enable the straightforward certification of relevant situations (relating to degree of relationship, economic or professional relationships, etc.). Said statutory provision also refers to a board resolution identifying the quantitative and/or qualitative criteria used to determine the relevance of certain relationships in which the requirement of independence is deemed not to exist. The resolution was adopted by the Board of Directors at the meeting of 1 January 2017 and subsequently updated at its meeting of 8 April 2021.

<sup>14</sup> For more details on the names and specific responsibilities of the members of the BoD: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Corporate Bodies

COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

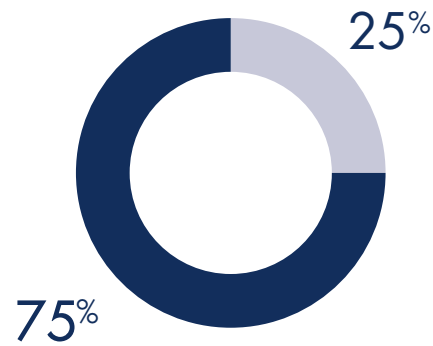
	NUMBER			PERCENTAGE		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
<b>No. of Auditors</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>38</b>	<b>62</b>	<b>100</b>
Of which executive	2	3	5	40	60	100
Of which substitutes	1	2	3	33	67	100
Of which < 30 years	0	0	0	0	0	0
Of which 30-50 years	2	0	2	100	0	100
Of which > 50 years	1	5	6	17	83	100

STATUTORY AUDITORS BY GENDER



- MEN
- WOMEN

STATUTORY AUDITORS BY AGE



- 50
- 30/50

COMMUNICATION OF CRITICAL ISSUES

The **Integrated Tableau de Bord** represents the summary management tool through which the corporate control functions report quarterly to the Bank's Administrative and Control Bodies on the **gaps found in the course of their audit activities**. Besides the findings of the corporate control functions, this instrument includes the gaps highlighted by the auditing firm and the 'findings' raised by the Supervisory Authorities (Consob, Bank of Italy and ECB) through their inspection activities on the Banco BPM Group.

Gap scoring (residual risk and consequent level of resolution urgency<sup>15</sup>) is established based on a common methodology among corporate control functions that considers, among others, reputational aspects, compliance aspects, economic impact and impact on risk parameter calculation models.

At the end of December 2022, based on the Integrated Tableau de Bord, **none of the corporate control functions to be resolved had a high level of urgency, such as to be critical**, while 4% had a medium-high level, 54% a medium level and 42% a low level.

<sup>15</sup>The urgency levels are low, medium, medium-high and high. In defining the urgency level, we take account of factors (including economic, risk, regulatory, reputational) to be considered in assessing the risk being controlled for which resolution is required. The urgency level is considered 'high', in particular, when the expected loss is greater than €50 million (including any administrative sanctions for non-compliance); changes to the models for calculating risk parameters are required; there are potential significant reputational impacts (e.g., reputational impact potentially involving a significant number of customers and other stakeholders) and compliance impacts (e.g., significant regulatory non-compliance involving a significant number of customers).

## SUSTAINABILITY GOVERNANCE

With the aim of overseeing ESG issues which are increasingly integrated into its corporate strategy, Banco BPM has equipped itself with an **effective governance model**.

20

ESG topics<sup>16</sup> addressed at BoD meetings at least once a month

15

one-to-one meetings between the board member delegated with ESG issues and the sustainability department

16

CCIRS sessions on ESG topics, eight of which expressly refer to climate and environmental risks

<sup>16</sup>Of which nine with specific reference to climate and environmental risks, with an average frequency of at least once every two months

### BOARD OF DIRECTORS

Defines the management and coordination policies regarding non-financial disclosure, the social and environmental policies and annually approves the *Consolidated Non-Financial Statement* and the associated materiality analysis.

The Board of Directors is responsible for approving the Regulations, including ESG, and the Code of Ethics. Instead, the approval of Guidelines, including those on sustainability issues, is delegated to the CEO. The Board of Directors also draws up the remuneration and incentive policies (including ESG performance targets) to submit to the Shareholders' Meeting for approval, reviews them at least once a year, and handles their proper implementation.

### INTERNAL CONTROL, RISKS AND SUSTAINABILITY COMMITTEE

It oversees sustainability issues in the first instance. It supports the Board of Directors in defining and approving the Group's ESG-related strategic guidelines; constantly monitors the Group's ESG-related activities, verifying their consistency with the defined strategic guidelines; expresses its opinion to the Board of Directors on the assessment of the Consolidated Non-Financial Statement. In addition, it can count on a Director as a contact person for ESG issues.

### ESG COMMITTEE

Chaired by the Chief Executive Officer, its permanent members include the two Joint General Managers as well as almost all the Bank's first-line managers. Its main tasks include evaluating the Group's positioning and coordinating all the activities required to achieve the strategic sustainability objectives.

### SUSTAINABILITY

It seeks to give impetus to all the Group's activities aiming to orient governance and corporate culture towards an ever-increasing focus on environmental and social issues.

### ESG AMBASSADORS

They are the main contact persons on sustainability issues within their company areas and share the issues to be addressed with the Sustainability Department.

The Credit Committee, Risk Committee and Finance Committee also address sustainability issues.

Other company departments involved

<p><b>LENDING</b></p> <p>in the definition of ESG credit policies and inclusion of transition risk.</p>	<p><b>RISKS</b></p> <p>in measuring and integrating ESG risks and in particular environmental and climate risks into the overall corporate risk framework.</p>	<p><b>SALES AND MARKETING</b></p> <p>development and offering of ESG products and services and those combating climate change, customer engagement on ESG issues.</p>	<p><b>FINANCE</b></p> <p>institutional funding operations within the ESG framework; financing assets relating to sustainability; increasing the share of portfolio invested in ESG securities.</p>	<p><b>OPERATIONS</b></p> <p>measuring and managing direct and indirect environmental impacts; implementing energy reduction and efficiency initiatives to achieve carbon neutrality; managing the supply chain from an environmental perspective.</p>	<p><b>HUMAN RESOURCES</b></p> <p>promoting specific training activities on environmental issues; Definition of sustainable mobility policies for staff travel.</p>
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## RELATIONSHIPS WITH INVESTORS AND THE INSTITUTIONAL FINANCIAL COMMUNITY

The relationship with investors and the domestic and international financial community (financial analysts, institutional investors, rating agencies) is essential for us to **foster the transparent and timely communication of financial and non-financial data and Group strategies.**

### ORDINARY ENGAGEMENT ACTIVITIES

As part of its ordinary relations with institutional stakeholders in the financial market, in 2022, the Investor Relations team managed 153 events or meetings, held both virtually and in person, including with the involvement of the Group's top management, in order to maintain a constant and profitable dialogue with the stakeholders in question.

### SHAREHOLDER-DIRECTOR ENGAGEMENT (S-DE)

Dialogue by the Board of Directors or its members with Banco BPM's shareholders at large on matters falling within the Board's remit, including corporate strategies, financial and non-financial results, capital structure, corporate governance, social and environmental impact, the internal control and risk management system and remuneration policies, is governed by the 'Shareholder-Director Engagement Regulation S-DE'<sup>17</sup>

<sup>17</sup>During 2022, no meetings were held as part of the Shareholder-Director Engagement policy, as no requests for such engagement were received.

### EVENTS AND MEETINGS WITH SPECIFIC ESG FOCUS

Of all the events and meetings during the year as part of ordinary engagement activities, 14, with 31 investors/analysts met, had a **specific focus exclusively on ESG issues**<sup>18</sup>.

In detail, Banco BPM participated, also involving the Sustainability team, in three ESG banking conferences, had four meetings with ESG investors or analysts and seven meetings with ESG rating companies.

<sup>18</sup>Includes meetings with exclusively ESG-focused funds or exclusively ESG-focused meetings with 'mixed' focus funds and meetings with ESG rating agencies. It should also be noted that it is not unusual for ESG issues to be addressed also in events or meetings without a specific ESG focus or for ESG funds to participate in events or meetings with an exclusively financial focus. These cases are not included in this count, as they are difficult to enumerate.

### IN CONTINUOUS DIALOGUE WITH STAKEHOLDERS

#### Transparent communication of results and strategies



#### Themes addressed in 2022

- Economic and financial results
- Commercial performance
- 2021-2024 Strategic Plan and target achievement status
- Implications and impacts of the war in Ukraine and the macroeconomic environment
- ESG results and strategy

# Remuneration policies

In continuity with the path initiated in previous years, the 2022 Policy has placed **particular emphasis on sustainability and gender equality**, regarding which our Group and stakeholders are increasingly sensitive. Our **ESG ambition defined in the 2021-2024 Strategic Plan** is significantly reflected in the incentive mechanisms, through the **increasingly widespread and diversified attribution of ESG metrics**, besides the objectives relating to the different elements of the banking business.

The remuneration of the **Group's employees** is divided into **fixed and variable components**. The **fixed component reflects professional experience, organisational responsibilities and technical expertise**, according to a principle of equal opportunities and fair pay. The **variable component is performance-related** and allows staff to be valued, recognising their individual contribution to achieving results.

Regarding the **Board of Directors** the Articles of Association of Banco BPM establish that its members are entitled, besides the reimbursement of expenses incurred in performing their duties, to an annual fee that is set at a fixed amount for the entire period of office. In addition, Directors holding special offices are granted additional remuneration. **The CEO is the only member of the Board of Directors for whom the variable component is recognised.**

## GOVERNANCE AND OBJECTIVES OF THE REMUNERATION AND INCENTIVE POLICY

<p><b>GOVERNANCE</b></p>	<p><b>Drafting, preparation and control process (with the relative competence of each)</b></p> <ul style="list-style-type: none"> <li>• Corporate bodies (BoD, CEO, Board of Statutory Auditors and Internal Board Committees)</li> <li>• Corporate Departments</li> <li>• Internal control functions</li> </ul>	<p><b>Approval</b></p> <p>Shareholders' Meeting</p>
<p><b>OBJECTIVES</b></p>	<ul style="list-style-type: none"> <li>• <b>Attraction and retention of professionals</b></li> <li>• <b>Pursuing long-term strategies</b></li> <li>• <b>Proper conduct</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Interest of all stakeholders</b></li> <li>• <b>Correct risk management</b></li> <li>• <b>Customer protection</b></li> <li>• <b>Gender neutrality</b></li> <li>• <b>Internal and external equity</b></li> </ul>

## THE VARIABLE PART OF REMUNERATION: INCENTIVE SYSTEMS

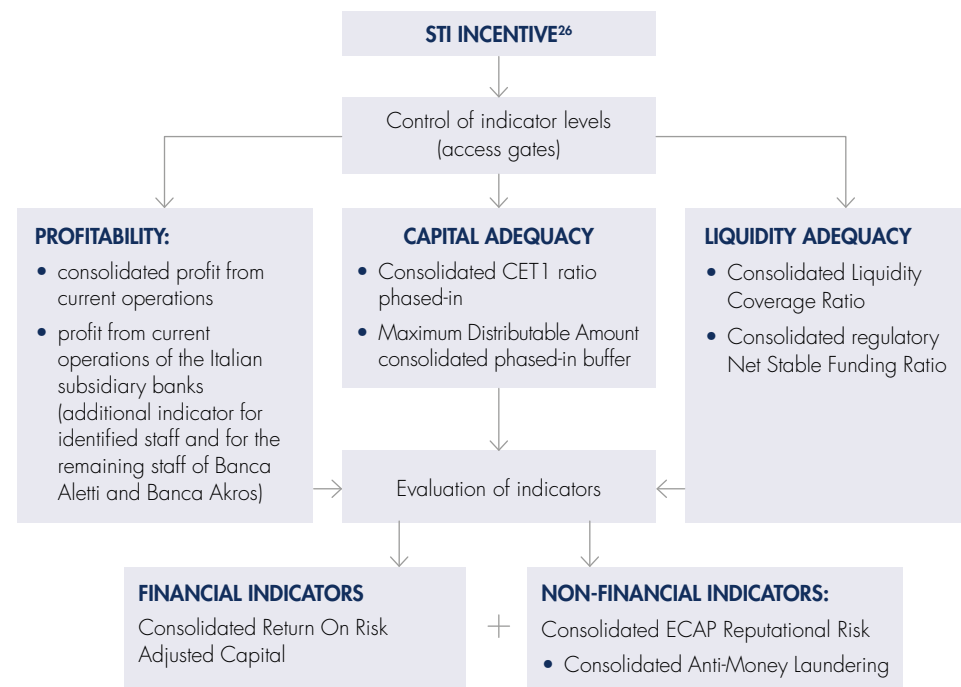
Staff development is also realised through an **incentive system** as an integral part of remuneration<sup>19</sup>.

Our policy includes both a Short-Term Incentive (STI) and a Long Term Incentive (LTI) Plan.

### SHORT-TERM INCENTIVE (STI)

This incentive is linked to achieving the annual targets of the Short Term Incentive (STI) Plan<sup>20</sup>, and is recognised if the profitability<sup>21</sup> and capital and liquidity levels (known as *access gates*) are met. In 2022, the Maximum Distributable Amount (MDA) buffer was introduced as one of the capital adequacy conditions for access to the STI Plan, representing one of the key indicators in relation to the Bank's ability to distribute dividends and variable remuneration in order to further align the Bank's interests with those of investors. The economic resources actually available at the end of the year are determined based on **financial** and **non-financial** indicators, the latter being indicators related to **reputational risk** (ECAP Reputational Risk) and **Anti Money Laundering** (AML)<sup>22</sup>.

The STI Plan is intended for both identified staff<sup>23</sup> and other staff.



<sup>20</sup> For further information: Policy on remuneration report (section I) paragraph 6.5

<sup>21</sup> The award of the incentive to identified staff of functions with control tasks is not subject to the profitability indicator, in order to avoid, as envisaged by the Bank of Italy Supervisory Regulations, that the same is linked to economic results.

<sup>22</sup> For more information: Policy on remuneration report (section I) paragraphs 6.4.1 and 6.4.2

<sup>19</sup> For more information: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate governance > Remuneration policies > Policy on remuneration report (section I)

<sup>23</sup> Parties whose professional activity has or may have a significant impact on the Group's risk profile. These include, among others, the Chief Executive Officer, the General Manager (where appointed), the Co-General Managers, operational and senior management and the Managers in the first line of the Parent Company, the Chief Executive Officer, the General Manager, the Co-General Manager and the Deputy General Manager (where present) of Banca Aletti and Banca Akros.

<sup>24</sup> The diagram refers to the incentive of the Most Relevant Staff of the non-controlling functions. For the Most Relevant Staff of the departments with control tasks, the award of the incentive is not subject to profitability indicators, in order to avoid, as envisaged by the Bank of Italy Supervisory Regulations, that the same is linked to economic results. For more information: Policy on remuneration report (section I) paragraphs 6.3, 6.4, 6.4.1 and 6.4.2



For the **most significant staff** receiving incentives and for specific figures in the Group’s commercial networks, the incentive is assigned, at the start of the system through the assignment of an **objectives form** to be compared with the results achieved at the end of the year<sup>25</sup>.

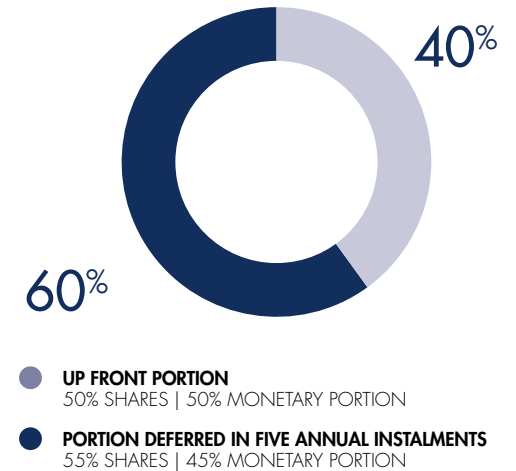
The objectives for the Short-Term Incentive Plan also include those related to **ESG factors**.

<p><b>FOR THE CHIEF EXECUTIVE OFFICER</b></p>	<ul style="list-style-type: none"> <li>• Percentage of new loans in green and low-transition risk sectors</li> <li>• Corporate Bond Ownership Portfolio (share of ESG bonds)</li> <li>• Green or social bond issues</li> </ul>
<p><b>FOR EXECUTIVES WITH STRATEGIC RESPONSIBILITY</b></p>	<ul style="list-style-type: none"> <li>• <b>With control tasks</b> includes any quantitatively measurable non-financial ESG indicators, which may, for example, be related to the priority performance of ESG-related activities envisaged in the annual plans</li> <li>• <b>Quantitatively measurable ESG indicators</b> are foreseen that refer to the annual articulation of ESG targets of the Strategic Plan, for example, the share of new disbursements in green and low transition risk sectors, share of ESG bonds in the ownership portfolio, green and social bond issues, scope of People Strategy</li> </ul>
<p><b>FOR THE REMAINING MOST RELEVANT STAFF</b></p>	<ul style="list-style-type: none"> <li>• Quantitatively measurable ESG indicators are foreseen for <b>the retail and corporate commercial network, broken down into individual perimeters, which incentivise the share of new disbursements in green and low-risk sectors</b></li> <li>• <b>For other departments</b>, the assignment of quantitatively measurable ESG indicators may be envisaged, for example, the implementation of projects in support of the ESG strategy outlined in the 2021-2024 Strategic Plan</li> </ul>

<sup>25</sup> For more information: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate governance > Remuneration policy > Policy on remuneration report (section I) paragraph 6.5

For identified staff, the payment of the variable part of remuneration includes an **up-front instalment** and five or four **annual deferred instalments subject to the successful verification of future conditions**<sup>26</sup>.

CEO STI INCENTIVE



For the vested shares, a one-year **retention period** is envisaged for both up-front and deferred portions<sup>26</sup>.

For **employees without assigned targets**, the Short-Term Incentive plan is based on the assessment of the applicable structure manager regarding the achievement of its qualitative/quantitative objectives.

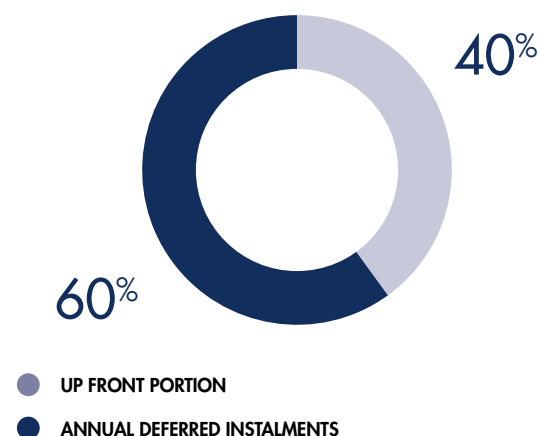
<sup>26</sup> For more information: Policy on remuneration report (section I) paragraph 6.6.2

## LONG TERM INCENTIVE (LTI)

To support the 2021-2024 Strategic Plan and in **pursuit of results that create long-term value for the benefit of shareholders, considering the interests of all relevant stakeholders**, the Shareholders' Meeting of 7 April 2022 approved a Long Term Incentive Plan (2022-2024 LTI Plan) related to the performance to be achieved in the three-year period 2022-2024 and raising the ROTE and Gross INPE ratio target achievement levels of the 2021-2023 LTI Plan to the more challenging expectations to 2023.

The incentive related to the LTI Plan is paid in full in Banco BPM ordinary shares. The shares recognised are distributed over six or four years. Vested shares are subject to a one-year retention period<sup>27</sup>.

## LTI<sup>27</sup> INCENTIVE, SPLIT INTO INSTALMENTS



## FROM CARING FOR THE ENVIRONMENT TO EMPOWERING FEMALE TALENT: MANAGERS ASSESSED AND VALUED ON SUSTAINABILITY PARAMETERS

The long-term incentive plans, correlated to the 2021-2024 Strategic Plan, focus the attention of managers, in compliance with capital, liquidity and economic conditions, in **addition to profitability and de-risking objectives, also on sustainability issues**: environmental issues (achievement of carbon neutrality (for Scope 1 and 2 net emissions)), governance issues (achievement of a certain ESG rating level), enhancement of female talent, creation of a culture of sustainable finance for all Group stakeholders as well as corporate volunteering in support of non-profit associations<sup>28</sup>.

## RESTITUTION MECHANISMS IN CASE OF MISCONDUCT

Regarding both the STI and the LTI, when **misconduct is identified**, such as suspension measures or breaches of obligations imposed by provisions of law, regulations or the articles of association or non-compliant or fraudulent conduct resulting in significant harm to customers or a Group bank, the **Board of Directors may activate mechanisms for returning incentives already accrued**, from the time of their accrual and for the next five years<sup>29</sup>.

<sup>27</sup>For more information: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate governance > Remuneration policies > Policy on remuneration report (section I) paragraph 6.8.2.3

<sup>28</sup>For more information: Policy on remuneration report (section I) paragraph 6.8.2.2

<sup>29</sup>For further information: Policy on remuneration report (section I) paragraph 6.7 and 6.8.2.4

## Business conduct

We act according to healthy and correct behavioural principles and we strive to contribute to the smooth functioning of the country's economic system and the development of a model of society based on the observance of rules, respect for human rights, protection of the environment and combating and mitigating climate change.

In **preventing and combating corruption and money laundering**, we are aware of the important responsibilities we have as operators in the financial system. Indeed, we act with determination to counter these illegal phenomena, which damage the economic development of territories and **violate people's human rights, limiting the growth of the entire social and productive fabric**.

For this reason, and irrespective of the existence of external regulatory constraints, we follow **particularly strict rules of conduct**, such as the definition of an internal regulation against **active and passive corruption, also international**, and the extension of the application of the **anti-money laundering** regulation also to Group companies and to relations with counterparties not directly subject to the obligations of Italian Legislative Decree 231/07.

### ANTI-CORRUPTION

86,290

training  
hours

for  
18,014

employees

0 confirmed incidents and  
dismissals related to  
corruption events

### ANTI-MONEY LAUNDERING

36,559

training  
hours

for  
7,463

employees

Ongoing adaptation of IT tools to support the identification of money laundering risk operations and annual self-assessment for integrated and comprehensive risk management

## MANAGEMENT MODEL<sup>30</sup>



CODE OF ETHICS AND ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/01

### REGULATION

procedure for governing **related party** transactions

### REGULATION

procedures and policies to manage at-risk activities and conflicts of interest in relation to **Connected Persons**

### REGULATION

**anti-corruption**

### REGULATION

**anti-money laundering**

### GUIDELINES

regarding the management of **environmental and energy issues and the fight against climate change**

### GUIDELINES ON THE INTEGRATION OF SUSTAINABILITY RISKS

in the provision of **investment services**

### REGULATION

relating to **taxation**



## THE CODE OF ETHICS: FUNCTION AND BASIC PRINCIPLES

In 2022, we **updated our Code of Ethics** to fully express **all the values** that guide us and characterise our corporate culture. With this update, in fact, the Code of Ethics better represents the importance of ESG issues in our management model and identity.

The integration of ESG concerns into the reference principles is particularly relevant considering the Code of Ethics in its twofold value **of a distinctive element of our value positioning** and **a governance tool** which guides the daily actions of the people who work with us, our practices and processes.

The new Code of Ethics specifically focuses on **respect for human rights** in all areas of the Group's activities, **combating all forms of discrimination** and **respecting and valuing differences** in gender, age, ethnicity, nationality, religion, language, different abilities, sexual orientation and identity, and political and trade union membership.

It also defines our role in combating and mitigating climate change, because as financial intermediaries, we can **contribute to and support the social and productive fabric of the country** in this important challenge, and as a large company, to work to reduce the direct impacts of our activities.

The Code of Ethics says that the Group is committed to and operates in compliance with the law, including environmental and human rights issues, ensuring the protection of health at work, and fighting corruption, organised crime and terrorism.

Any behaviour committed in the exercise of our functions and contrary to these rules shall be considered a violation of the Code of Ethics and as such may be punished.

This is also why we disseminate the Code of Ethics to everyone working for us directly or indirectly, and ask for a commitment to abide by its principles.

<sup>30</sup>For further details: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Corporate Documents  
For the Anti-Money Laundering Regulations: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Anti-Money Laundering

For the Guidelines on the Management of Environmental, Energy and Climate Change Issues, the Guidelines on the Integration of Sustainability Risks in the Provision of Investment Services, the Regulation on Taxation and our position on 'Cybersecurity and Privacy' and 'Whistleblowing': [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Code of Ethics and Governance

### The Code of Ethics is the foundation of an articulated management model

i.e., a system of rules that governs our activities and meets the requirements of Italian Legislative Decree 231/01: the latter envisages a system of administrative liability for companies if their staff or contractors commit certain offences in the interest or to the advantage of the company.

For some time now, the principles of conduct and controls that must be implemented to prevent the risk of committing the offences envisaged in the decree have been defined for each Group company concerning the performance of business activities and in relations with counterparties.

In particular, the model identifies the offences that could occur concerning the company's activities, also regarding active and passive corruption, environmental offences and violations of human rights.

This model is constantly updated to accommodate new legislation and the necessary adaptation of internal processes and safeguards in place.

**To prevent and intercept possible misconduct, management autonomy and segregation of roles, assignment of responsibilities and traceability of information** are established.

The Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/01 covers many of the areas envisaged by Italian Legislative Decree 254/2016 and pertaining to the sphere of sustainability (see the outline on the following page), whereby the **company's operations are based on logics that also consider safeguarding relations with stakeholders and the community**.

## KEY PRINCIPLES OF THE CODE OF ETHICS



### RESPONSIBILITY AND SUSTAINABILITY

Responsibility and long-term vision to combine growth and financial strength with the principles of social and environmental sustainability, creating **shared and lasting value**.



### INTEGRITY

Commitment to building a relationship of trust with all stakeholders, through **fairness**, honesty, compliance with laws and internal regulations and adherence to major international treaties.



### FAIRNESS AND PROTECTION OF HUMAN RIGHTS

Daily, across-the-board commitment to **respecting human rights** and promoting a culture centred on them.



### PROFESSIONALISM, APPRECIATION AND RESPECT FOR PEOPLE

**Promotion and pursuit of professionalism** and competence for members of corporate bodies, employees and contractors; **selection implemented with objective criteria and respect for equal opportunities**; prevention policies and sanctioning of conduct detrimental to the individual.



### OBJECTIVITY AND MANAGEMENT OF CONFLICTS OF INTEREST

Adoption of appropriate measures to ensure **objectivity in reporting** and to help avoid situations of actual or even only potential conflict of interest.



### CONFIDENTIALITY AND CORRECT PROCESSING OF DATA AND INFORMATION

**Focus on the protection, confidentiality and correct use of data and information.**



### TRANSPARENCY, CORRECTNESS AND COMPLETENESS OF INFORMATION

**Commitment** to ensuring that both financial and non-financial reporting is **transparent, timely and understandable**. Promotion of a culture of *accountability* and compliance with the '*comply or explain*' principle.



### HEALTH PROTECTION

Concern for the **safety and physical and psychological health** of people working in the Group.



### ENVIRONMENTAL PROTECTION AND COMBATING CLIMATE CHANGE

Concern for our **direct and indirect environmental impact**. Awareness of our **role in the green transition** and relative focus on **managing risks and opportunities** for our benefit and all our stakeholders.



### LOCAL ROOTING AND ACTIVE CITIZENSHIP

**Concern for the areas in which we operate**, enhancement of local specificities and active participation within the areas where we are present.

## BUSINESS CONDUCT AND SUSTAINABILITY

SUSTAINABILITY AREAS	MODEL 231 PREVENTIVE MEASURES
 ENVIRONMENT	<b>Environmental crimes</b>
 COMPANY	<b>Corporate crimes</b> , tax offences, money laundering offences, self-laundering and terrorist financing, market abuse offences
 STAFF	<b>Crimes relating to workplace safety</b>
 HUMAN RIGHTS	<b>Crimes against individuals including</b> racism and xenophobia
 ANTI-CORRUPTION	<b>Corrupt offences</b> against public administrations and between private individuals

## THE BUSINESS CONTROL SYSTEM

Any behaviour by employees in their professional roles that contrasts with said provisions shall be considered a violation of the Code of Ethics and may be punished internally. All our companies are obliged to adopt the envisaged system of regulations, including the organisational measures we have decided to adopt, adapting them to the specific nature of the activity performed. **Every** individual person is responsible for adopting correct conduct, while the supervision of this process is assigned, with increasing levels of responsibility, to the managers of the individual departments, the audit departments and the strategic supervision and control bodies. **The integrated control system plays a fundamental role, as it fosters the dissemination of a culture aimed at risk awareness and control, legality and respect for corporate values.**

The control of the functioning and observance of the organisational, management and control model of each Group Company which has adopted the 231/01 model is the responsibility of the relative Supervisory Body, to which reports can be sent relating to the commission of crimes or of actions/behaviour that is not in line with the Code of Ethics, the organisational model and the underlying rules<sup>31</sup>.

<sup>31</sup> Also pursuant to Italian Law 179 of 30 November 2017, 'Provisions for the protection of whistleblowers who report offences or irregularities which have come to their attention in the context of a public or private employment relationship'.

Given the increasing need to pass from a view of controls as a formal fulfilment to one in which **proper management is an integral part of 'good business'**, various training courses have been set up for all levels of staff, to promote awareness of the importance of the internal control system in achieving the company's performance and compliance objectives, necessary to safeguard costs, capital absorption and reputation.

Ad hoc training courses also continued for the *control managers* in the Regional Departments and the *control supervisors* in the branches to expand specific skills in the area of control supervision and assurance.





### WHISTLEBLOWING SYSTEMS

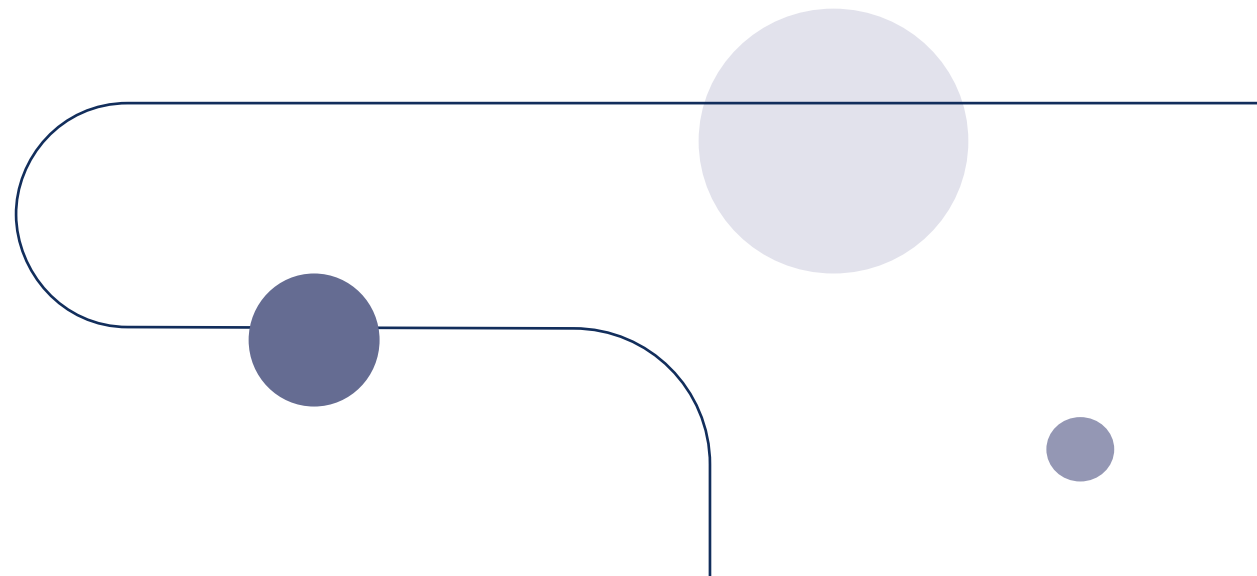
**Any conduct that does not comply with the rules can be reported through the violation reporting system**, which can be accessed through a platform dedicated to users within the organisation, or by writing to the Supervisory Body’s **mailbox**. Regarding internal reporting, the main channel is the Internal Violation Reporting System (known as Whistleblowing), which allows each employee, via the *EQS Integrity Line* web platform, to **report acts or facts that may constitute a violation of the rules, ensuring the confidentiality and protection of the persons involved and the complete anonymity of the reporting parties.**

Sixteen reports were received in 2022, which resulted in audits by the Audit Department (except for eight, which did not fall within the scope of the reports of violations as they were mere complaints).

After due investigation, it was found that none of the reports related to sustainability issues.

The SB received 12 reports in 2022, of which ten were received via email and the remaining two by post. One of them alleged a personal conflict of interest between some employees and the client. Therefore, prompt substantive audits were initiated, at the end of which, as far as the Audit Department could ascertain, no elements emerged that could support the report. The remaining 11 reports were found to be outside the scope of 231/01. The Body has in any case requested the competent functions to carry out the appropriate in-depth investigations, receiving specific and timely feedback.

WHISTLEBLOWING CHANNEL	NUMBER OF REPORTS	RESULT
 SB mailbox	12	Investigations requested from specific departments
 Whistleblowing Platform	16	8 they do not reveal potentially relevant aspects  8 do not relate to sustainability issues



## TAXATION MANAGEMENT

Understanding that **tax revenues** constitute one of the main sources of contribution to the **economic and social development of the community**, we are committed:

- to respecting the tax legislative framework of the countries and territories in which we operate, prevention of disputes and overall management to properly manage and minimise tax risk;
- to **properly determine the tax charges** in compliance with provisions and what is legitimately allowed, without recourse to transactions or activities intended exclusively or primarily to achieve tax savings and without offering products or transactions with such purposes to customers, personnel or third parties;
- to **effectively manage the Group's overall taxation**;
- to **pay all taxes** due and **punctually fulfil the obligations** required by tax regulations, including through adopting an internal control system and adequate organisational controls.

The tax impacts and risks associated with **such proposals are** evaluated in the company's approval processes for extraordinary transactions and in the development of new products and services.

Any **issues of particular significance are handled promptly** to eliminate or minimise the resulting economic and reputational risk. To this end, the tax authorities may be approached through the procedures established by law (e.g., appeals) or the opinion of external professionals may be sought.

The organisational models drawn up for the purposes of Italian Legislative Decree 231/01 include the **possibility of reporting alleged violations of tax regulations to the Supervisory Bodies**, through the reporting channels they oversee.

## TAX RISK



The Group's **Tax Control Framework**, which is an efficient system for recognising, measuring, managing and controlling tax risk, became fully operational in 2022.



We undertake to establish a **relationship of full cooperation with the tax authorities**, responding to the requests received as quickly and transparently as possible and making sure never to adopt conducts that could, to any extent, hinder the tax authority’s audit activities or have the effect of concealing the beneficial owners of income flows.

Overall, the economic value distributed to the Public Administration in 2022 amounted to roughly €586 million.

**DISPUTES AND SANCTIONS**

Regarding the **most significant disputes**, please note that in November 2022, **Banca Akros** received a **penalty notice of €2.3 million**. Finding the grounds in the notice objectionable, the Bank filed an appeal in January 2023. We further note that in **January 2023**, the Internal Revenue Service initiated a **tax audit** against the Parent Company concerning the tax years 2017 and 2018. We will report on this in the next Consolidated Non-Financial Statement. Regarding **minor taxes**, and in particular IMU and local taxes, we note that the number of **disputes notified in the year 2022 is 370** and the total amount assessed for taxes and penalties under IMU and TASI amounts to **€3.7 million**. Regarding the **‘diamonds affair’<sup>32</sup>**, the judge for the preliminary hearing at the Court of Milan, accepting the petitions filed by Banco BPM and Banca Aletti, issued a sentence in April 2022 upon request of the parties and imposed a fine of €240,000 on Banco BPM and of €56,000 on Banca Aletti, at the same time ordering the confiscation only of the profit of the alleged offence of self money laundering, amounting to €293,000, already seized. We note that **all the amounts are covered by a specific provision in the balance sheet**. Lastly, we note that in February 2023, the Verona Public Prosecutor’s Office ordered **the release of the sum of €80.3 million to the Bank**. The Public Prosecutor acknowledged the relief activities implemented by the Bank, and on this basis, also agreeing with the legal arguments of the Bank, recognised the amount of the seizure to be ‘clearly excessive’ and ordered its return. At this stage, the Public Prosecutor nevertheless decided to keep the remaining amount of approximately €3.5 million as a precautionary measure.

<sup>32</sup> For more on this, please refer to what has already been reported in the CNFSs since 2018 and the annexes to this document (GRI content index page 210)

**MAIN RISKS**

**MANAGEMENT METHODS / POLICIES ADOPTED**

**NON-COMPLIANCE WITH LEGISLATIVE AND REGULATORY PROVISIONS**

- Organisational measures to monitor external legislation and update/adapt internal regulations
- Strengthening and evolution of the management model pursuant to Italian Legislative Decree 231/01
- Organisational measures to monitor the correct application of legislation
- Personnel training and information
- Internal disciplinary and sanctioning system
- Internal whistleblowing system

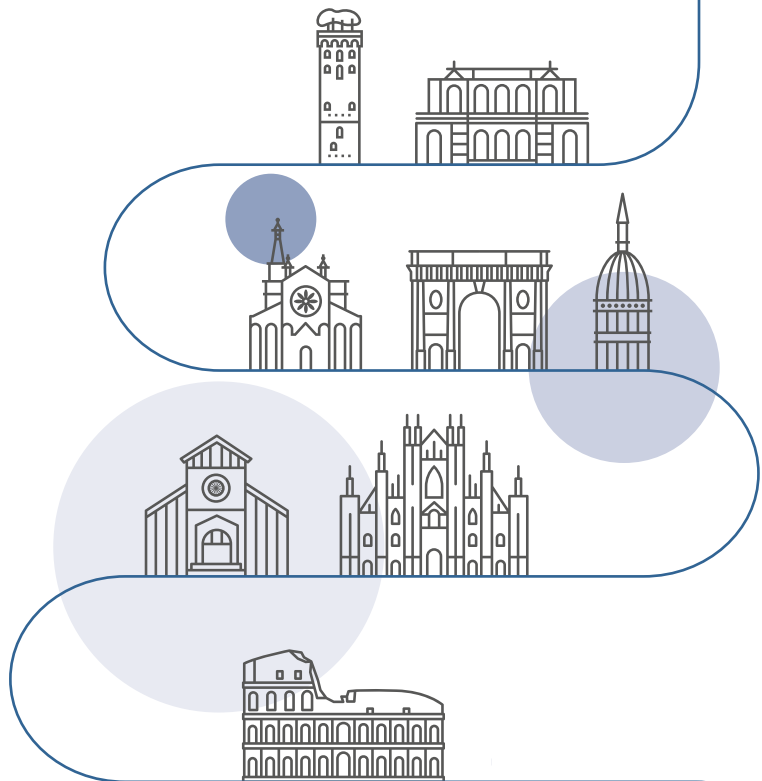
**NON-COMPLIANCE WITH COMPANY VALUES AND RELATIVE SELF-REGULATION RULES**

- Organisational measures to update the regulations
- Personnel training and information
- Monitoring the correct application of the regulations and the disciplinary and sanctioning system
- Internal whistleblowing system

**RISK OF MISCONDUCT TOWARDS CUSTOMERS**

- Structured product governance process with decision-making restricted to a specific management committee (New Products and Markets Committee)
- Personnel training and information
- Internal whistleblowing system

# VALUE CREATION



## SDGs



## ESG FIELDS



## VALUE IS NOT A RESULT, BUT AN OPPORTUNITY

Our **evolutionary path** is continuous, with no set limits other than those defined by our role: to promote **growth** and **development**.

The **results** we achieve are the starting point for exploring **new horizons** and paving the way for an increasingly sustainable economic system.

The **value** we create is the meeting point between all we **have achieved** and the **opportunities** we will help to make **reality**.

## SNAPSHOTS OF 2022

**€886 MILLION**  
Adjusted net profit

**62 b.p.**  
Cost of credit

**2.2%**  
NET NPE Ratio

**€0.23**  
dividend per share,  
for a total of €348.5 million

**54%**  
COST/INCOME

**13.3%**  
CET1  
Fully loaded  
(considering the Danish  
compromise effect)

**51%**  
of the economic value  
generated is distributed to  
employees and contractors

## Economic value generated and distributed

We generate economic value, which is distributed among our majority shareholders, meaning those parties that influence the Group's business activities.

ITEMS	2022 (€mln)	2021 (€mln)
Interest and similar income	2,937	2,425
Interest and similar expense (-)	(596)	(409)
Fee and commission income	1,998	2,019
Fee and commission expense (net of the costs of external networks) (-)	(150)	(125)
Dividends and similar income	61	54
Net trading income	174	80
Fair value gains/losses on hedging derivatives	1	(1)
Gains (losses) on disposal or repurchase	(166)	(129)
Net gains (losses) from other financial assets and liabilities measured at fair value through profit and loss	(9)	16
Net losses/recoveries on credit risk	(483)	(631)
Profit/loss from contractual amendments without derecognitions	2	(9)
Net premiums	360	
Balance of other income/expenses from insurance activities	(357)	
Other operating expenses/income	346	363
Gains (losses) on disposal of investments	2	-
<b>TOTAL ECONOMIC VALUE GENERATED</b>	<b>4,109</b>	<b>3,653</b>
<b>TOTAL ECONOMIC VALUE DISTRIBUTED</b>	<b>(3.152)</b>	<b>(2.973)</b>
<b>TOTAL ECONOMIC VALUE RETAINED</b>	<b>957</b>	<b>680</b>

In 2022, we distributed 77% of the value generated, mainly to our employees, contractors, suppliers, shareholders and the public administration, as shown in the chart<sup>1</sup>.

In 2022, the economic value generated increased by 12% compared to 2021, thanks to the significant performance achieved by the Group, which resulted in the best result since the Bank's establishment.

A proposal was made to distribute a dividend of €0.23 per share to shareholders<sup>2</sup> (€348.5 million in total).

<sup>1</sup> The graph does not show the economic value achieved by third parties of approximately €1 million and the value distributed to the community and environment of €4 million, which also considers the profit allocated to the charity fund and does not consider sponsorships for social purposes falling under another item in the income statement.

<sup>2</sup> The distribution of profits will be submitted to the Shareholders' Meeting planned for 20 April 2023.

<sup>3</sup> The value 'Suppliers' refers only to the item classified in the income statement as 'Other administrative expenses'.



The value distributed to the public administration of €586 million (mainly for indirect taxes and contributions paid to resolution mechanisms and deposit guarantee schemes) is also significant. The contribution to the community is approximately €4 million (of which €3 million of the 2022 profit is allocated to the charitable fund).

**77%**  
share of generated value distributed in 2022

**+12%**  
value generated vs 2021

# Capital strength and profitability

Capital strength, profitability and financial stability are fundamental for any enterprise, particularly for a bank that must be able to protect the financial resources of its customers also in difficult times. This is why we focus on **ensuring capital strength and generating profits that can meet the expectations of our main stakeholders over time, as well as guaranteeing long-lasting financial stability**<sup>4</sup>.

During the year, despite the difficult macroeconomic environment, the Group's commercial and organisational efforts yielded excellent operating results. In particular, the **result from operations** (from the reclassified income statement) of **€2,166 million** was up 8.6% compared to €1,995 million in 2021, due in part to the growth in net interest income (+13.4% compared to 2021). **Operating income** was up 4.3% to **€4,706 million** and this result led to the improvement of the **cost/income** ratio (ratio of operating expenses to operating income) to **54%** from 55.8% in 2021.

<sup>4</sup>The present data refer to the reclassified consolidated income statement. Further details on the Group's economic, capital and financial management and the identification and management of the relative risks are available in the Annual Financial Report of the Banco BPM Group.

## MANAGEMENT MODEL

### CAPITAL SOLIDITY AND PROFITABILITY

Planning of income and equity objectives and measurement and management control and results

### FINANCIAL STABILITY

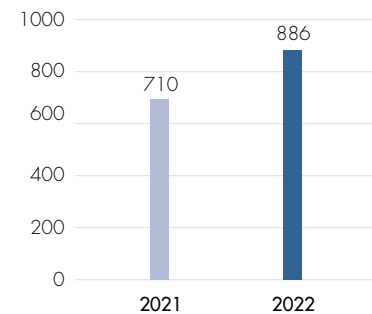
Guarantee of solvency and stability and efficient management of financial assets

The adjusted net profit (net of non-recurring items<sup>5</sup>) **rose to €886 million** (€710 million in 2021) and represented the best result since the creation of the Banco BPM Group, while the net result stated stood at €703 million (compared to €569 million in 2021).

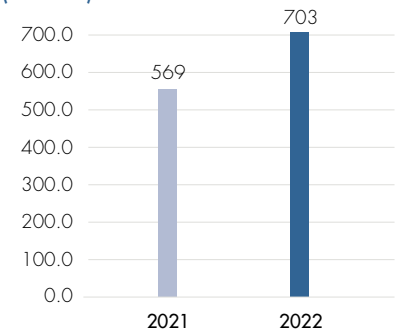
<sup>5</sup> For information: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Investor relations > Financial Reports

The Board of Directors will propose the distribution of a **dividend of 23 cents** per share to the Shareholders' Meeting, totalling €348.5 million.

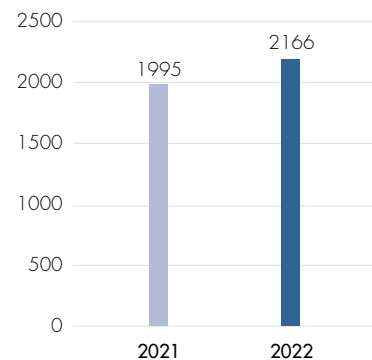
ADJ. NET PROFIT (IN €ML)



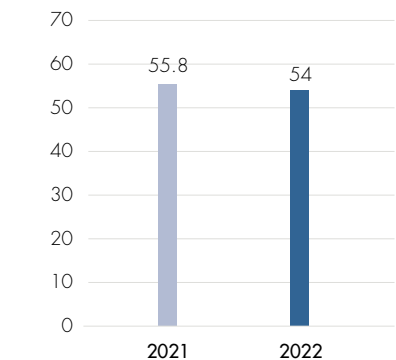
STATED NET PROFIT (IN €ML)



PROFIT (LOSS) FROM OPERATIONS (IN €ML)



COST/INCOME (IN %)



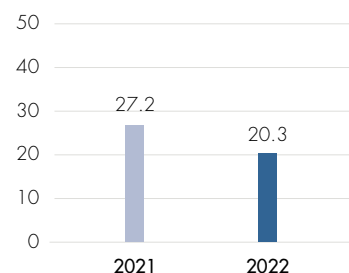
Regarding the improvement of the **risk profile**, further de-risking activities (totalling €2.6 billion in 2022) made it possible to continue reducing non-performing loans with a consequent improvement in credit quality indicators. In particular:

- the **cost of credit** (calculated as the ratio of net loan adjustments to total cash exposures to customers net of value adjustments) **fell to 62 b.p.**;
- the **Texas Ratio** (the ratio of the net value of impaired loans to the Group's tangible shareholders' equity net of related tax effects) **decreased to 20.3%**;
- the gross **NPE Ratio** (ratio of gross impaired exposures to total exposures referring to the balance sheet aggregate of 'loans to customers measured at amortised cost') **decreased to 4.2%** and the **net NPE** (ratio of net impaired loans to total net loans) **decreased to 2.2%**. Both exceeded the target of the 2021-2024 Strategic Plan.

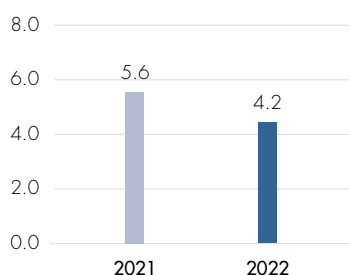
We also continued to strengthen our capital, far exceeding the minimum requirements of the ECB. Indeed, the **fully loaded CET1 Ratio** (ratio of paid-up Tier 1 ordinary capital to risk-weighted assets) is **13.3%**. This value considers the Danish Compromise<sup>6</sup>, excluding which CET1 FL is 12.83%, above the ECB's minimum required level for 2023 (8.71%).

The **phased-in CET1 Ratio** is 14.32% (without the application of the Danish Compromise) compared to 14.68% at the end of 2021.

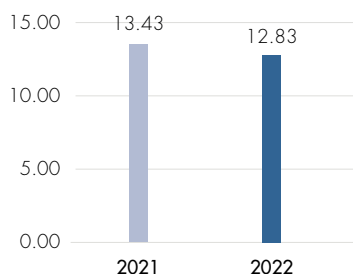
#### TEXAS RATIO (IN %)



#### NET NPE RATIO (IN %)



#### CET 1 FULLY LOADED (IN %)



#### FINANCIAL STABILITY

We ended 2022 in a sound liquidity position. In fact, the **Liquidity Coverage Ratio (LCR)**<sup>7</sup> is **191%** and the **Net Stable Funding Ratio (NSFR)**<sup>8</sup> is **above 100**, both well above the minimum requirements of the regulation (100%).

<b>LCR</b>	Indicator identifying the resilience of the bank's liquidity risk in the short-term and ensuring that it has sufficient, high-quality liquid resources to overcome an acute stress situation lasting one month.
<b>NSFR</b>	Indicator intending to favour longer-term resilience and incentivising the bank to finance its activities by drawing on more stable funding sources.

<sup>6</sup>This institution was introduced into European law in 2012 as an accounting standard aiming to facilitate financial conglomerates composed of credit institutions and insurance companies

<sup>7</sup>Monthly figure for December 2022

<sup>8</sup>Data referring to the fourth quarter of the financial year 2022

## ANALYSTS THAT HEDGE THE STOCK

At the end of 2022, our stock was 'hedged' by 17 equity research houses (Barclays, Bestinver Securities, Bank of America Merrill Lynch, Deutsche Bank, Equita, Exane BNP Paribas, HSBC, Intermonte, Intesa Sanpaolo, Jefferies, JP Morgan, KBW, Kepler Cheuvreux, Mediobanca, Redburn, Societe Generale and UBS), with which constant dialogue was maintained. Of these, 14 made positive recommendations and three neutral. The average target price was €4.01.

## CREDIT RATINGS ASSIGNED TO BANCO BPM AT 31 DECEMBER 2022

RATING AGENCY	TYPE OF RATING	31/12/2022	31/12/2021
<b>DBRS Morningstar</b>	Long Term on Senior Debt and Long-term Issuer Rating/Trend	BBB/Stable Trend	BBB (low)/Positive Trend
	Short Term on Debt and Short-term Issuer Rating/Trend	R-2 (high)/Stable Trend	R-2 (middle)/Positive Trend
	Long Term on Deposits/Trend	BBB (high)/Stable Trend	BBB/Positive Trend
	Short Term on Deposits/Trend	R-1 (low)/Stable Trend	R-2 (high)/Positive Trend
<b>Fitch Ratings</b>	Long Term Issuer Default Rating (IDR)/Outlook	BBB-/Stable Outlook	
	Short Term Issuer Default Rating (IDR)	F3	
	Long Term Deposits	BBB	
	Short-Term Deposits	F3	
<b>Moody's Investors Service</b>	Long Term on Senior Unsecured Debt and Issuer Rating/Outlook	Ba1/Stable Outlook	Ba2/Stable Outlook
	Long Term on Deposits/Outlook	Baa2/Stable Outlook	Baa3/Stable Outlook
	Short Term on Deposits	P-2	P-3

During the year 2022:

- On 14 October 2022, DBRS Morningstar ('DBRS') upgraded Banco BPM's main ratings by 1 notch;
- On 26 April 2022, Fitch Ratings ('Fitch') assigned new ratings to Banco BPM, all in the investment grade area, with a 'Stable' Outlook;
- On 11 May 2022, Moody's improved Banco BPM's ratings by 1 notch.

The same long-term and short-term ratings assigned by DBRS Morningstar to Banco BPM were also assigned to the subsidiary Banca Akros. Fitch Ratings also assigned new ratings to Banca Akros, including the Long-Term Issuer Default Rating (LT IDR) and the Short-Term Issuer Default Rating (BT IDR) equal to Banco BPM.

# CUSTOMERS



## SDGs



## STAKEHOLDERS

CUSTOMERS

## ESG FIELDS



LISTENING. RESPECT. HARMONY.  
WE DO NOT STOP AT  
APPEARANCES.

Branches, digital services, every contact channel is an **opportunity for us to meet** people, companies and organisations. Each one essential to consolidate the **relationship of trust** with customers, in line with the evolutions suggested by changing times and social habits.

For us, **proximity** is over a tradition, over the daily relationship. Listening in order to understand and then **together deciding which tools** to use in facing the path, which **direction** to push and the **pace** at which to travel.



## SNAPSHOTS OF 2022

**> 8 BILLION**  
ESG bond issues backed by  
Banca Akros

**€2.050 BILLION**  
green bonds issued

**85.8%**  
of **INDIVIDUALS**  
transactions carried  
out remotely

**> 24%**  
of **corporate bonds**  
are **ESG** out of the  
total corporate bonds  
in portfolios

**€26.5  
BILLION**  
in **new credit**  
to customers

**58%**  
of the Group's activities  
is customer credit

## Finance for a sustainable transition

**As a financial intermediary, we are aware of our role in directing economic resources, both client and proprietary, towards sustainable activities and in promoting them in our spheres of influence.**

*'We offer customers products and services that also take environmental, social and good corporate governance issues into consideration. As part of investment services, we provide customers with all the tools at our disposal so that they can make informed decisions on whether to contribute to the transition to a sustainable economy with their choices' (Banco BPM Code of Ethics)<sup>1</sup>.*

### FINANCING TO ENTERPRISES AND INDIVIDUALS

We focus constantly on developing solutions to support companies in implementing projects in all areas of sustainability. This is why our business proposition is designed to accommodate a wide range of initiatives.



#### MANAGEMENT MODEL



#### FINANCING TO ENTERPRISES AND INDIVIDUALS

to promote sustainable projects

#### INVESTMENT PRODUCTS AND SERVICES

to meet the ESG preferences of savers

#### BOND ISSUES AND INVESTMENT BANKING SERVICES

to raise resources for initiatives with social and environmental impacts

#### INVESTMENT OF OWN FINANCIAL RESOURCES

in ESG activities to seize market opportunities

<sup>1</sup> [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Code of Ethics and Governance > Code of Ethics

## OUR ESG FINANCING OFFER IN 2022

	GREEN LENDING TO COMPANIES	GREEN RESIDENTIAL MORTGAGES	TAX CREDITS	THIRD SECTOR
WHAT	<ul style="list-style-type: none"> <li>Loans to enterprises operating in green and low-risk transition sectors</li> <li>Financing provided with credit products or purposes to support the transition<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Mortgages granted to customers for class A, B and C buildings or linked to renovations seeking to improve energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Purchases of tax credits related to energy requalification and seismic risk reduction (Sismabonus, Ecobonus, Superbonus 110%)</li> </ul>	<ul style="list-style-type: none"> <li>New funding for the Third Sector</li> </ul>
STRATEGIC PLAN TARGET TO 2024	> 65% of new disbursements in green and low-risk transition sectors	€4 billion in green residential mortgages	€3 billion in purchases of property tax credits	> €700 million in funding for the Third Sector
2022 RESULTS	€10.3 billion in new green disbursements, or 55.6% of disbursements 2022	€620 billion in new green mortgages disbursed	€1.52 billion in tax credits purchased	€180 million in funding for the Third Sector

The chapter "Climate change and green business" deals with the focus on the green business offer.

<sup>2</sup> Almost all financing in 2022 is linked to the environmental dimension, but our financing solutions also consider other sustainability dimensions (social and governance), such as sustainability linked loans that can be linked to sustainability objectives that are not only environmental.

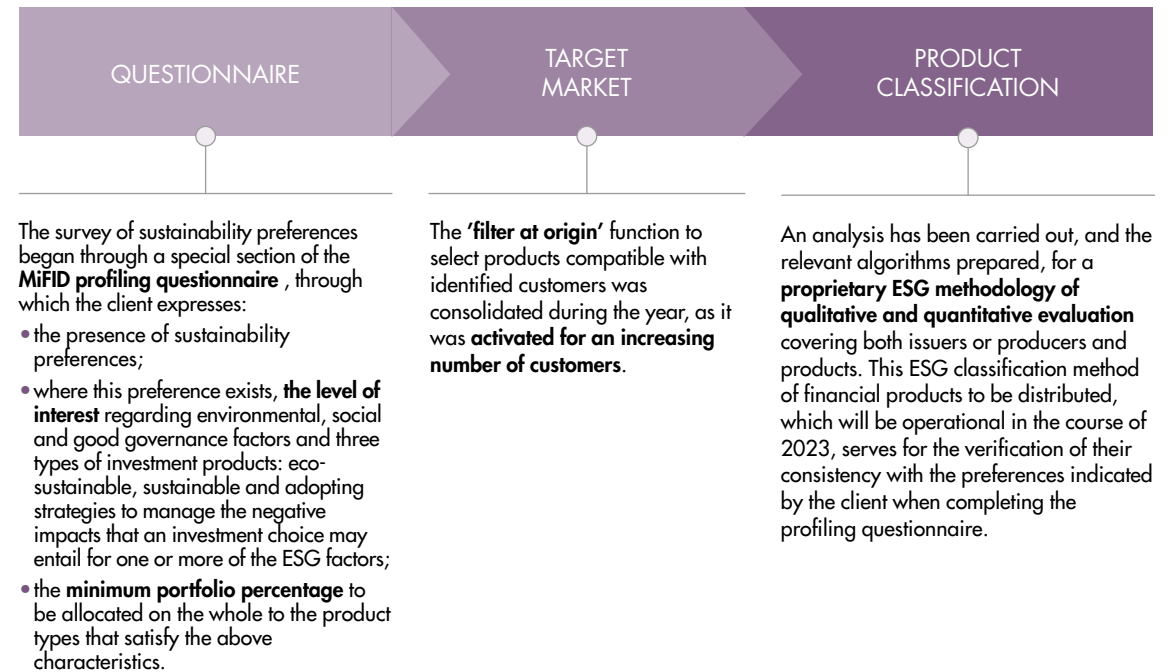
## ESG INVESTMENT PRODUCTS AND SERVICES

We are aware of the importance of creating value for the investor and the community, and work also to direct resources towards **investments that combine return on capital with the goal of sustainability**. With this in mind and in compliance with the relevant regulations, we have updated and published **'Guidelines on integrating sustainability risks in the provision of investment services'**<sup>3</sup>, providing information on events or conditions of an environmental, social or governance nature which, if they were to occur, could cause a significant actual or potential negative impact on the value of the investment.

Therefore, we have embarked on a path to progressively integrate ESG considerations into the provision of investment services and, in particular, into the processes of product governance, advisory service provision and investment decisions within the portfolio management service.

In particular, **Banca Aletti**, the Group's investment centre, has developed a service and advisory model integrating ESG factors into the three pillars on which the model is based, in line with the provisions of the amended MIFID Regulation 2017/565.

## NEW FEATURES OF THE SERVICE AND ADVISORY MODEL



To fulfil private customers' special needs, Banca Aletti has further evolved its **advisory model with the BA<sup>3</sup>** service, which integrates the principles of behavioural finance into the investment process to offer investment solutions that are even more in line with investors' financial personalities. The relative solutions are also created through the strategies of BA<sup>3</sup> Sicavs managed by different asset managers.

<sup>3</sup> gruppo.bancobpm.it > Sustainability  
> Code of Ethics and Governance  
> Guidelines on the integration of sustainability risks in the provision of investment services

## PRODUCTS PROMOTING INVESTMENTS IN ESG-CONSCIOUS COMPANIES

The integration of ESG factors into investment processes makes it possible to identify **opportunities also linked to a sustainable development model and to continue offering quality products and services**, keeping pace with market developments and respecting clients' ESG preferences.

Close cooperation continued with **Anima Sgr** which, during Q2 2022, proceeded with the transformation of a number of Art. 6<sup>4</sup> funds into Art. 8<sup>5</sup> funds under Regulation (EU) 2019/2088<sup>6</sup> (SFDR). The Art. 8 funds offered by Anima include those of the **ESaloGo System**, which are characterised by a special focus on environmental, social and governance issues, and the **Comunitam System** for which, in addition to the analysis of ESG variables, criteria indicated by the Italian Bishops' Conference are also taken into account.

The partnership with **Etica Sgr** continues. This asset management company specialises in responsible ESG funds, in which we have also held an equity stake since its foundation. The funds are subdivided into: **Responsible Futures line** (with strategies focused on a specific investment theme) and **Responsible Values line** (with a selection of securities of companies and states that adopt ESG virtuous practices).

With the asset manager Robeco, the BA<sup>3</sup> **Robeco Sustainable Growth strategy** was launched, which is classified as an Article 8 SFDR and invests in a diversified multi-asset allocation that meets the highest sustainability standards and aims to generate a positive impact. The solution enables coping with different market conditions while ensuring access to critical sustainable development issues.

At the end of 2022, the ESG assets under management total €20.74 billion<sup>7</sup>.

## ESG ASSETS MANAGED

as at 31/12/2022

**€20.74 BILLION**  
Funds and Unit-linked Policies  
(Art. 8 and 9)<sup>8</sup>

**35%**  
Incidence on  
total AUM

<sup>4</sup> They are non-sustainable products, but only consider potential ESG risks

<sup>5</sup> Products that promote, among other characteristics, environmental and/or social ones, or a combination thereof, as long as the companies in which the investments are made follow good governance practices

<sup>6</sup> For more information: [animasgr.com](http://animasgr.com) > EN > investor-private > how-to-invest > Pages > Notices-to-subscribers

The service offering also includes **individual management mandates for Institutional clients** that follow exclusion criteria in compliance with principles consistent with the Catholic religion, in line with the client's requests for personalisation, to which the manager pays particular attention when investing and monitoring the portfolio. In 2022, Banca Aletti received from Nummus.Info, the Portfolio Certification Body complying with the guidelines issued by the Italian Bishops' Conference (CEI), confirming the certification of compliance with the principles and investment guidelines outlined in the document 'The Catholic Church and the management of financial resources with ethical criteria of social, environmental and governance responsibility'.

As at 31 December 2022 these mandates, which are not investments under Art. 8 and 9<sup>9</sup> SFDR, totalled €251.8 million.

<sup>7</sup> This figure is not comparable with that of the previous year (€9.27 billion), as there was a major transformation of products from Art. 6 to Art. 8 SFDR, by some asset managers, changing the scope.

<sup>8</sup> For products managed by asset managers with whom Banco BPM has a relationship, the definition of instruments with sustainability and risk management features is taken on board by the asset managers themselves

<sup>9</sup> Products targeting sustainable investments

## BOND ISSUES AND INVESTMENT BANKING SERVICES

We work in the financial markets to raise resources for sustainable projects by placing ESG bond issues of our own and supporting other issuing companies.

### OUR ESG BOND ISSUES

After having placed the first **Social Bond** in 2021, we issued three **Green Bonds** in the **Green, Social and Sustainability Bonds Framework** in 2022 for €1.75 billion.

These were joined in July by the **private placement of a bond with green characteristics** worth **€300 million** to finance energy efficiency projects of our corporate customers.

€2.05 BILLION

green bonds  
issued in 2022

### OUR FIRST SOCIAL BOND

Issued within the sphere of the **Green, Social and Sustainability Bond Framework**, the bond financed a selected portfolio of SMEs that have been granted disbursements covered by the public guarantee envisaged by the Liquidity Decree to address the Covid-19 emergency.

Placed on the market in  
**July 2021**

Maturity  
**15 July 2026**

Value  
**€500  
MILLION**

### OUR GREEN BONDS

Green Covered Bond issued under the **Framework**: the bond financed a portfolio of green mortgages originated by the Bank for the purchase of energy-efficient homes.

Placed on the market in  
**March 2022**

Maturity  
**15 March 2027**

Value  
**€750  
MILLION**

Private placement Green Senior Preferred issued under an agreement with Cassa Depositi e Prestiti. In particular, it participated as joint bookrunner in placing the green bonds issued by Banco BPM in 2022.

Placed on the market in  
**July 2022**

Maturity  
**20 July 2026**

Value  
**€300  
MILLION**

Green Senior Non Preferred issued as part of the **Framework**: the bond financed a portfolio of green loans originated by the Bank for the purchase of energy-efficient homes and a portfolio of loans disbursed for the construction and maintenance of plants for the production of electricity from renewable sources.

Placed on the market in  
**September 2022**

Maturity  
**13 September 2026**

Value  
**€500  
MILLION**

Green Senior Non Preferred issued as part of the **Framework**: the bond financed a portfolio of green loans originated by the Bank for the purchase of energy-efficient homes and a portfolio of loans disbursed for the construction and maintenance of plants for the production of electricity from renewable sources.

Placed on the market in  
**November 2022**

Maturity  
**21 January 2028**

Value  
**€500  
MILLION**

### ESG APPROACH AND ELIGIBILITY CRITERIA: THE GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK

In the **Green, Social and Sustainability Bonds Framework**, a document **aligned with the ICMA** (International Capital Market Association)<sup>10</sup> principles, we describe our ESG approach and the eligibility criteria for assets and projects intended for financing with issue proceeds.

We have obtained Second Party Opinion (SPO) certification on the Framework from the Institutional Shareholder Services Companies Group (ISS) as an independent body with expertise in environmental, social and sustainability issues<sup>11</sup>.

An annual report is to be published throughout the bond's life to ensure transparency on the allocation of the proceeds of the issue and its social and environmental impacts. In July, we published our first **Green, Social & Sustainability Bonds Report** in which we provided information on the allocation of proceeds of the first Senior Preferred Social Bond and the first Green Covered Bond issued. Based on the data as at 31 May 2022, our eligible portfolio under the Framework is €15,394.4 million, of which €10,060 million is in social assets and €3,334.4 million in green assets<sup>12</sup>.

<sup>10</sup>There are four ICMA principles, which can be summarised as follows: use of proceeds, project selection, management of proceeds and reporting.

<sup>11</sup>For the SPO document: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Green Social & Sustainability Bonds Framework > Banco BPM SPO

<sup>12</sup>For more information: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Green Social & Sustainability Bonds Framework > Green Social & Sustainability Bonds Reporting 2022

### ELIGIBILITY CRITERIA OF ASSETS AND PROJECTS

<b>GREEN BONDS</b>	<ul style="list-style-type: none"> <li>• Green building and transport</li> <li>• Renewables</li> <li>• Energy efficiency</li> <li>• Pollution prevention and control</li> <li>• Sustainable water infrastructure</li> </ul>
<b>SOCIAL BONDS</b>	<ul style="list-style-type: none"> <li>• Support for SMEs located in disadvantaged areas or initiatives to reduce social or gender inequalities or to combat the pandemic</li> <li>• Third Sector</li> <li>• Public health</li> </ul>
<b>SUSTAINABILITY BONDS</b>	<ul style="list-style-type: none"> <li>• Funding Green projects and Social Projects</li> </ul>

For further information: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Green Social & Sustainability Bonds Framework > Banco BPM Green Social and Sustainability Framework



**€8.05 BILLION**  
ESG bond issues backed by Banca Akros

### INVESTMENT BANKING SERVICES

Among the sustainable growth solutions to support businesses, **Banca Akros**, the Group's Corporate and Investment Bank, **participated in the placement of nine ESG Bond issues**<sup>13</sup> in 2022, as joint bookrunner or joint lead manager, for a total value of **€8.05 billion**. In particular, it participated as joint bookrunner in the placement of the green bonds issued by Banco BPM in 2022. Regarding the corporate portfolio alone, ESG bonds amounted to €1,145.7 million, with a relative weight that grew from around 14% at the end of 2021 to over 24%. For Italian listed SMEs, such meetings are particularly important as opportunities for communication, visibility and to raise awareness of sustainability issues. Banca Akros also participated in a new **ELITE**<sup>14</sup> **Lounge** at Euronext-Borsa Italiana together with Banco BPM with a focus on sustainability and gave a training speech at the ELITE workshop **'Corporate sustainability and long-term growth strategy'** at SDA Bocconi. Furthermore, to increase the information content of its **equity research** on the sustainability aspects of the companies under coverage, Banca Akros includes a **section on ESG aspects** within its corporate studies. During 2022, 20 research studies with an 'ESG focus' paragraph and 75 within the European Securities Network (ESN)<sup>15</sup> were produced.

<sup>13</sup>These are Sustainability-linked bonds Green hybrid bonds, Sustainability bonds, Green bonds and Social bonds.

<sup>14</sup>ELITE is the Group's exclusive training programme for select 'top client' SMEs

<sup>15</sup>Multi-local partnership with other investment banks and independent financial intermediaries to support the investment decisions of institutional and professional investors in shares of listed companies in Europe

## INVESTMENT OF OWN FINANCIAL RESOURCES

We integrate ESG logic by consciously investing our own financial resources; in 2022, we continued to **purchase ESG bonds** (government and corporate), the share of which reached a **nominal value of approximately €1.5 billion** at the end of the year (compared to €756 million at the end of 2021). Regarding the corporate portfolio alone, ESG bonds amounted to €1,145.7 million, with a relative weight that grew from around 14% at the end of 2021 to over 24%. We used the classification provided by the Bloomberg info-provider to identify ESG issues to add to our bond portfolio. Based on information provided by Bloomberg, 89% of the corporate ESG securities in the ownership portfolio are aligned with ICMA principles.

Also for 2023, in line with the Business Plan, we have set ourselves the goal of continuing to increase this percentage.

### ESG CORPORATE BOND OWNERSHIP PORTFOLIO

(figures in € million)

	2022	2021	CHANGE 2021/2022
GREEN BONDS	746.3	413.3	+80.6%
SOCIAL BONDS	178.0	99.5	+78.9%
SUSTAINABILITY AND SUSTAINABILITY LINKED BONDS	198.9	81.2	+145.0%
TRANSITION BONDS	22.5	-	-
<b>TOTAL CORPORATE ESG BONDS</b>	<b>1,145.7</b>	<b>594.0</b>	<b>+92.9%</b>

>24%

ESG corporate bonds  
as a percentage of total  
corporate bonds in the  
ownership portfolio



In the Alternative Investments and Funds segment, **ESG considerations** are also integrated into the choice of **funds in which the Bank directly invests its resources**. In particular, during the product due diligence step, the management company and its governance, strategy, the fund regulation, the team and the track record are all analysed.

The main ESG elements subject to verification and monitoring are the adherence to UNPRI/SDG principles and/or other organisations, the adoption of an ESG policy, the appointment of a ESG manager, the preparation of a periodic report for shareholders, the verification of the ESG analysis in the memorandums of acquisition of shares. Moreover, from 2022 we will also invest in Art. 8 and 9 funds according to the SFDR principles. Finally, there are **six ESG thematic funds** in the portfolio, representing a total commitment of €61.5 million or 7.4% of the total.

**ESG logic is also integrated in the investments made** by the insurance companies **Banco BPM Vita and Banco BPM Assicurazioni**, which joined the Group in July 2022. In particular, we adopt exclusion criteria. Intending to combine financial value with investment sustainability over time, we aim to transition our portfolios gradually towards issuers and financial assets with ESG characteristics.

## MAIN RISKS

## MANAGEMENT METHODS / POLICIES ADOPTED

### STRATEGIC RISK RELATED TO FAILURE TO EMBRACE CHANGE

- Innovation in products and services
- Verification of customer preferences
- Extension of the range of ESG products

### MISSELLING OF FINANCIAL PRODUCTS

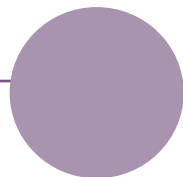
- Evaluation of effective needs, objectives and risk appetite of customers before the proposal and sale of financial products

### REDUCTION IN PROPERTY PORTFOLIO VALUE

- Using data-providers to identify bonds with environmental, social and governance characteristics (with low ESG market risk)
- ESG due diligence for the selection of funds in which the Bank directly invests its resources

### POSSIBLE ECONOMIC AND REPUTATIONAL IMPACTS OF GREENWASHING

- New Products and Market Committee
- ESG training/information activities for employees and customers



## Credit for Recovery and Resilience

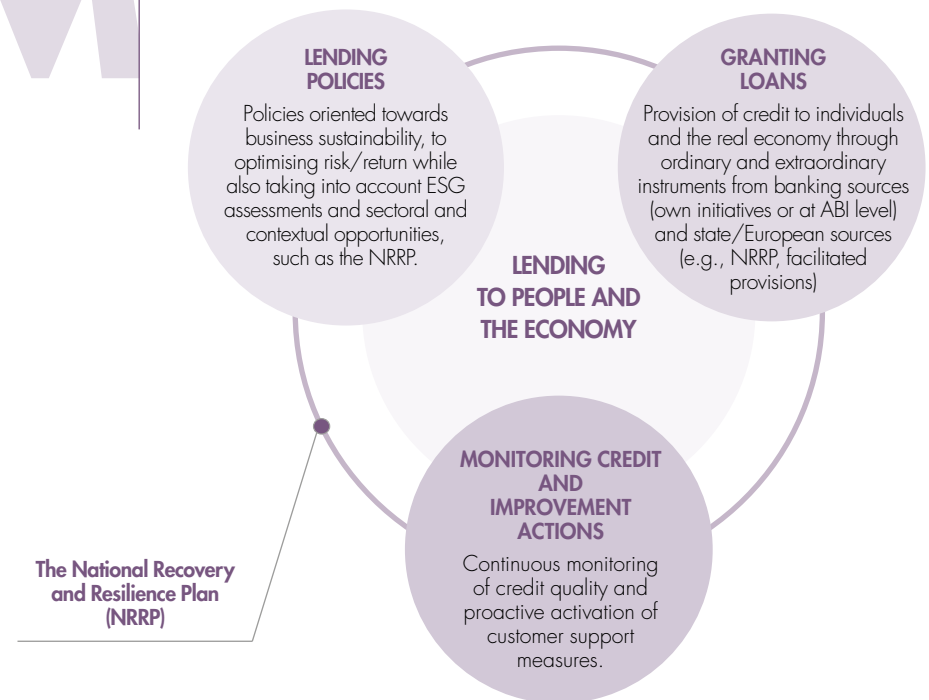
**In Italy, 2022 consolidated the economic growth started in 2021:** despite high inflation, especially considering the sharp rise in energy and commodity prices, **the Italian economy**, driven in particular by industry and services, **grew twice as fast as the leading European countries.**

Ours was the first European country to be severely affected - both health-wise and economically and socially - by the Covid-19 pandemic, but it is also the one that has **grown the most economically in the last two years** and is **the first beneficiary of the Next Generation EU programme, which has just come on stream.** The country's growth and resilience will benefit from a contribution of over €191.5 billion <sup>16</sup>in the coming years, equal to the value of the National Recovery and Resilience Plan (NRRP) financed with European and national resources

Aware of the importance and social and economic influence of the NRRP and with the aim of increasingly being a reference point for our customers in the transition towards sustainable models, we strive to play our part in the recovery and resilience of the country.

<sup>16</sup>In addition to the €191.5 billion of the NRRP, the resources earmarked for Italy take into account €14.4 billion from the REACT EU Funds and €30.6 billion from the Complementary National Fund, for total resources earmarked for Italy of approximately €236 billion

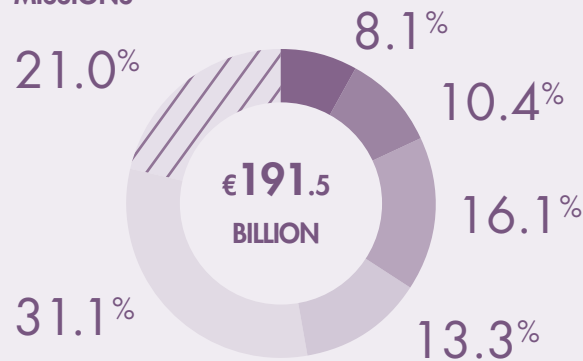
### MANAGEMENT MODEL



### SEIZING THE OPPORTUNITIES OF THE NRRP

The social and economic crisis linked to the Covid-19 pandemic was a major impetus for the European Union to **launch NextGenerationEU (NGEU)**, a major programme of interventions aimed at empowering European countries to face the challenges of the near future, with a **budget of €750 billion**, of which €390 billion is non-reimbursable. Italy has €191.5 billion available (of which €68.9 billion in grants) - the so-called 'Recovery and Resilience Facility' - for deployment between 2021 and 2026 through the implementation of the NRRP, whose action lines are accompanied by a strategy of reforms to strengthen the country's equity, efficiency and competitiveness.

#### MISSIONS



MISSION 1 (M1.) DIGITAL TRANSITION	€40.3 BILLION
MISSION 2 (M2.) GREEN TRANSITION	€59.5 BILLION
MISSION 3 (M3.) INFRASTRUCTURE FOR SUSTAINABLE MOBILITY	€25.4 BILLION
MISSION 4 (M4.) TRAINING AND RESEARCH	€30.9 BILLION
MISSION 5 (M5.) COHESION AND INCLUSION	€19.9 BILLION
MISSION 6 (M6.) HEALTH	€15.6 BILLION

### NextGenerationEU Programme (NGEU)

€750 BILLION

To accompany this important programme and take full advantage of its opportunities, **we have created a specialised team** operating on two main fronts - awareness and commercial action - with the following objectives:

#### CREATING AWARENESS

- **Delivering NRRP-related training** for the Corporate, Enterprise, CPT Entities, PA, Third Sector commercial networks. All the networks were involved in 2022 for a total of eight dedicated training sessions and focuses on support of specific business initiatives, also making use of the synergistic support of the Facilitated Finance and Agriculture Specialists.
- **Information and communication within the Group.** In 2022, we published 52 weekly newsletters containing the most important regulatory news; we set up the intranet site Spazio PNRR 2.0 as a container for NRRP-related materials, with approximately 1,500 hits per month.
- **Creating local awareness.** The magazine of the commercial website had thematic, in-depth articles in 2022 (with references for supporting financing products); seven interventions took place in the meetings of the respective Local Committees, and three press campaign initiatives. We also participated in local events in partnership with universities, trade associations and national newspapers.

#### COMMERCIAL ACTION

- **Communicating the most relevant opportunities to customers** by monitoring and analysing interventions and tenders.
- **Defining commercial initiatives** (content, timing and target group) in the different areas of the NRRP; implemented nine commercial initiatives involving over 10,500 client companies and carried out 69 meetings with large customers in the framework of the 'Impact Programme'.
- **Supplementing and enhancing the commercial offer** through advance payments of contributions or supply credits to the PA, financing investments not covered by contributions or further related investments, dedicated bank guarantees, issuing 'bank reference' letters and declarations of financial capacity. In this context, we signed the Convention with the Ministry of Tourism, ABI and CDP to support tourism enterprises and the Convention with the Ministry of Agriculture and Food and CDP to promote supply chain contracts. We have also allocated €2 billion for agribusiness and agro-industry and forged partnerships for companies to seize market development opportunities.

## LENDING POLICIES

### A STRONGLY CREDIT-ORIENTED BUSINESS MODEL

> €109 BILLION

of net loans to customers at the end of 2022

> 50%

share of the Group's assets represented by loans

### GROUP ASSETS AT THE END OF 2022

42%



● LOANS TO CUSTOMERS

● FINANCIAL AND OTHER ASSETS

The goal of our **lending policies** is to guide lending growth to optimise the risk/return ratio and limit the cost of prospective risk, while supporting the development of sectors and businesses with positive economic and financial outlooks.

The **main innovations** of the new policies include:

- the introduction of evolutions related to ESG and Real Estate frameworks;
- the application of a targeted strategy for customers involved in a credit disengagement phase;
- optimisation of the evaluation engine for private customers.

### AS-IS CREDIT POLICY FRAMEWORK 2022 also confirmed for 2023

A

COMPANY POSITION/OUTLOOK

- Counterparty risk profile (rating)
- Economic sector outlook or forecasts
- Analysis of appropriate balance sheet indicators that define the corporate positioning of the counterparty in relation to the reference sector

B

FINANCIAL SUSTAINABILITY

- Analysis of appropriate business indicators expressing the counterparty's ability to support the debt (financial sustainability)

C

ESG

- Analysis of specific elements to determine the Environment, Social and Governance (ESG) risk linked to the counterparty and the transaction

### EVOLUTIVE 2023

C

ESG

- Evolution of the transition risk classification methodology
- Introduction of physical risk
- Targeted management of high-emission priority sectors (emission trajectory analysis)
- Introduction of ESG credit guidelines to support the green transition

B

REAL ESTATE

- Alignment of requirements for the classification of Green real estate investments in line with the Taxonomy requirements

B

EVOLUTIVE FRAMEWORK POLICIES

- Dedicated credit strategies for proactive disengagement
- Retail policy improvement/enhancement of decision-making engines for PR and SB customers

## FORECASTS FOR 2023

- Strongly increasing public investment, **supported by NRRP funds**;
- falling consumption, due to a decrease in disposable income;
- decrease in energy and commodity prices from spring 2023;
- general neutrality of sector outlooks, with some sectors having a persistently negative outlook (including 'wood and furniture', 'metallurgy', 'logistics and transport', 'mining' and 'transport equipment trade').

As of 2022, **the counterparty credit strategy also incorporates ESG risk factors into the assessment.**

The 2023 policies, whose framework for which was approved in late 2022, further strengthen the consideration of ESG components in assessing client creditworthiness through:

- giving **greater weight to the emissions component in the analysis of transition risk**<sup>17</sup>;
- the introduction of the **analysis of physical risk** relating to the company's operations and real estate as collateral<sup>18</sup>;
- the **revision of the ESG assessment questionnaire and its obligatory nature** for several counterparties;
- the consideration, initiated in 2022, of the **possible green purpose of the transaction**.

In addition, we introduced ad hoc evaluation logic for specific sectors selected by the Bank, characterised by a **high environmental impact** (called priority sectors identified based on the quality of emission data and their positioning on environmental issues).

## ESG QUESTIONNAIRE

The ESG questionnaire is **mandatory for all large counterparties** and/or counterparties operating in high/very high transition risk or priority sectors and for all clients making a non-financial statement.

**The questionnaire is qualitative-quantitative and consists of questions, differentiated according to the sector in which the counterparty operates, covering environmental, social and governance areas.**

For 2023, the **questionnaire is enriched through:**

- the introduction of questions relating to the **green transition path of client companies** (questions on emission baselines, targets, etc.) and relating to the **presence of mitigating factors with respect to physical risk** (presence of business continuity plan and/or insurance policies);
- the identification of 'fatal' questions in the social and governance areas<sup>19</sup>.



<sup>17</sup> For more information on the methodology, see the chapter 'Climate Change and Green Business'

<sup>18</sup> For more information on the methodology, see the chapter 'Climate Change and Green Business'

<sup>19</sup> The 'fatal' questions concern whether there are any pending disputes/suits with a negative outcome concerning employee health and safety, human rights, corruption, and anti-money laundering, etc.

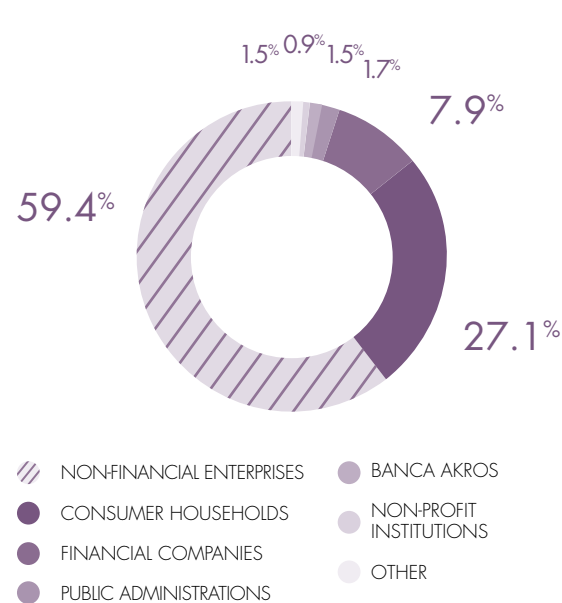
## GRANTING LOANS

During 2022, **new loan disbursements to households and businesses totalled €26.5 billion (+17% vs 2021)**<sup>20</sup>.

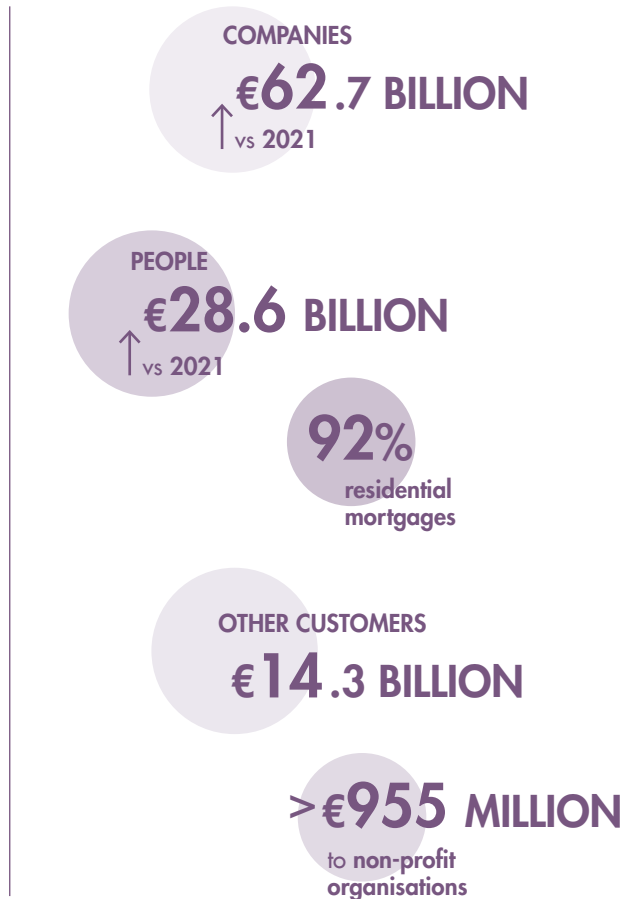
### LOANS GRANTED IN 2022



### PERFORMING LOANS AT THE END OF 2022

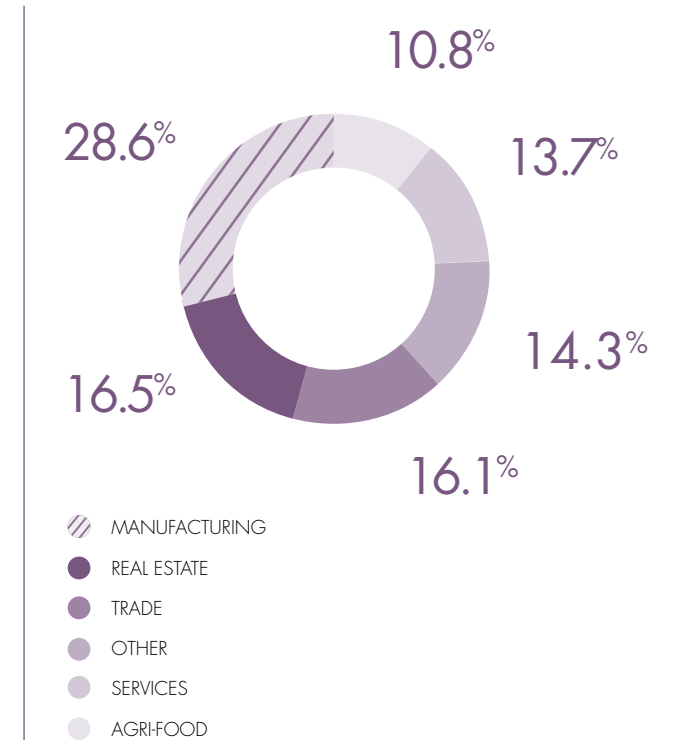


### STOCK OF PERFORMING GROSS LOANS AT THE END OF 2022



### LOANS TO COMPANIES BY MACRO SECTOR (GROSS PERFORMING LOANS)

Manufacturing remains the strongest sector in 2022 (with over 1/4 of the stock of performing loans), followed by real estate and trade.



<sup>20</sup> Management data

## FINANCING THE WEAPONS AND DEFENCE SECTOR

When dealing with weapons and defence operators, we operate in compliance with the provisions of Italian Law 185/90 on the control of export, import and transport of arms.

### OUR POLICY ON FINANCING THE WEAPONS SECTOR

We pay attention to the “controversial” sectors that, despite dealing with operations that are lawful in terms of regulations, may present critical social and environmental issues. In particular, for operations in the **field of materials and weapon systems**, without prejudice to the checks required in compliance with the regulations in force, we assess individual transactions, supported by organisational controls and internal regulations. In the current context, even considering the Russian aggression against Ukraine, while hoping to establish a society based on dialogue, respect and civilised coexistence, it appears difficult to imagine a total absence of weapons, considering the needs in terms of national security and international balances.

## WEAPONS TRANSACTIONS 2022

During 2022, transactions under Italian Law 185/90 involved **four customers and 620 transactions for a value of approximately €250 million. No loans were disbursed during the year, the stock at 2022 is €87.7 million** and refers to loans disbursed in previous years.

## FUNDING GUIDELINES

### OK

Execution of transactions or loans to counterparties entered in the National Business Register in possession of the specific ministerial authorisations and in compliance with the rules defined by Italian Law 185 of 9 July 1990 and subsequent amendments.

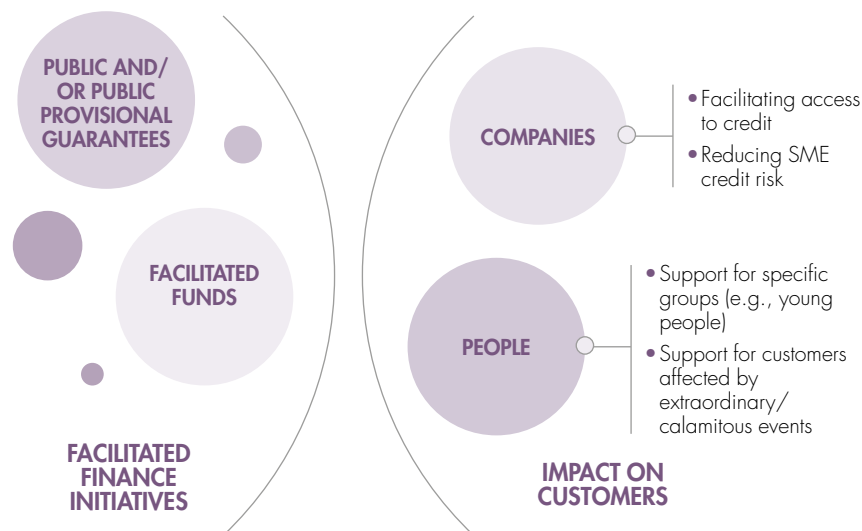
### NO TRANSACTION

- Weapons that are controversial or banned by international treaties
- with counterparties from countries under total or partial embargo of arms supplies by the European Union and the United Nations,
- with counterparties whose governments have been found responsible for serious violations of international human rights conventions by the European Union, the United Nations and the Council of Europe

## FACILITATED FINANCE INITIATIVES

Through **facilitated finance** - with the use of public guarantees and/or public funding and the use of funds on favourable terms - we help facilitate access to credit or reduce the credit risk for SMEs and low-cap companies and support customers affected by extraordinary/ calamitous events and specific types of customers (e.g., young people).

## THE ROLE OF FACILITATED FINANCE



## MAIN FACILITATED FINANCE INITIATIVES

Since 1 July 2022, the validity period of the 'Temporary framework for state aid measures to support the economy in the COVID-19 emergency' ended and the new transitional regime 'Temporary crisis framework for state aid measures to support the economy in the aftermath of Russia's aggression against Ukraine' took over, and with it, SACE activated the new related facilitation measure, the 'SACE SUPPORTITALIA Guarantee'.

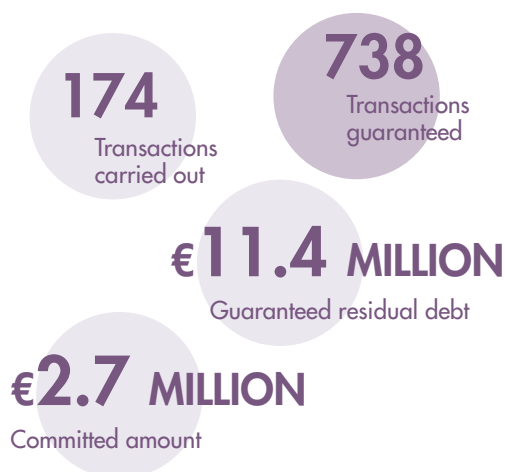
The 'unsecured loan with SACE Supportitalia guarantee' is a subsidised loan that benefits from the guarantee issued by SACE, until 31/12/2022, for loans to companies that can demonstrate that the crisis - due to Russia's military aggression against the Republic of Ukraine and the sanctions imposed by the EU and international partners - has direct negative economic repercussions on their business activities.

Measures also continue to **support women victims of violence who are on a protection programme and in temporary economic difficulty** (suspension of principal payments on mortgages and loans and corresponding extension of the amortisation period for up to 18 months) and **individuals or businesses damaged by calamitous events** (suspension of mortgage and loan repayments or provision of financing, using state funds, for reconstruction/rehabilitation of damaged property/assets or for tax payments).

The most important facilitated finance initiatives for companies include the **EIB's 'Synthetic Securitisation' ceiling** of approximately €900 million, **SACE guarantee lines to support SME and Mid-Cap companies** both for liquidity needs and for investments oriented towards research and development and/or technological innovation, **the extension of the FGPMI guarantee** to short-term credit.

## ANTI-USURY OPERATIONS IN 2022

In 2022, we maintained our partnerships with various **Anti-usury Foundations**, which guarantee up to 100% of the amount of the loan disbursed (generally no higher than €30,000) usually designed to support the most important needs (e.g., payment of utility bills, rent arrears, tax bills, etc.).

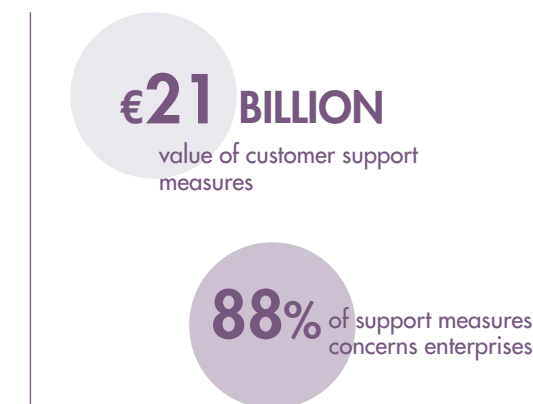


### ANTI-USURY FOUNDATIONS WE WORK WITH

- Adventum Onlus
- Fondazione Beato G. Tovini
- Associazione Baccarato Antiusura Onlus
- Ambulatorio Antiusura Onlus
- Adiconsum
- Fondazione Salus Populi Romani
- Fondazione San Giuseppe Moscati
- Fondazione Wanda Vecchi Onlus

## CREDIT TO PEOPLE AND COMPANIES IN DIFFICULTY

For individuals and businesses experiencing temporary difficulties but still with financial strength and positive economic prospects, **we consider measures that allow them to benefit from an easing/relief of their commitments** (e.g., suspension of payments for a certain period, extension of the amortisation period and refinancing for business recovery and development). At the end of 2022, the stock of customer support measures, understood as 'Covid' and 'DL aid' loans, forbearance measures and moratoria, amounted to some €21 billion.



Regarding non-performing loans, we strive to find win-win solutions with customers in difficulty, avoiding the instigation of legal proceedings to enforce loan guarantees. At Group level, **the stock of non-performing loans fell from approximately €25 billion at year-end 2017 to around €12 billion at year-end 2018**, thanks to the sale of loans without recourse (approximately €11 billion) and management and recovery activities conducted through mediation activities.



## MONITORING CREDIT AND IMPROVEMENT ACTIONS

**Credit monitoring** is a key activity for catching the early signs of anomalies in customer relations. Its effective implementation makes it possible to activate prevention strategies and to avoid further degradation and restore normal conditions.

### THE CREDIT MONITORING PROCESS



The analysis allows to detect the relationships with customers with anomalies

The anomalous positions are grouped according to the type of customer, anomaly and value range, attributing different priorities

According to the groupings, differentiated management strategies are applied to resolve the anomalies

### MAIN RISKS

### MANAGEMENT METHODS / POLICIES ADOPTED

#### CREDIT AND OVER INDEBTEDNESS

- Assessment of creditworthiness and the risks of the loan granting process, and the clear distinction of the roles of loan proposer and decision-maker
- State-of-the-art credit risk assessment model and measurement metrics
- Verification of the customer's capacity to repay the debt
- Monitoring of credit and mediation initiatives to enable customers in temporary financial difficulty to meet their

#### ERRORS MADE BY COMMERCIAL PERSONNEL AND OPERATING RISKS

- According to the groupings, we apply differentiated management strategies to resolve the anomalies
- Definition, within the new network model, of new specific roles of regional departments and branches as an integral part of the control process to monitor operating risks

#### INSOLVENCY OF THE REAL ECONOMY AND HOUSEHOLDS

- Ordinary and extraordinary measures to support the financial commitments of customers, including through NRRP guarantees
- PNNR as an opportunity to strengthen the Italian and European economic and social system

## Digitalisation and strengthening customer relations

We consider **digitalisation** one of the main **drivers of innovation** in customer relations, allowing us to meet new needs and habits, driven by the pandemic crisis and now becoming structural, without ever neglecting the human relationship that remains an added value, especially in accompanying the important choices and actions of our customers.

We focus on customers and work to create and develop long-lasting relationships based on trust and mutual satisfaction, offering products and services that meet their needs, in line with their individual risk profile. For this reason, we promote a constant dialogue with them, aiming to understand their needs and expectations, and set up a responsible management of the relationship, and of any critical issues that may arise, treating any complaints with sensitivity and working towards concrete solutions.

We inform our customers clearly, transparently and comprehensively about the products and services we offer and the conditions applied to them, and ensure that our proposals meet the real needs of our customers. We strive to make our offices, branches, services and communications accessible to all (Banco BPM Code of Ethics).

### MANAGEMENT MODEL



#### INTEGRATED RELATIONAL MODEL

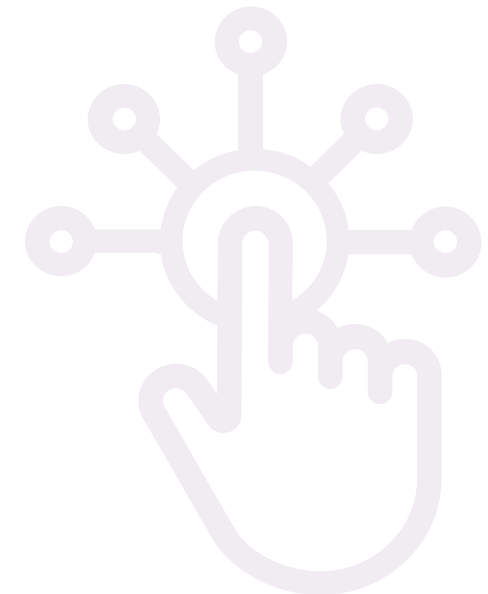
Service model ensuring **complementarity between physical and digital presence**, capable of intercepting local interests

#### VALUABLE SOLUTIONS

**Effective commercial offer for different needs**, including services that can add value to the customer relationship

#### MONITORING AND ENRICHING RELATIONS

**Monitoring customer relations** to implement improvement actions

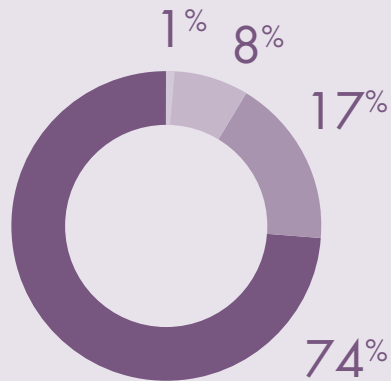


## WHO ARE OUR CUSTOMERS?

> **3.8** million customers<sup>21</sup>

### CUSTOMERS BY LOCATION

- **37%** in Lombardy
- **12%** in Veneto
- **10%** in Piedmont
- **9%** in Emilia-Romagna



- NORTH
- CENTRE
- SOUTH AND ISLANDS
- ABROAD

<sup>21</sup> The customer perimeter considers customers with a business current account, card with IBAN, other current accounts. Over 195,000 mass and personal customers with at least one loan, savings deposit or current account are not included in the perimeter

### INDIVIDUALS



- **50%** women
- **12%** only with an online account
- **2 out of 3 customers** between 26 and 65 years
- **31%** under 46 years
- **60%** customers for over 10 years
- **27%** customers for over 20 years
- **8%** are of foreign origin

<sup>22</sup> This refers to private retail customers. Natural person customers total over 3.3 million

<sup>23</sup> Performing loans are considered as at 31/12/2022

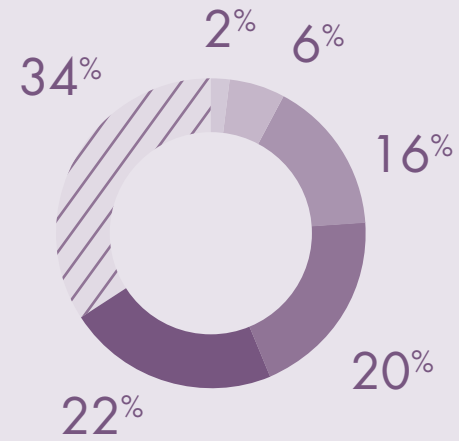
### COMPANIES



- **89%** have a turnover of up to €2.5 million
- **15%** work in the manufacturing sector
- **81%** of businesses with online channel access are actual users
- **48%** customers for over 10 years
- **19%** customers for over 20 years

<sup>24</sup> Does not include corporate clients and customers of Banca Akros

<sup>25</sup> Performing loans are considered as at 31/12/2022



- /// SERVICES
- TRADE
- CONSTRUCTION AND REAL ESTATE ACTIVITIES
- MANUFACTURING AND MINING ACTIVITIES
- AGRICULTURE, FORESTRY AND FISHING
- PUBLIC ADMINISTRATION AND OTHER

### NON-PROFIT ORGANISATIONS



- **44%** associations
- **35%** entities
- **12%** religious organisations
- **38%** customers for over 10 years

<sup>26</sup> Does not include customers belonging to the public sector (municipalities, schools, local public entities, etc.). Includes about 1,100 non-profit enterprises, also counted in the corporate clientele, which refer to the Enterprise Centres.

## INTEGRATED RELATIONAL MODEL

Our service model combines strong regional roots with commercial effectiveness thanks to specialist centres dedicated to certain types of customer and to a network of branches organised based on regional characteristics into eight departments.

## SERVICE CHANNELS

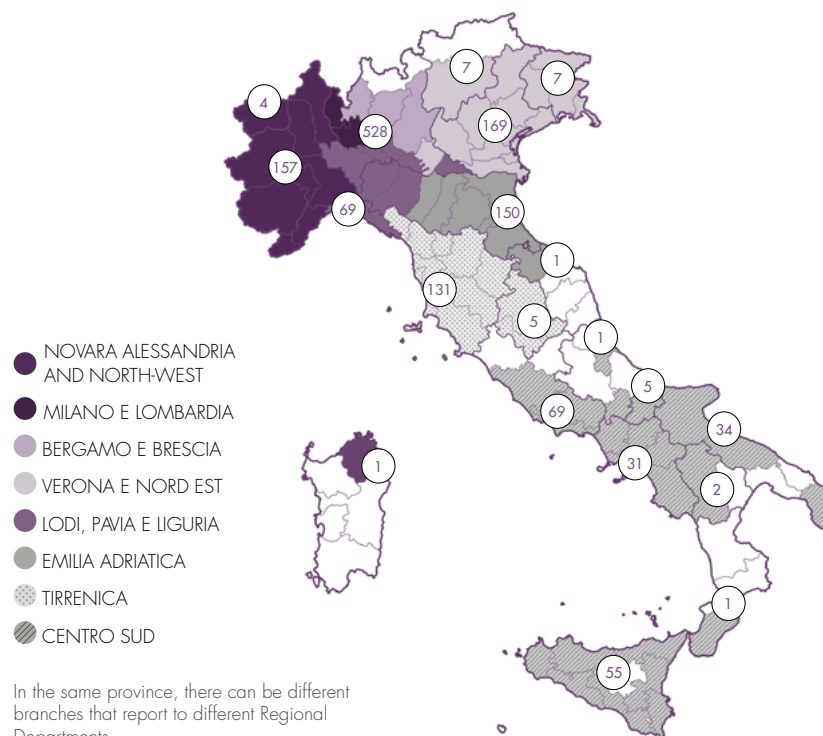
**DIGITAL CHANNEL** Access through **internet banking and the APP** throughout the country

**RETAIL NETWORK** **1,427 branches** divided into **42 areas** in turn divided into **eight Regional Departments**

**SPECIALIST CENTRES**

- 21 centres for businesses with a turnover of over €75 million
- 68 centres for businesses with a turnover of less than €75 mln (activated by the end of January 2022)
- 1 business centre with a turnover of over €1 billion
- 1 central department for non-profit and public sector customers
- 3 centres with advisors dedicated to institutional customers
- Banca Akros offers businesses a corporate and investment banking service
- Banca Aletti has 52 units dedicated to customers with large assets
- 1 virtual Webbank branch for 'pure digital' customers
- 17 branches dedicated to the partnership with Azimut

## GEOGRAPHICAL DISTRIBUTION OF THE RETAIL NETWORK



## GROUP BRANCHES

No. of branches	
LOMBARDY	528
VENETO	169
PIEDMONT	157
EMILIA ROMAGNA	150
TUSCANY	131
LAZIO	69
LIGURIA	69
SICILY	55
PUGLIA	34
CAMPANIA	31
FRIULI VENEZIA GIULIA	7
TRENTINO ALTO ADIGE	7
MOLISE	5
UMBRIA	5
VALLE D'AOSTA	4
BASILICATA	2
ABRUZZO	1
CALABRIA	1
MARCHE	1
SARDINIA	1
<b>Grand Total</b>	<b>1,427</b>

## BRANDS USED BY THE BANCO BPM GROUP

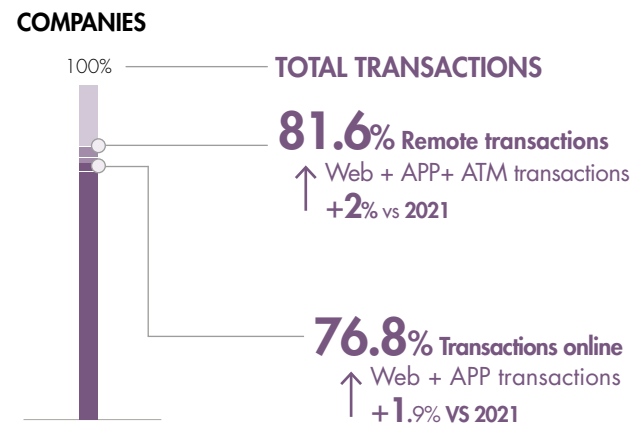
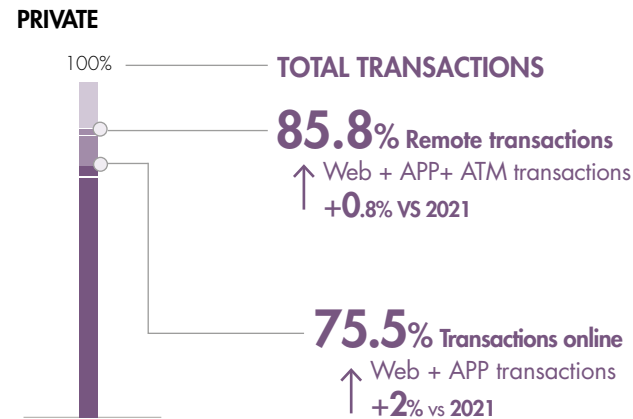
- Banco Popolare Siciliano
- Banca Popolare di Milano
- Banca Popolare di Lodi
- Banca Popolare di Verona
- Cassa di Risparmio di Lucca Pisa Livorno
- Banco San Geminiano e San Prospero
- Banca Popolare di Crema
- Cassa di Risparmio di Imola
- Banca Popolare di Cremona
- Banca Popolare del Trentino
- Credito Bergamasco
- Banco San Marco
- Banca Popolare di Novara

## DIGITALISATION AS THE MAIN DRIVER OF INNOVATION

The claim 'Always close, even online' sums up our relational approach to meet the new needs of customers and characterises the advertising campaign dedicated to digital transformation through storytelling, which will tell the story of the innovations towards a fully digital bank.

## THE GROWTH OF DIGITAL TRANSACTIONS IN 2022

In 2022, the growth of online transactions continued in the private and corporate sector, in particular the steady growth of the mobile share in the online total, also thanks to the gradual spread of the new app.



## NEW APP AND DIGITAL IDENTITY DRIVE MOBILE OPERATIONS AND DEMATERIALISATION

The release of the new private app that began in 2020 was completed in 2022, enriched with new services and functions and taking into account certain development guidelines:

- Mobile First approach;
- introduction of new technologies, including advanced functionalities due to the PSD2 regulation;
- acceleration of the technological convergence process to be able to use a single infrastructure even with different interfaces according to customer targets.

The major developments released during 2022 include:

- signature room for signing remote contractual documentation;
- use of biometric recognition (Face ID and biometrics) for signing contracts for products and services;
- remote appointment scheduling;
- collection of privacy consents in self, before making an appointment for remote financial counselling;
- Personal Financial Management (PFM) to enable private clients to optimise their financial management;
- progressive enrichment of the catalogue of products and services available in SELF and SRO mode and digitalisation of cards with the most modern payment wallets;
- improved virtual and voice assistant and artificial intelligence;
- activation of the payment account aggregation service for private customers (AISP).

**In 2022, private customer subscriptions continued for the digital identity, which is an essential building block for operating in paperless and digital mode, in branches and through electronic channels.**

~ 860,000

digital identities  
subscribed from March  
to 31/12/2022

Introduced in 2021, **the Signature Room** was the second key building block to enable the remote sales of products and services to customers through the private section of the internet banking service.

The way of signing contracts has been simplified, allowing several documents to be signed in a single transaction, also via an app.

In addition, remote identification through SPID was activated for new users wishing to open Conto You or Conto Webank online as an alternative to identification by bank transfer or in person in a branch.

As far as **corporate customers** are concerned, 2022 saw:

- **the evolution of the YouBusiness app**, actively used by over 75,000 customers, with the release of the app token and new services requested by customers, including the payment of utility bills via QRCode, the 'online documents' section, the payment of car registration taxes, phone top-ups and the payment of bank receipts;
- **the complete digitalisation** of the online loan application and contract signing process (smart lending);
- **review and expansion of the offer** in the area of document advances and the possibility of requesting invoice advances via the web channel even without credit assignment.

## FLOWBE

The FLOWBE project was created with the aim of introducing a new digital payment instrument, through the Bank of Italy's regulatory sandbox, which provides users with **the same characteristics as a bank draft**, characterised by certainty in deferred payment and the bank's role as guarantor.

The **Bank of Italy's regulatory sandbox** is a controlled environment where supervised intermediaries and FinTech operators can design and test, for a limited period, technologically innovative products and services in the banking sector. The experimentation is in preparatory steps, to reach a mature, thoroughly tested product, ready to be launched to customers by the entire banking sector.

The difference relative to a bank transfer lies in the timing of payment, which is deferred to a later point in time (typically a purchase or sale or a notarial deed) in which the customer provides the beneficiary with the necessary details to collect the security, equating it from a functional point of view to a bank draft, in which the bank is used for its role in guaranteeing the presence of the required funds.

The FLOWBE project was created to introduce a new digital payment instrument, through the Bank of Italy's regulatory sandbox, which provides users with **the same characteristics as a bank draft**, characterised by certainty in deferred payment and the bank's role as guarantor. The Banca Akros website was revised, including a new search and profiling engine for the 'Certificates' section that allows investors to quickly and intuitively consult the products of interest on the site.



## VALUABLE SOLUTIONS

### WE SUPPORT OUR COMPANIES' AMBITIONS

Over time, we have learnt to know the specificities of our territories. Thanks also to a significant presence in almost all Italian regions and a specialised skill set, we can propose ourselves as a reference partner for our companies, being able to offer solutions for any business need.

## ORGANISATION OF THE MAIN BUSINESS SERVICES



GROWTH MAINLY THROUGH BANK LOANS



GROWTH MAINLY THROUGH THE CAPITAL MARKET

### IDENTIFICATION OF OPPORTUNITIES FOR DEVELOPMENT

**Diversified range** of both traditional commercial banking and non-financial products and services, as well as solutions for international markets

**Network of partners** to offer investment banking services to medium and large enterprises

### FINANCIAL SOLUTIONS FOR DEVELOPMENT AND EXTRAORDINARY ACTIVITIES

**Analysis of trends**, sector dynamics and financial business structures

**Range of loans** and structured finance solutions with certified operators and institutions (private equity funds, real estate agents, etc.)

**Extraordinary financial transactions**, particularly for SMEs, such as Stock Market trading, capital increases, public purchase offers, SPAC, bond issues, buybacks, private placements, syndication, M&A, spin-offs and securitisations

**Structure** and distribution of instruments to hedge and manage financial risks

**Brokerage activities**, equity research and corporate brokering

### ACTIVITIES WITH OTHER COUNTRIES

**Range of international products and services**, innovative trade finance activities, partnerships with foreign banks

**Structure** and distribution of instruments to hedge and manage financial risks

### CULTURE OF GROWTH

Communities to seize **business opportunities** in Italy and abroad  
**Management and financial training** tools and programmes to stimulate innovation and business development

### ALONGSIDE OUR COMPANIES

- Improvement of already implemented solutions for businesses, taking into account the new regulatory environment (e.g., public guarantees)
- Introduction of new solutions to support the green transition and to exploit NRRP opportunities
- Continuation of the non-recourse purchase of trade and tax credits, primarily to support production chains, thanks to an effective platform that will be fully digitised by 2023
- Allocation of the €5 billion Energy Plafond to support corporate customers in mitigating the effects of high energy and commodity prices

In a complex context such as that of the last year, which suffered both the consequences of the pandemic period and the economic impacts of the Russian-Ukrainian conflict, the constant monitoring of relations with companies has proved more strategic than ever to provide them optimal and targeted support, also thanks to the work of our relationship managers, in close synergy and coordination with the various garrisons dedicated to companies in the **Corporate segment**.

## SUPPORTING THE RETAIL SEGMENT

As for the retail segment, specific initiatives dedicated to young people, SMEs and the non-profit sector continued.

### YOUNG PEOPLE

At the end of 2021, the new Mutuo You Green loan with **Fondo Prima Casa** guarantee was launched, reserved for customers **under 36**. In 2022, disbursements for first-home loans accounted for around 90% per cent of all mortgages disbursed, 35% of which involved young people under 36.

During the year, we also made our sales network aware of the **Study Fund**, an initiative that enables young people between 18 and 40, without sufficient financial means, to undertake a course of study, thanks to the financial support provided by a loan guaranteed by the state.



~90%  
of mortgages  
disbursed for the purchase  
of a first home

### SMES

We have been offering Chirografario Aziende con Obiettivo Sostenibilità since April 2022, a financing solution that allows companies (including large ones - Corporate and Large Corporate) to enhance the virtuous path taken in the ESG sphere. The added value of the product is given by the **possibility of 'linking' a covenant related to ESG objectives to the loan** with a rewarding effect on the loan spread, qualifying it as a 'sustainability linked loan' complying with the 'Sustainability Linked Loan Principles' (SLLP) the Loan Market Association provided.

Project sites aimed at pursuing financial solutions to support SMEs in their energy transition and investments in renewable energy installations also continued.

Concerning the latter, the Bank offers **financing solutions to companies investing in RES plants** (the acronym includes forms of energy whose exploitation does not imply a depletion of the source) also in line with the objectives of the NRRP.

### NON-PROFIT ORGANISATIONS

The focus on non-profit customers continues, to which we dedicate ad hoc organisational structures, products, services and expertise. We granted new funding to the non-profit sector in 2022, also to cope with the energy crisis. Particular attention went on public administration subsidiaries, especially those operating in the water and waste cycle sectors, and we granted loans to support both short-term needs and specific investment projects.

We have also launched an ESG questionnaire that allows for the informative enrichment of impact metrics related to new loans granted to clients in the Third Sector and Religious Bodies.

Initiatives to enhance the not-for-profit sector include **participation in the fourth edition of CANTIERI VICEVERSA**, a workshop organised by the national forum of the Third Sector to facilitate the meeting of finance between demand and supply, and the reporting of our clients' social impact business initiatives in our online magazine.

### SOME NON-FINANCIAL PARTNERSHIPS

- Commercial partnership with **Alphabet** (BMW Group), which offers customers the long-term rental of cars and industrial vehicles, with the possibility of Webank and Youweb services customers to receive an estimate and sign a rental agreement directly through the app
- Partnership with **TeamSystem**, a manufacturer of business management systems, which has seen the simplification and optimisation of the process enabling the import of electronic invoices for business customers using the 'YouBusiness Web' portal



## SERVICES FOR BUSINESS GROWTH ABROAD

The Russia-Ukraine conflict has also had important repercussions on the foreign activities of our companies, which we have supported regarding the critical issues that have arisen in the face of sanctions.

We also accompany the growth of our companies through the **support of Banca Akros**, the Group's Corporate and Investment Bank. In the area of online trading, the migration of trading from Intesa Sanpaolo to Banca Akros through the Webank channel of all derivatives listed on regulated markets was completed, with benefits in terms of cost reduction, service improvement and improvement of Banca Akros' market share in third-party trading.



In line with the growing importance of offering a range of digital services, in 2022, Banco BPM continued its integration of new cutting edge channels, with both information and order functions, addressed to companies that work with or intend to work with firms abroad:

- **YouWorld** is an information platform that enables companies to access comprehensive, constantly updated information on foreign trade and references of potential foreign suppliers or buyers. Approximately 1,000 companies use the service as at December 2022, including Retail and Corporate.
- **YouLounge** is the B2B platform that allows corporate customers to promote their products/services through a virtual display window. The new Opportunities feature allows importing companies to publish posts informing the community that they are looking for certain products/services, specifying their characteristics, timing, geographic areas and other information. As at December 2022, YouLounge counted around 1,600 companies, including Retail and Corporate.
- **YouTrade Finance** allows goods operations to be managed electronically, simplifying and optimising the bank-customer relationship and ensuring maximum security through guided procedures.

## VERY VALUABLE SAVINGS

The management and valorisation of savings is an essential activity of great social as well as economic value. We provide our clients with organisational structures, a specialist company, a diversified product offering<sup>27</sup> and personalised advice.

The investment proposals are designed in partnership with specialised companies (including the important partnership with Anima SGR) to seize market opportunities and achieve client objectives, in line with the needs and financial profile of each client.

The Group's assets under management amount to over **€59 billion**, 70% of which is represented by mutual funds and SICAVs.

<sup>27</sup> For more information see: [bancobpm.it](http://bancobpm.it) > Private > Savings and Investment

## MONITORING AND ENRICHING RELATIONS

Listening to customers and measuring satisfaction, both of which aim to improve the service provided, is fundamental to us.

In 2022, we involved 200,000 retail, private and SME customers in the Customer Satisfaction survey.



The Customer Satisfaction survey, combined with the Mystery Shopping survey, is useful for understanding the level of satisfaction regarding products, reputation, branch service, web channels and any critical issues encountered.

**All the results** and in-depth satisfaction surveys are **published and made available to colleagues** within a dedicated portal on the company intranet, with a view to transparency and sharing. **In 2022, all the satisfaction indicators measured recorded an improvement over the previous year.** In addition to the customer experience survey activities, **13 ad hoc research projects were conducted for the Group in 2022.**

In particular, many surveys were carried out to support Group structures concerning **ESG issues, the perception and positioning of Group brands, the development of new products and services and the improvement of existing ones.**

Research was also carried out for the collection of **Voice of the Employee** suggestions to fine-tune **new online offer processes** and to **improve existing products and services and commercial initiatives.**

These surveys also made use of the **Customer Feedback Management (CFM)** platform and the **'Insquadra' (Inteam) Community Panel** in 2022, which has represented another channel to encourage listening to customers since 2019, with the involvement of around 2,000 private customers and 500 business customers.

**The main evidence of customer experience is shared internally and represents a starting point for continuously improving relations** as well as a careful analysis of complaints.

COMPLAINTS AGAINST THE GROUP <sup>28</sup>	2022	2021	CHANGE
<b>Complaints received</b>	<b>6,893</b>	<b>7,418</b>	<b>-7.1%</b>
of which relating to banking	6,356	6,673	-4.7%
of which relating to investment	405	581	-30.2%
of which relating to insurance	132	164	-19.5%
<b>Complaints processed</b>	<b>6,923</b>	<b>8,188</b>	<b>-15.4%</b>
accepted	1,507	2,175	-30.7%
partially accepted	1,495	1,944	-23.1%
rejected	3,921	4,069	-3.6%
<b>Processing times (average no. of days)</b>			
for banking services	20	29	-31.1%
for investment products	20	34	41.2%
for insurance products	22	22	/

<sup>28</sup> The complaints made do not include complaints handled by the insurance companies Banco BPM Vita and Banco BPM Assicurazioni: 187 complaints received and 172 complaints processed. Such complaints represent less than 3% of the complaints received and processed by the Group.

**In 2022, the flow of complaints received<sup>29</sup> at Group level was slightly down from the previous year (-7%)**

The year-on-year comparison of disputes shows a consistent situation in the different regions.

Analysing the main aggregates of products and services subject to complaints during the year, the following deserve mention:

- an increase in disputes relating to payment instruments (cards) (+18%) and/or collection and payment services;
- a decrease in customer reports on financing products (-20%);
- a sharp slowdown in disputes related to financial products/ services (-30%) and insurance.

At the economic level, the disbursements in 2022 are significantly lower than in the previous year (-56%).

MAIN RISKS	MANAGEMENT METHODS / POLICIES ADOPTED
<b>DIFFICULTIES IN THE USE OF NEW TECHNOLOGIES/APPLICATIONS BY CUSTOMERS</b>	Improvement and expansion of remote services for the efficient and effective use of resources
<b>POSSIBLE DETERIORATION OF CUSTOMER RELATIONS</b>	Offer of comprehensive solutions, continuous monitoring of the quality of customer relations and involvement of customers when developing products and services and in actions for improvement
<b>LACK OF TRANSPARENCY</b>	Code of Ethics, guidelines, regulations and disclosures addressing transparency towards customers
<b>FAILURE TO SEIZE THE OPPORTUNITIES OFFERED BY DIGITALISATION</b>	Actions, organisational supervision, investment and training that seek to manage customer relations, work procedures and tools effectively

<sup>29</sup>The figures on complaints do not consider those relating to reporting to Intermarket Diamond Business S.p.A. by customers interested in purchasing diamonds. As at 31/12/2022, a total of 24,368 submissions were received - with around 150 relating to 2022, of which 21,257 subject to settlement agreements formalised with customers (equal to 87.2% of complaints received). For further details, please refer to the Annual Financial Report.

# Business continuity, cybersecurity and privacy

The awareness that we operate in an essential economic sector drives us to innovate and update our work methods to ensure continuity of service, the highest levels of security and protecting our stakeholders' information assets.

## SOME OF THE MAIN INTERNAL REGULATIONS AND GUIDELINES TO WHICH WE COMPLY

- Information Security Regulation - updated in line with PSD2
- Cyber risk regulation - supervision is strengthened
- Business Continuity Plan and related Regulations
- Guidelines on computer incidents
- Methodological manual on cyber risk analysis
- Methodological manuals for secure software development dot.NET, J2EE, IOS, Android and Cobol
- Methodological manual for assessing the gravity of a personal data breach
- Cloud Security Methodological Manual
- Methodological manuals on security: of networks, email, providers, payment services payment
- Process standards on: business impact analysis and cyber risk management; cyber fraud prevention and management; security incident and data breach management; digital certificate management

### MANAGEMENT MODEL



#### BUSINESS CONTINUITY

Limiting incidents, guarantee of **service continuity**

#### DATA GOVERNANCE AND IT SECURITY

**Data and information** management and security

#### PRIVACY

**Protection of the IT assets** available to the Group

## BUSINESS CONTINUITY

By using proven procedures, we can ensure continuity of services by mitigating adverse situations such as cyber attacks, plant failures, natural disasters, and pandemics.

The **business impact analysis** identifies potential risks that may hamper business activities and develops appropriate strategies to minimise them. As a result of these achievements, the **Business Continuity Plan** ensures the Group's **business continuity** by defining the principles, procedures and resources required to manage business continuity. It also manages crisis situations with different levels of severity affecting the Group itself or its relevant counterparties.

To deal with the different scenarios defined by the regulations, the Business Continuity Plan is divided into specific sectoral plans such as **Disaster Recovery** which, to cope with crisis scenarios due to the unavailability of IT systems, identifies alternative sites to those of production to allow the relevant procedures to function. The Business Continuity Plan is subjected to organisational and technological **adequacy tests** at least once a year.

## CYBER INCIDENTS AND CRISIS MANAGEMENT

The biggest threat in banking is cyber incidents. To intervene promptly on cyber incidents, a **Security Operation Centre** service is constantly operational, ensuring that all cyber security incidents are dealt with and triaged. Following their identification, we act to contain and resolve the incident involving the relevant corporate structures and, depending on the level of seriousness, through escalation activities, including towards senior functions.

Serious incidents are part of the **crisis management** process, which defines company strategies and who should be involved in the event of a crisis. For major cases, the incident is reported to supervisory authorities such as the Bank of Italy.



No serious IT security incidents were identified **in 2022** which would require reporting to the Bank of Italy.

## DATA GOVERNANCE AND IT SECURITY

The protection and confidentiality of our customers' and stakeholders' data and the security of our operations, are an integral part of our **strategy**. By applying sustainability criteria, we have implemented innovative tools that combine positive environmental impacts with increased protection of information resources.

The **digital transformation**, which began years ago and was accelerated by the needs that arose with the pandemic emergency, has improved interactions, autonomy and flexibility and required - at the same time - greater attention to the management of risks linked to the world of online banking, such as digital malfeasance and fraud.

The **geopolitical crisis** due to the conflict in Ukraine has caused us to **raise the alarm level**. However, the prevention systems were not changed as they were already fully effective.

Our commitment is highlighted in the *statement* published on our institutional website<sup>30</sup>.

## HOW WE BUILD A SAFER DIGITAL ENVIRONMENT

### TOOLS FOR BUILDING NEW WAYS OF WORKING

- Extending the use of open banking solutions
- Applying advanced analytics techniques to data architecture
- Evolution of data management, data quality and data analytics tools and processes
  - Participation in projects on blockchain and quantum computing
- Activation of an SIEM system based on UEBA behavioural mechanisms
- Definition of the internal Ethical Artificial Intelligence framework



### TOOLS FOR CUSTOMER OPERATIONS

- Digital Paybe Circular Cheques Project via DLT ABILabChain
- Introduction of dual authentication systems in the app
- Use of Strong Customer Authentication for online card payments

### EDUCATIONAL ACTIVITIES

**Information for our stakeholders, primarily customers, on all communication channels** (app, web, email, SMS, social networks) to mitigate the risk of fraud due to fraudulent emails (phishing), fraudulent SMS messages (smishing) and phone scams (vishing)

### PARTNERSHIPS TO PREVENT AND COMBAT CYBER CRIME

We participate in **CERTFin** (Italian Financial CERT), a public/private cooperative initiative meant to boost the capacity of banking and financial operators to manage cyber risks and increase the cyber resilience of the Italian financial system. In 2022, we joined **'I Navigati'** in cooperation with the Bank of Italy, ABI and IVASS: a campaign that through digital content (such as a web-series and training snippets) aims to raise awareness of the risks of computer fraud.

Furthermore, as part of the **OF2CEN** (Online Fraud Cyber Centre Expert Network) project, we cooperate with the **State Police** to exchange information in real time to prevent and limit bank fraud.

In addition, we have participated in the **European Payment Council** project since March 2022, which is based on the use of the MISP (Malware Information Sharing Platform) to share real-time information, statistics and fraud indicators.

<sup>30</sup> [gruppo.bancobpm.it](http://gruppo.bancobpm.it) >  
Code of Ethics and Governance >  
Cybersecurity and Privacy

**SECURITY MANAGEMENT**

Concerning the **Security Plan**, we regularly carry out assessments in line with the **NIST Cybersecurity Framework** standard and in cooperation with qualified partners. As far as the **company's information system** is concerned, we comply with external accreditations (PCI-DSS, SWIFT CSP, etc.) and the European and Italian standards, which are mandatory for the financial system and guarantee a high level of security and integrity.

Risk governance policies and processes are defined in the **risk appetite framework**, within which aspects of cybersecurity risks and online fraud losses, the level of data quality, the security posture of key vendors, and other indicators are monitored quarterly.



**INFORMATION SECURITY**

Our IT system is audited according to Bank of Italy regulations, with a frequency related to critical issues and needs.

**STRATEGY IN THE PERIOD 2021-2024**

We have defined a dynamic approach to cybersecurity to cope with the increasing prevalence of cyber attacks. The activities are in line with the *Capability Maturity Model* and recognised frameworks. The main intervention areas regard:

- **IT Risk evaluation** - implementation of IT risks as the business evolves;
- **Security by design** - research and innovation in security;
- **Defence-in-depth** - for rapid recovery in the event of cyber attacks and adoption of a zero-trust approach;
- **Resilience** - to respond promptly in a rapidly changing environment.

**INSURANCE COVERAGE**

We have taken out two insurance policies to completely cover any IT incidents.

POLICY	WHAT DOES IT COVER?
CYBER	<ul style="list-style-type: none"> <li>• Breaches of security and confidentiality of personal data</li> <li>• Group damage (business interruption, costs and expenses, protection of personal data, defence costs and penalties due to an investigation, cyber extortion)</li> <li>• Third-party claims and media liability</li> </ul>
IT	<ul style="list-style-type: none"> <li>• Direct material damage (hardware, software)</li> <li>• Damage due to theft of Group or third-party property</li> <li>• Damage due to the reconstitution of archives</li> </ul>

## PRIVACY

Over the years, **data protection issues have become increasingly important to us** because of the large amount of information to be protected.

Procedures and regulations are constantly enriched and updated, in line with the General Data Protection Regulation (GDPR) and all legislation<sup>31</sup>, followed by the **Data Protection Officer (DPO**, identified as the Compliance department manager) supported by a dedicated organisational unit. Leveraging the IT solutions in use and in the process of being implemented, the DPO also manages a mailbox (protezionedati@bancobpm.it) dedicated to the collection of personal data requests from data subjects.

The DPO also assesses new products and services, including the many initiatives undertaken by the Group towards digital evolution, performs compliance audits and indicates actions to mitigate the risk of non-compliance with a view to **privacy by design and by default**.

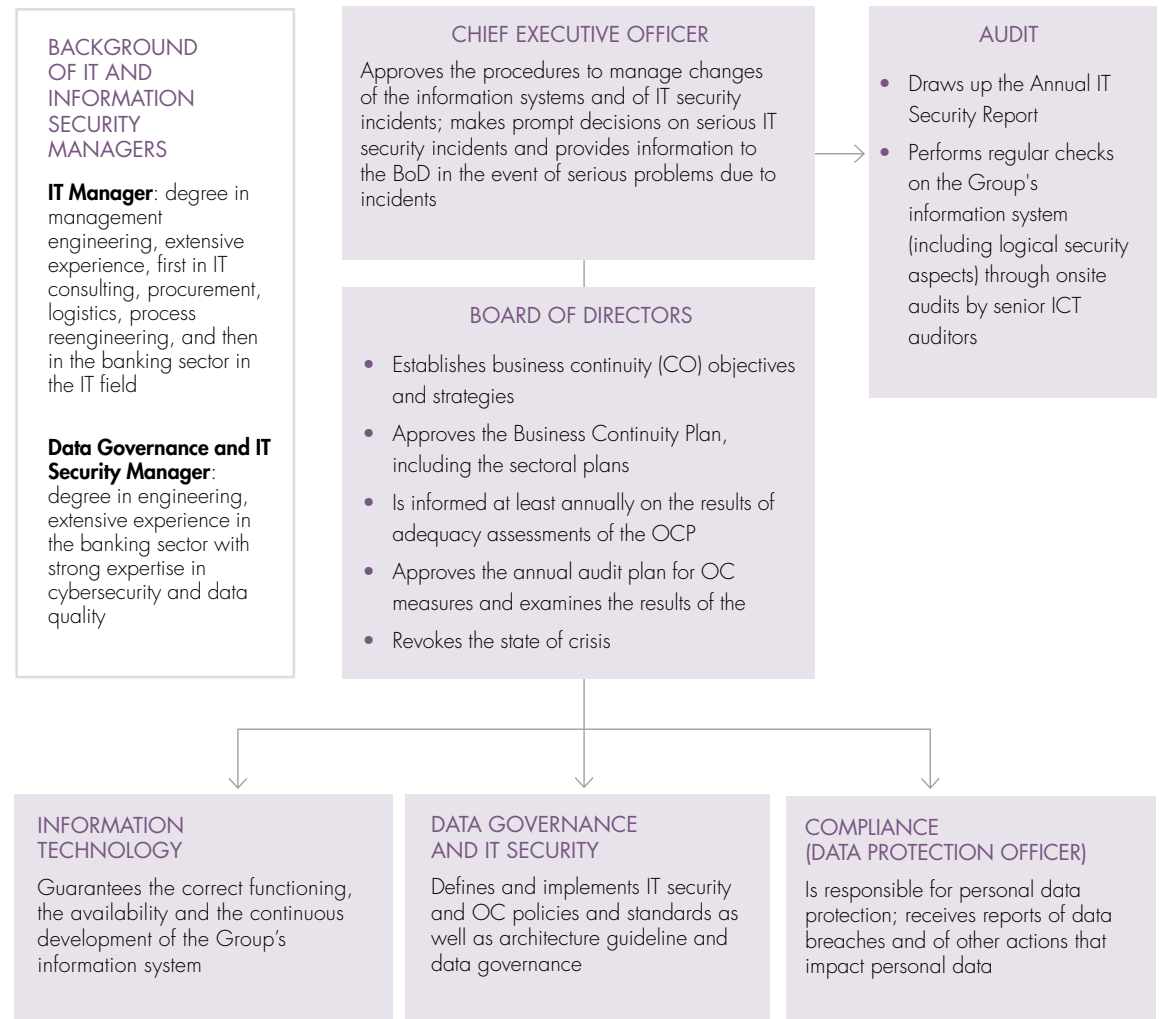
**0** losses of data or unauthorised access in 2022

In 2022, **no significant episodes of data loss or unauthorised access occurred** that required notification to the Data Protection Authority or to the interested parties and no sanctions in this regard were made.

A complaint filed the previous year led to an unsuccessful investigation in 2022.

<sup>31</sup> For more information: gruppo.bancobpm.it > Privacy

## INFORMATION SECURITY AND PRIVACY CONTROLS





**BUILDING AWARENESS OF SECURITY AND PRIVACY ISSUES**

To **raise awareness** of security and privacy issues, in 2022, we again implemented **training initiatives** through interactive virtual classroom lessons, distance learning courses, suggestions and recommendations conveyed **to customers and colleagues** via our website, the app YOUAPP, social channels and corporate intranet.

In cooperation with the **Milan Polytechnic Institute**, we promoted the inter-company master's degree in **'Security Specialist'**, to train highly specialised profiles in cybersecurity and security engineering.

**MAIN TRAINING TOPICS**

- GDPR regulations
- Cybersecurity and privacy and general awareness-raising on these subjects
- Targeted training for new recruits focused on cybersecurity and business continuity aspects
- Crisis and incident management; social engineering

We have also implemented a **simulated phishing** plan: by periodically sending misleading emails to colleagues, we raise their attention in recognising potential computer fraud.



**MAIN RISKS**

**COMPUTER INCIDENTS, CYBERCRIMES, DATA BREACHES**

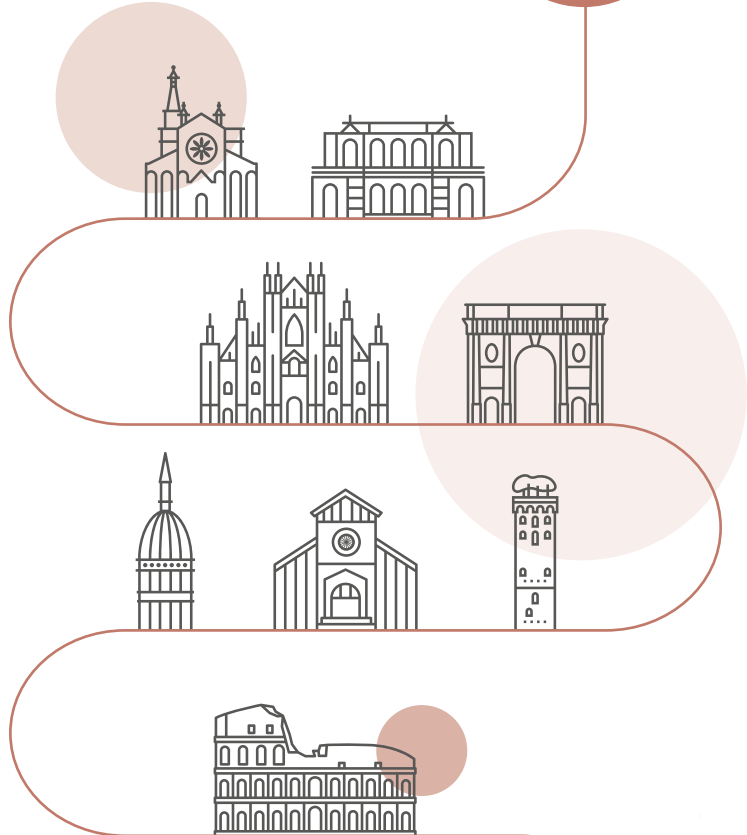
**ONLINE AND TELEPHONE SCAMS, MALWARE ATTACKS**

**MANAGEMENT METHODS / POLICIES ADOPTED**

Investment, supervision, regulations and technical and organisational measures to ensure operational continuity, protect personal data, mitigate the effects of cyber-attacks

Awareness initiatives through training courses for customers and colleagues

# PEOPLE



## SDGs



## STAKEHOLDERS

PEOPLE

## ESG FIELDS



## GROWING TO BE UNIQUE THROUGH DIVERSITY

We see **diversity** as a personal contribution to collective growth.

Fostering the talents of our people and helping them develop **skills** means turning our **commitment** to generating a **positive** impact on **society** into **action**.

We cultivate **difference** so that it blossoms into **value**: we are moving swiftly towards a more **inclusive** future, erasing all discrimination.

Both inside and outside ourselves.

## SNAPSHOTS OF 2022

> **20,000**

**PEOPLE**

nearly all with a  
**permanent contract**

> **1,000,000**

**training hours**

with an investment of  
over **€7 million**

**#Respect** programme for  
all our people to foster  
a culture of respect in  
relationships

The **female talent  
enhancement  
programme continues**

> **174,000**

**ESG training hours**

attended by over **18,000** people

**369**

**HIRES**

**68%** under 30

**26%**

women in **managerial  
positions**

+ **10%** **AVERAGE HOURS**  
of training per capita

## Management, development, diversity and inclusion

**Our people management policy is embodied in a model that places them at the centre of our business strategy.** *'We believe in continuous improvement and support our people in their professional development, right from the moment they join the Group'<sup>1</sup>.*

By listening, valuing their skills, experience, potential, professional aspirations and planning personalised growth paths, we recognise their value as a primary, valuable resource for the company.

The Code of Ethics sets out the **values** that guide us in **managing our people**. *"We firmly believe that respect for the personality and dignity of each person is fundamental to developing an inclusive and cohesive working environment that benefits from diversity and stimulates personal growth in a context of mutual trust, respect, tolerance and loyalty."*

*'We encourage a positive climate that enhances the specificities of individuals and interpersonal relationships, helping strengthen corporate identity, a sense of belonging and team spirit'.*

Staff management follows the principles of fairness, transparency and meritocracy, verifying professional requirements without any kind of favouritism and discrimination. We guarantee all personnel equal opportunities for professional growth by enhancing merit, competence and dedication.

<sup>1</sup> [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Code of Ethics and Governance > Code of Ethics

### MANAGEMENT MODEL



#### GENERATIONAL CHANGE

**Attracting, developing and retaining young people** and managing resignations responsibly

#### ACQUIRING SKILLS THROUGH TRAINING, UPSKILLING AND RESKILLING

Continuous investment in **training** to accompany people's professional growth and the enhancement of new skills

#### ASSESSMENT AND GROWTH OF PEOPLE

Measuring skills, assessing achievements and **personalised development paths**

#### DIVERSITY & INCLUSION

Culture and policy of **inclusion** of various forms of **diversity**

Our adherence to the **UN Global Compact** principles commits us, at the highest level, to promoting and respecting universally recognised human rights and eliminating all forms of discrimination in employment and occupation.

**We guarantee the rights of all workers** without any form of discrimination and apply all the legal protections, the relevant labour agreements and specific second-level bargaining<sup>2</sup>.

**Internal disputes can be considered negligible:** in 2022, **27 appeals** were filed by workers/former workers against the Group (up from 23 in the previous year) and three of these relate to dismissals for just cause. All disputes initiated in 2020 for the sale of business units (NPLs), then, ended with a ruling in favour of the Group at first instance and one also at second instance.

### REMOTE WORK: THE NEW NORMAL

In a start to the year still marked by uncertainty due to the extension of the state of emergency, to safeguard everyone's health and ensure the best possible working conditions, we confirmed the continuation of remote work (**approximately 5,700 people**), flexible entry and exit times, and the possibility of taking shorter lunch breaks.

To facilitate the reconciliation of personal and family needs with professional ones, we continued the option of taking periods of voluntary leave from work.

In addition, for the benefit of **people with serious illnesses/health conditions**, we extended the full-time remote work throughout 2022.

The new sustainable ways of working, remote work and moving closer to home, where possible, are an opportunity for us to reflect on the **mobility** of our people, reducing the inconveniences of commuting and fostering a better balance between professional life and personal needs<sup>3</sup>.

<sup>2</sup> All Group employees are covered by a National Collective Agreement signed with the trade unions

<sup>3</sup> For a more detailed discussion of the positive environmental impact of remote work, see the chapter 'Direct environmental mitigation'

## OUR PEOPLE



Our Group counts around **20,000** people, nearly all with permanent contracts<sup>4</sup>, with average seniority of about 22 years and an average age of around 49. Over 95% of our employees work at Banco BPM and nearly 2/3 work in the commercial network. About 700 people work in the specialist banks Banca Aletti and Banca Akros.

<sup>4</sup>There were no fixed-term or non-guaranteed hourly work contracts. Data on employees differ from the workforce as there are also three contractors, 19 interns/apprentices and one outsourced person. As far as non-employees are concerned, they are all assigned to headquarters in an attaché role.

## THE IDENTIKIT OF OUR PEOPLE

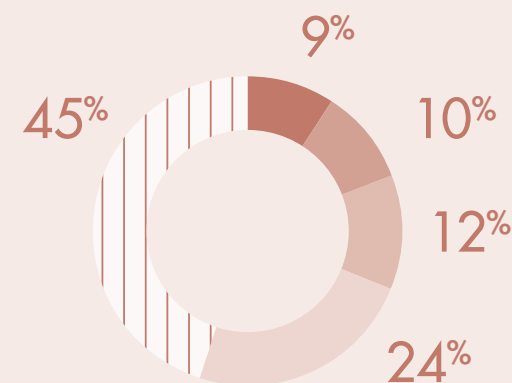


The table shows a reduction in Group employees and a slight increase in people choosing to work fewer hours (16.9% of the total compared to 16.7% in 2021). Among **young people** with apprenticeship contracts, there is a significant increase in the share of **women**.

The increase in apprenticeships (from 479 to 513) confirms the steady **increase in recruitment** by the Group from 2021 onwards.

GROUP EMPLOYEES	2022	2021
<b>Total employees</b>	<b>20,156</b>	<b>20,436</b>
<b>Employees on permanent contracts</b>	<b>19,643</b>	<b>19,957</b>
of which women	46%	45%
of which men	54%	55%
<b>Employees on apprenticeships</b>	<b>513</b>	<b>479</b>
of which women	58%	55%
of which men	42%	45%
<b>Part-time employees</b>	<b>3,408</b>	<b>3,413</b>
of which women	94%	94%
of which men	6%	6%
<b>Full-time employees</b>	<b>16,748</b>	<b>17,023</b>
of which women	36%	36%
of which men	64%	64%

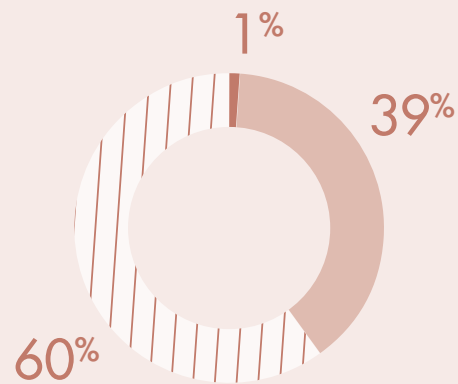
## EMPLOYEES BY LOCATION



- ||| Lombardy
- Rest of Italy and abroad
- Veneto
- Piedmont
- Emilia Romagna

The distribution of employees by **location** reflects that of 2021 and shows that the majority of our people are concentrated in Northern Italian regions, in line with the geographical distribution of our branches.

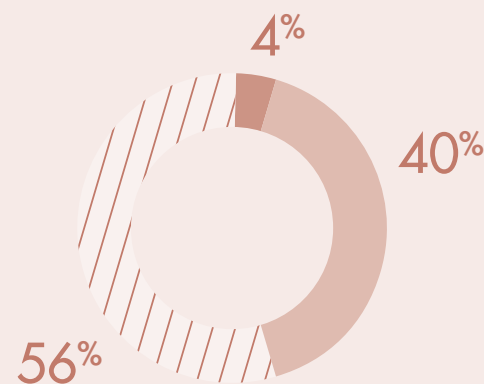
EMPLOYEES BY CONTRACTUAL CATEGORY



- ||| Professional areas / other personnel
- Middle Managers
- Executives

The snapshot of employees by **classification** shows no differences compared to 2021: six out of 10 employees belong to professional areas.

EMPLOYEES BY EDUCATIONAL QUALIFICATION



- ||| Upper secondary school
- Degree
- Lower secondary school

Regarding the **level of education**, almost all employees have a medium to high level of education, in line with last year.

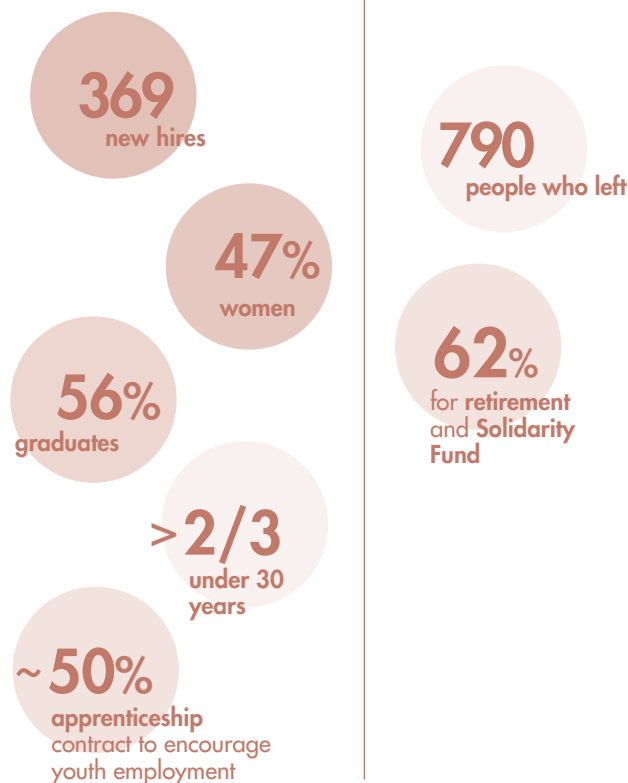
	Professional areas and other employees	Middle Managers	Executives
under 30 years	6.3%	/	/
30-50 years	51.1%	28.2%	16%
over 50 years	42.6%	71.8%	84%
<b>total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
women	55.7%	32.6%	13.8%
men	44.3%	67.4%	86.2%
<b>total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
belonging to protected categories/ disabled	8.6%	4.1%	/
not belonging to protected categories/ disabled	91.4%	95.9%	100%
<b>total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
part time	24.6%	5.6%	/
full time	75.4%	94.4%	100%
<b>total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The generational change is confirmed by the higher proportion of people under 30 in the professional areas compared to the previous year, especially of the female gender, and there is also a more significant increase in the proportion of female middle managers and executives compared to the rise recorded in the professional areas.

## GENERATIONAL CHANGE

As the Code of Ethics states, 'in the search and selection processes we apply **objective and transparent criteria of competence and professionalism, guaranteeing equal opportunities for all**'.

### THE GENERATIONAL CHANGE OF OUR PEOPLE IN 2022



In total, we hired **369 people** in 2022, over two-thirds of whom were under 30, almost half of them women, favouring the use of **apprenticeship contracts**, thus supporting **youth employment** and fostering **generational change**. Conversely, **790 people** left the Group, the majority through access to the Solidarity Fund and membership of Quota 100.

We also carried out **employer branding** activities planned with leading universities and business schools to support generational turnover, with initiatives aiming to spread a dynamic and innovative corporate image and engage and attract young people.

In 2022, as in previous years, we established **54 internships**, open to young university students and new graduates, to put the knowledge acquired during their studies into a work environment, and to develop their organisational and managerial skills, which will help increase their awareness when making future job decisions. Seven young people were recruited for internships in Group companies during the year.

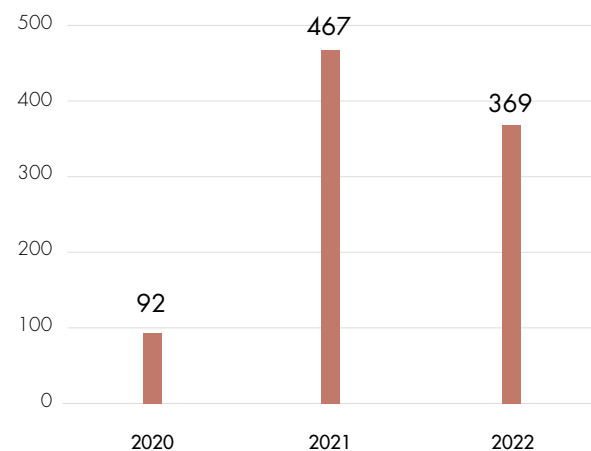
The **turnover rate for hires** decreased to **1.83%** from 2.28% in 2021, as did the turnover rate for **terminations** at **3.92%**, down from 8.3% in 2021.

## TALENT ENHANCEMENT

In 2022, we launched a programme of diversified **development interventions** dedicated to professionals and key people who stood out for their characteristics, commitment and aspirations for growth. The programme aims to accompany people on a path of initiatives and experiences that enhance their skills and talent. Through the **'shadowing project'**, the aim is to facilitate an understanding of the interconnections between the different functions of the Bank, to increase awareness of human relations and to make young people concretely perceive their identity as recognised and an integral part of the Group.

The planning and monitoring of **job rotation** also continued, to enhance and increase the professionalism of people based on the experience already gained.

### RECRUITMENT TRENDS





## ACQUIRING SKILLS THROUGH TRAINING – UPSKILLING AND RESKILLING

As part of our **people strategy**, training is an essential tool to accompany and support people in their professional and managerial growth through training paths consistent with the changing context, to foster knowledge, continuous learning and build advanced professional skills, including digital ones.

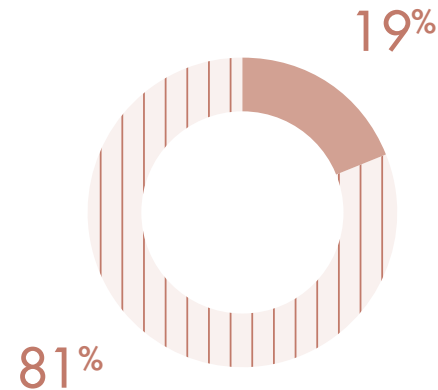
In the current context, digital (e-learning and mobile learning) has redesigned the learning experience: we delivered training predominantly in virtual mode (synchronous and asynchronous) in 2022 through a careful redesign of all training initiatives in mixed mode (virtual classroom; e-learning; mobile learning).

### TRAINING ACTIVITIES IN 2022

Each employee benefited from an average of **55 hours of training** (a significant increase from 50 hours in 2021) and there were no particular differences between men and women. We invested over €7 million (vs about €6 million in 2021) and employed a team of **51 people** permanently dedicated to training activities.

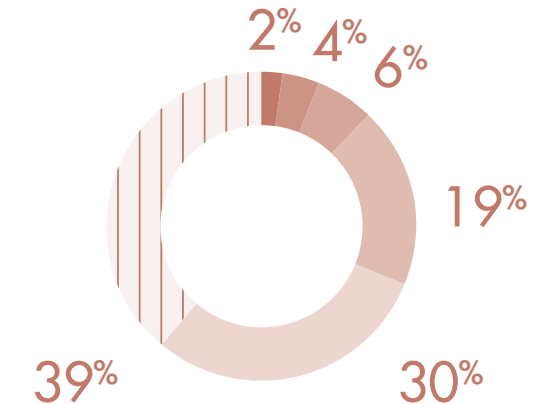


### MANDATORY TRAINING



- || Discretionary training
- Mandatory training

### TRAINING BY TYPE



- || Qualifying technical - professional
- Technical - professional
- Mandatory
- Soft skills and skills development
- Commercial
- Managerial

**Over two-thirds of the training provided relates to the development of technical and professional knowledge, including enabling knowledge** for both the sales network and central structures. Furthermore, 244 employees participated in 125 specialised external seminars for a total of 4,248 hours.

## MAIN TRAINING INITIATIVES

As a key tool to support the achievement of the goals of the 2021-2024 Strategic Plan, the main training initiatives implemented in 2022 were:

**55** average training hours per capita

**+ 10%** average hours of employee training vs 2021

## BUSINESS-ORIENTED TRAINING

**Newly appointed Branch Managers, Company Centre Managers, Corporate Centre Managers:** training initiatives to support the management of the organisational complexity linked to the new role, the leadership of a work team, also remotely, and the enhancement of self empowerment

**Retail and Corporate Network:** training aiming to develop effective commercial relationship, communication and negotiation models in line with strategic business objectives.

**Bancassurance:** training aimed at the retail network to support the internalisation programme of the insurance business.

**Control Functions Programme:** a training programme for the development of specialised knowledge for employees in the Audit, Compliance and Risk Departments, aimed at the acquisition of the 'Certified Internal Auditor' certification.

**Evolution of regulations and legislation:** training courses on Anti-Money Laundering, Administrative Responsibility of Banks, Transparency, GDPR, Cyber Security, Business Continuity, IVASS, ESMA-MIFID II, Health and Safety.

**Banca Aletti Group banks and Banca Akros training:** initiatives to develop the technical, commercial, managerial and relational skills of the Group's banks. In particular, training for EFPA/ESG certification continued in 2022.

## DEDICATED HORIZONTAL TRAINING

**#Respect programme:** to promote the dissemination of respectful behaviour and managerial practices. Launched in 2020, the programme identified five keywords embodying respect in the company and summarised them in a **Manifest Commitment**, shared with around **8,400 people in 2022**, aiming to involve the entire company population in 2023.

**Managerial training:** to accompany the evolution of leadership style by enhancing and expanding anticipatory thinking, leadership, cooperation and learning agility skills for people management that is attentive to fostering the expression of talent and fulfilment in the company

**Language R-evolution:** training course aimed at simplifying corporate communication, making it clearer and more comprehensible. In line with regulatory and compliance obligations, the structures involved are called upon to review communication to all internal and external stakeholders, adopting clear, comprehensible and inclusive language.

**Digital transformation programme:** digital innovation has transformed the way we offer services and manage customer relationships. Dedicated training courses for the sales network to develop omnichannel issues within the .DOT programme.

**ESG Programme:** to develop ESG issues related to the topics addressed in the different fields of the ESG Programme.

### UPSKILLING AND RESKILLING

Specialised courses to create the enabling figures for digital transformation and develop professional skills.

**IT and Data Governance:** to support IT transformation and strengthen skills in Data Quality and Information Security.

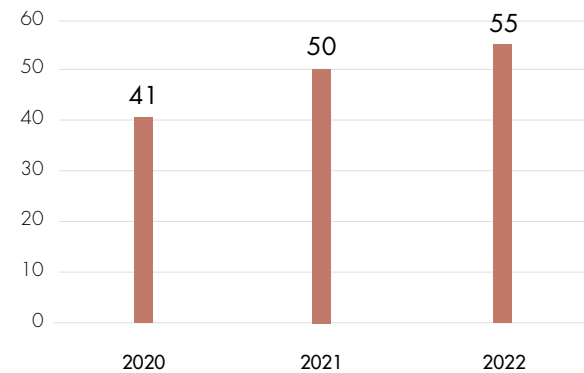
**EBA LOM project:** specialised course to develop professional skills in credit and align the credit granting, management and monitoring model with the new regulatory requirements.

**Agile Methodology - Scrum Master:** specialised training for the marketing and omnichannel function for the adoption of smart methodology.

### AVERAGE HOURS OF TRAINING BY GENDER AND PROFESSIONAL LEVEL



### AVERAGE TRAINING HOURS TREND



### ESG AND ESG AMBASSADOR TRAINING

To accompany our colleagues involved in the ambitious ESG Programme, we have developed training courses both to spread the culture of sustainability within the company and to provide the skills needed to best meet the challenges of our sustainability journey: from green awareness and corporate energy upgrading to sustainable finance, from sustainable investments to responsible savings management. Also, we have started training **ESG Ambassadors, 75 people** who act as focal points for ESG issues within their departments and support the Sustainability department in monitoring ESG KPIs. A total of over **18,000 people** were involved in ESG training for a total of over **174,000<sup>5</sup> training hours**.

<sup>5</sup> The ESG training hours take into account the training actually provided during 2022, regardless of the fact that some employees are no longer on the job as at 31/12/2022.

## GROWTH AND EVALUATION OF PEOPLE

In line with the Strategic Plan and our **People Strategy**, we intend to invest in people and spread a culture of development and sustainable management of our resources.

In 2022, the main development programmes involved **youth, women** and **talents**. These resources were involved in specific empowerment processes to work on self-awareness, to train functional soft skills to open up to new professional scenarios and to focus on their leadership style.

The **Youth Programme** aims to develop skills, engage and accompany young people in their first years of experience. In 2022, we involved **692 people** in a journey of exploration of today and discovery of tomorrow through context analyses on future trends and scenarios, generational debates, gamification and skills training workshops with surveys, individual reflection, group dynamics and role playing. The professional enrichment of our young people also took place through **mentoring**, which involved **84 young people** paired one-on-one with Group managers (first and second line managers) as mentors. The mentoring programme aims to facilitate and support the growth path of our young people, helping them to correctly understand their role, to be able to read the complex organisation of the Group and to develop their potential in little time. The programme also represents a concrete opportunity for intergenerational cohesion, mutual enrichment and ensures business continuity through management's transmission of values, culture and behaviour.

The **Gender Programme**, which involved **294 female colleagues** in 2022, is a female talent enhancement programme launched in 2021. It aims to strengthen women's self-confidence by working on their personal effectiveness, power of influence and assertiveness in the company. The empowerment path is part of Banco BPM's commitment to increase the presence of women in managerial positions.

The **Talent Programme** launched in 2022 involving an initial group of **60 people** is for professionals and sales figures involved in soft skills and skills enhancement paths to prepare them for future roles.

~98%

of vacancies filled internally through individual development paths

## ASSESSMENT

The **performance evaluation system** in use since 2017 promotes the empowerment of both managers and employees and encourages the spread of effective behaviour through the recognition of individual performance and the application of evaluation criteria focused on **principles of fairness and merit**.

The evaluation is centred on the quality of behaviours, evaluated based on a measurement scale that considers the levels of completeness, frequency and complexity of the action and is summarised in a final evaluation. A sharing interview between manager and employee defines the action plan for the future which is consistent with the findings of the evaluation phase. For deaf-mute colleagues, the process is supported by an LIS interpreter.

The performance evaluation system also includes a section dedicated to collecting the professional aspirations of employees, who can communicate their desire to broaden their skills in different areas and indicate their possible ambition to take on more complex roles in the Bank.

To more effectively support our people in their professional development, we are designing a new performance evaluation model for 2023 that will facilitate the exchange of feedback between manager and employee.

In 2022, the manager-employee dialogue was formalised during the final interview for about **18,900 people**, representing almost 94% of employees and 100% of eligible employees. In particular, 93% of women were assessed and 95% of men, 94% of Executives, over 97% of Managers and 92% of the Professional Areas and remaining employees. In most cases, a structured development plan is in place.

At the end of the process, each employee could express an opinion on the evaluation received (60% of employees made use of this possibility).

Again in 2022, top management was given a dedicated evaluation system that emphasises the ESG dimension as a relevant evaluation object.

DIVERSITY&INCLUSION

We are committed to valuing **diversity** in its many dimensions (gender, age, ethnicity, disability, sexual orientation, religion and culture) based on the principle of **respect** for the individual and recognition of individual differences to ensure a **plural** and **inclusive** working environment.

Through organisational safeguards and awareness and education initiatives, we want to promote a working environment that is fair, free of discrimination and that maximises the potential of each individual, valuing their diversity.

Equal opportunities and the merit, skills and aptitudes of people with **disabilities** are guaranteed at every stage of their working life.

The **#Respect Programme** launched in 2020 continued in 2022, to foster respectful behaviour in interpersonal relations. Our **'Manifest Commitment'** summarised in five keywords was illustrated in **19 workshops** involving first line management and managers at every level of the Group (about **2,500 people**) and subsequently disseminated through various initiatives to all people (about **8,400** involved in 2022).

We also strive to promote cultural change on disability through inclusive actions and new business processes. With the **Disability Management - Equity in Diversity** project, we carried out **five training sessions** for technical departments that support people with disabilities, involving **72 people**. The project will continue with activities dedicated to managers and people belonging to teams in which people with disabilities are present.

**#Respect**  
**UN IMPEGNO  
 MANIFESTO**

SIAMO **UNICI** SIAMO **DIVERSI**: RICONOSCERLO È **UN** IL VALORE

<b>ASCOLTO</b>	<b>Dedico</b> tempo e attenzione per comprendere opinioni e idee con obiettività. <b>Il tuo punto di vista arricchisce il mio.</b>
<b>EMPATIA</b>	<b>Riconosco e comprendo</b> i tuoi bisogni e i tuoi stati d'animo. <b>Mi metto nei tuoi panni.</b>
<b>RECIPROCIÀ</b>	<b>Sono e agisco</b> nello stesso modo in cui vorrei che tu fossi e agissi con me. <b>Siamo pari nella diversità.</b>
<b>VALORIZZAZIONE</b>	<b>Favorisco</b> un contesto in cui tu possa esprimerti e sentirti riconosciuto. <b>Ogni tuo contributo è prezioso, così come il mio.</b>
<b>COOPERAZIONE</b>	<b>Unisco</b> le mie competenze e le mie esperienze alle tue per raggiungere un <b>obiettivo comune.</b>

**BANCO BPM**

In 2022, we confirmed our presence in the **Bloomberg Gender Equality Index** with a score of 79.66, an increase from the 73.9 achieved in 2021, and above the global financial sector average of 74.11. Inclusion in the international index, which includes 484 companies operating in 45 countries, recognises our commitment to promoting and supporting gender policies within the Group and in the communities in which we operate, and confirms the quality and excellent level of transparency in data disclosure.

The improvement in the score was possible thanks to the actions undertaken by Banco BPM and in detail: the increase in the number of women in managerial positions (a KPI also contained in the Strategic Plan), the increase in the number of women among young hires, an attractive welfare system, membership of the United Nations Global Compact, and the sponsorship of programmes that promote gender equality, including in education.

Regarding the **presence of women in management**, a share of **26% in 2022 shows continuous** improvement compared to 23.4% in 2021 and 20.8% in 2020. The number of women in management increased by 15% in 2022 compared to 2021, and this steady increase testifies to our commitment to **enhance female talent** aiming for at least 30% women in management positions by 2024.



**RATIO OF AVERAGE REMUNERATION OF MEN/WOMEN BY PROFESSIONAL LEVEL (EXCLUDING PART-TIME)**



Concerning **gender pay with respect to contractual classification**, some differences also emerge in 2022, with improvements over 2021: the average pay for women is about 25% lower for executives (27% in 2021) and 7% lower for middle managers (unchanged compared to 2021), while it is negligible in professional areas.

RATIO OF AVERAGE REMUNERATION OF MEN/WOMEN BY PROFESSIONAL LEVEL (EXCLUDING PART TIME)



If we instead examine **gender remuneration with respect to contractual classification**, we see a difference of around 30% for executives, an improvement over 35% in 2021, 7% for middle managers (unchanged from 2021), while it is negligible in professional areas.

**MAIN RISKS**

**MANAGEMENT METHODS / POLICIES ADOPTED**

**UNSUITABLE PROFILES AND LOSS OF KEY RESOURCES**

Selection of people with adequate levels of education/skills; competitive remuneration system and better conditions than those of the National Labour Bargaining Agreement; continuous investment in training, also concerning professional retraining needs, sharing of professional expectations, proper performance appraisal and adequate recognition, plan for filling positions of responsibility (in addition to the succession plans established by the regulations)

**CONFLICT AND RESISTANCE TO ORGANISATIONAL CHANGE**

Involvement of trade unions, accompanying employees involved in the change also through training

# Welfare, Work-Life Balance and Well-being

The focus on well-being, health and safety and engagement is the cornerstone of our People Strategy

'We promote **corporate welfare policies** and other initiatives to **support work-life balance**'.<sup>6</sup>

## WORKPLACE HEALTH AND SAFETY: CODE OF ETHICS AND INTERNATIONAL REGULATIONS

'We believe that **protecting physical safety** is a necessary condition for the performance of work; therefore, **we ensure a working environment that complies** with current **health and safety** regulations by monitoring, managing and preventing risks related to professional activities.'<sup>7</sup>

We strive to ensure the safety and health of people, with a special reference to:

- legal technical and structural standards relating to equipment, plants, workplaces, chemical, physical and biological agents;
- risk assessment activities and preparing the resulting prevention and protection measures;
- organisational activities, health surveillance, information and training, supervision regarding compliance with safe working procedures and instructions;
- the acquisition of documents and certifications;
- periodic checks on the application and effectiveness of the procedures adopted;
- the prevention of offences committed in violation of health and safety regulations.

In drafting the **guidelines on workplace health and safety**, we were inspired by the main international treaties on the protection of human rights, in particular the UN Declaration of Human Rights (Articles 3 and 23), the International Labour Organisation's Convention C 155 on Workers' Health and Safety, the principles of the UN Global Compact and the UN Sustainable Development Goals.

## MANAGEMENT MODEL



### WELL-BEING OF PEOPLE

**Protecting and safeguarding health and safety**, attention to the multiple dimensions of our people's well-being

### ENGAGEMENT AND CORPORATE CULTURE

**Information sharing and engagement** through a system of relationships and a corporate culture designed to foster motivation and increase a sense of belonging

<sup>6</sup> gruppo.bancobpm.it > Sustainability  
> Code of Ethics and Governance >  
Code of Ethics  
<sup>7</sup> Code of Ethics



## WELL-BEING OF PEOPLE

### OUR INTEGRATED WELFARE SYSTEM

'We offer our people an **attractive welfare system** that includes the areas of health, safety, welfare, family and leisure'.<sup>8</sup>

The set of social benefits<sup>9</sup> represents the core of our welfare model that aims to increase the well-being of our people.

The Group also promotes prevention and care services related to the health and well-being of employees and their families through the various forms of healthcare support available within the Group and through the use of supplementary pension schemes for its employees.

~ 25,000

complementary pension positions managed

> 1,300

children of employees participated in summer camps

~ 5,700

people in smartworking mode in 2022

<sup>8</sup> gruppo.bancobpm.it > Sustainability > Code of Ethics and Governance > Code of Ethics

<sup>9</sup> The benefits provided for full-time employees are also for part-time employees with some specificities (e.g., reallocation of some benefits - such as the welfare budget - based on working hours)

<sup>10</sup> €1,250 in 2022: €650 per capita (Welfare or cash mode, depending on the criteria identified, €600 per capita Welfare premium).

### HEALTH AND PEACE OF MIND

**COVERAGE OF MEDICAL EXPENSES** for around **65,000 people** for current employees, those on redundancy and retired and extended to their dependent family members. Banco BPM employees also take time off work for medical examinations.

**SUPPLEMENTARY PENSION** with company contribution (about **25,000** positions managed) and pension supplement (over **4,000** retired former employees).

**INSURANCE POLICIES** with coverage of work and non-work accidents and disability due to illness. During 2022, some **330 accident files were handled**.

**DISABILITY MANAGEMENT** for the valorisation of the merit, skills and aptitudes of people with **disabilities** at every stage of working life, starting with selection interviews to promote their **inclusion in the workforce**. A dedicated team supports the company structures and work groups identified for inclusion and constantly monitors the person's development.

**PERSONAL LISTENING SERVICE** through support activities and **psychological counselling**, particularly for anyone experiencing a difficult time.

**WELFARE PLAN** a **welfare budget** is provided to all employees, professional areas and middle management, with economic contribution<sup>10</sup> for the purchase of goods and services for the family, for mobility, leisure, assistance or their supplementary pension.

In a year marked by the continuing negative economic effects of the Covid-19 pandemic, the commodities crisis, rising energy prices and rising inflation, Banco BPM's Welfare Plan has incorporated a number of new **measures of concrete support for our people**.

As **a result, we expanded the basket of services available through the dedicated Welfare platform, raised the threshold of the shopping vouchers that can be purchased and launched the household utility reimbursement service.**

In addition, as a sign of our concern for our people, and in agreement with the trade unions, we made an **extraordinary contribution of €500** in support of the Group's people and their families. The amount was made available through the Welfare Plan.

Among the new initiatives offered in support of the family, we launched an **orientation service for children** to accompany high school students in their choice of university studies.

In continuation of Banco BPM's focus on sustainability, **3,000 colleagues** have joined the **NO.W! NO Waste** project to combat food waste and promote responsible food shopping. Through an ethical trade platform that connects companies committed to a sustainable future with food producers, quality products (around eight tonnes of food) that would otherwise have been disposed of were distributed.

**W@W - Well-being at Work project** to promote and disseminate healthy and sustainable lifestyles.

The project was enriched in 2022, adding the themes of health to those of sustainability. This includes the **'Not only healthy but also sustainable food'** initiatives and the **'RI-FOOD'** contest, an initiative to raise awareness of food waste.

To coincide with European Sustainable Mobility Week, we launched **OSA - Obiettivo Salute e Ambiente - anche tu!**, the first non-competitive, virtual, multi-sport challenge involving all Group employees and promoting physical activity, health, well-being and sustainability.

The partnership with our institutional partner, the **AIRC Foundation**, to reflect on what we eat, to debunk fake news on health issues and to promote cancer prevention (particularly for women).

We also promoted the **'Bevi con la testa!'** campaign to inform about the risks of abuse and misuse of alcoholic beverages, with a focus on certain risk situations such as alcohol and pregnancy, alcohol and driving, and alcohol and young people.

The training initiatives were held online and involved **1,952 people** in **103 training courses**. In addition, the main contents were summarised in articles or videos available on the company portal.

## FAMILY AND FREE TIME

**WORK-LIFE BALANCE:** in 2022 we continued the possibility to work remotely for a total of about **5,700 people**, alternating between in-office days and remote work. In addition, over **3,400 people** use part-time work.

**PARENTHOOD:** the **'Welcome Back Mom'** project involved about **100 new mothers** returning to work after maternity-related absence.

## ORGANISATIONAL WELL-BEING:

- the **'Back to job'** project accompanied the return to work of **212 vulnerable people** through dedicated meetings with their managers (a total of 114 managers involved)
- the **'Prendersi Cura'** project launched in 2022 and dedicated to everyone engaged in care activities, parents and care-givers, involved **574 people** and will continue in 2023 with further seminars dedicated to the topic of care.

## INITIATIVES FOR CHILDREN:

- **350 summer camps** for employees' children aged between 6 and 16, attended by **1,382 children/teens**
- the **'Il giardino di Bez'** company crèche in Milan, which accommodates around **70 children** and is also open to external users, features educational support, English language teaching and a focus on nutrition
- a dedicated budget for the purchase of a **gift** during the **Christmas holidays for children aged 0-12** for over **7,600 children**
- **Jingle Bank**, a Christmas event dedicated to the children of colleagues, involved **3,000 children up to the** age of ten and introduced them to the UN 2030 Agenda Goals.

**INCENTIVES TO STUDY** for employees and their children through contributions that increase as their marks improve.

**AGREEMENTS AND FAVOURABLE CONDITIONS** for the purchase of goods and services and participation in events also through CRAL (company recreation groups) and the Welfare Plan.

**BANKING AND INSURANCE SERVICES** at favourable conditions for employees and family members.

## HEALTH AND SAFETY

~ 49,000

hours of health and safety training

~ 7,400

employees involved in health and safety training

In line with the provisions of the Code of Ethics, the guidelines on workplace health and safety and the international standards by which they are inspired<sup>11</sup>, the **protection of people's health and safety and well-being** in the workplace are **values** that guides the Group's choices.

We have implemented behaviours that prevent accidents, injuries or any risks arising from environmental, logistical or health impact events to which employees or third parties might be exposed, assessing and mitigating possible hazards, as well as ensuring that adequate measures are taken to protect the premises and branches and any other corporate space open to the public.

The monitoring of workers' health and safety and of the related Management System is entrusted to an organisational structure that monitors all the aspects established by the regulations, including health surveillance activities.

In line with the ESG objectives of the 2021-2024 Strategic Plan, the Group confirmed its certification for the international standard UNI ISO 45001:2018 for the **Occupational Health and Safety Management System (OHSMS)** for all employees and properties related to the Group's business in 2022<sup>12</sup>.

For the third year, Bureau Veritas conducted the audit process, and to maintain and update the SGSSL, IT implementations of the branch exercise management application were carried out. The simulation of at least one emergency scenario among those included in the emergency plan (flood, sickness, etc.) was introduced

Concerning the fire prevention system, a new application was adopted in 2022 for **'fire prevention surveillance'** entrusted to the Fire-fighting Officer at the branches, which is in addition to the control and periodic maintenance interventions.

To maintain certification, Bureau Veritas conducted an **external audit** of a sample of instrumental properties by conducting interviews, field observations, checking processes and reviewing legally required documentation.

In 2022, **occupational medicine** and **preventive medicine** activities were entrusted to H San Raffaele Resnati (HSRR).

Aside from a central oversight structure, there are also **company physicians** covering the entire country, one of which works as coordinator in risk assessments and the implementation of measures to protect the health and mental/physical integrity of employees.

Again in 2022, in addition to the regular health surveillance required by law, all workers were given the opportunity to request the activation of **'exceptional' Covid-19 health surveillance measures (considered 'vulnerable' workers)**. In total, **1,845 visits** and **73 inspections** were carried out at the workplaces of employees subject to health monitoring.

The updating of the **work-related stress risk assessment** continued during the year. Among the useful evaluation initiatives, an **online questionnaire** was administered to a representative sample of **over 4,200 colleagues** to collect information. All company structures and workers' safety representatives were involved through specific focus groups.

<sup>11</sup> UN Declaration of Human Rights (Articles 3 and 23), Convention C155 on Workers' Health and Safety issued by the ILO - International Labour Organisation on 22 June 1981, UN-sponsored Global Compact (principle 1.06) and UN Sustainable Development Goals (UN Agenda 2030 - goal 8).

<sup>12</sup> The certification does not cover Banco BPM Vita S.p.A., Banco BPM Assicurazioni S.p.A., Ge.Se.So. Srl, Oaklins Italy Srl, Banca Aletti & C Suisse, Terme Ioniche Srl, Terme Ioniche società agricola Srl, Sagim società agricola Srl representing slightly over 1% of the Group's staff.

In 2023, the results of the evaluation will provide an up-to-date snapshot of the period we are living in, with a focus on the effects of the Covid-19 pandemic on the organisation of work and the working well-being of our people.

Integration, dialogue and cooperation between the various figures in the OHSMS and the involvement and active participation of workers and their representatives (workers' safety representatives) have always distinguished Banco BPM's approach to health and safety. The circulation of information, facilitated by specific procedures and dedicated channels, is a central element that has guaranteed adequate levels of knowledge and contributed to spreading the corporate culture on such matters over time.

**All employees are also invited to report any sources of risk and situations that could impact the OHSMS** to the dedicated email address:

sistemidigestione.iso@bancobpm.it or via  
servizioprevenzioneprotezione@bancobpm.it.

Overall, about **49,000 training hours were provided on health and safety to around 7,400 employees** in 2022.

~ **49,000 HOURS**

of health and safety training  
for customers, new generations,  
companies and other  
stakeholders

<b>INJURIES 2022<sup>13</sup></b>	<b>MEN</b>	<b>WOMEN</b>	<b>TOTAL</b>
<b>in the workplace</b>	<b>15</b>	<b>13</b>	<b>28</b>
of which with serious consequences	/	1	1
<b>in transit</b>	<b>80</b>	<b>82</b>	<b>162</b>
of which with serious consequences	/	3	3
of which in Northern Italy	74.7%	80.0%	77.4%
of which in Central Italy	13.7%	15.8%	14.7%
of which in Southern Italy and Islands	11.6%	4.2%	7.9%
<b>Injury rate</b> (frequency rate) <sup>14</sup>	5.36	6.93	6.04
<b>Severity rate</b> <sup>15</sup>	0.21	0.29	0.25

**There were no occupational fatalities** during in 2022, confirming the safety of the banking environment.

However, **190 injuries** were recorded (up 4.7% from **181** in 2021), of which **162** were received **commuting accidents** (85% vs 81% in 2021). These episodes led to a worsening of the injury rate-frequency index (6.04 in 2022 vs 5.67 in 2021), accompanied by more days lost due to injuries (7,746, of which 49% related to men, in 2021, there were 6,931, of which 54% related to men) and a slight worsening of the severity index (which was 0.25 vs 0.21 in 2021).

There were no significant differences in the geographic distribution of accidents compared to 2021.

The main cause of personnel absence continues to be illness, which represents 83% of total absences. The absenteeism rate is 5.31% (4.63% in 2021), slightly higher for women (6%) compared to men (5%).

<sup>13</sup>The accident figures do not include foreign Group companies (Aletti Suisse), Tecmarket, Sagim, Terme Ioniche and Terme Ioniche Società Agricola. The accident and severity rates are calculated taking into account total workable hours equal to 31,413,689 in 2022.

<sup>14</sup>Number of injuries/workable hours x 1,000,000

<sup>15</sup>Days lost due to injury/ workable hours x 1,000

## ENGAGEMENT AND CORPORATE CULTURE

Internal communication plays an important role in **sharing the Group’s vision, strategy and identity values**, fostering **involvement** and strengthening the **sense of belonging**. It promotes projects and initiatives to support people and provides information to support the network’s business activities.

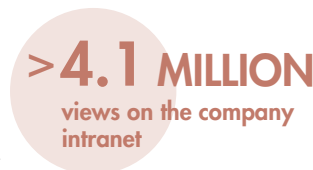
The **Intranet** and the **Corporate TV**, through carousels, news and videos, are the elective channels for communicating all Group initiatives.

In 2022, we introduced the new thematic site **‘Mondo Aziende’** to the corporate intranet, which brings together information, initiatives, tools and content to foster the relationship between the Corporate Centres and their customer companies, one year after the creation of the dedicated sales and business structures.



In the post-pandemic context, the publication of **Information Notes** continued in the dedicated section **‘Covid-19’** to provide all the operational indications to adopt to counter the spread of the virus. The total **views** of the corporate portal were **4,130,306**, in line with 2021.

*‘We work with initiatives to promote sustainability values among the Group’s people’<sup>16</sup>*



<sup>16</sup> gruppo.bancobpm.it > Sustainability > Code of Ethics and Governance > Code of Ethics

Initiatives continued to foster the dissemination of an **ESG culture** within the company and to support the business by providing information on the availability and features of new ‘green’ products and services.

Through videos, contests, guerrilla marketing and workshops, the Group’s people were involved in the **Respect project** in 2022 to promote the company’s values and encourage good practices based on cooperation and respect for everyone’s dignity and reputation, consistent with the objectives of our ESG programme.

Concerning the emergency caused by the war between Russia and Ukraine, we organised a fundraiser **"A Hand for Peace"** in cooperation with Caritas in support of the Ukrainian people, in which colleagues also participated by donating approximately €164,000 through the internal Clarity platform.

With the **‘Che impresa ragazzi’** project, we continued our commitment to sustainable development initiatives on the topics of economics and finance through the involvement of **Brand Ambassadors** as teachers in financial education lessons aimed at secondary schools.

Finally, institutional publications continued steadily to share the Group’s achievements and give an account of the many conferences and workshops in which we were involved.

## MOMENTS FOR SHARING AND PARTICIPATION

We facilitated digital meetings with Top Management to shorten distances and strengthen the sense of belonging to the corporate community.

The **‘In Teams with the CEO’** event provided an opportunity for **40 colleagues** to talk, share ideas and exchange suggestions with our CEO.

The first management line also met with the internal community to share strategies and business objectives.

Over **40 meetings** were organised during the year: from corporate, to marketing, to management events (Credit Workshops), to easy business meetings. The internal workshops involved about **10,000 colleagues** this year.

### MAIN RISKS

### MANAGEMENT METHODS / POLICIES ADOPTED

#### INADEQUATE LEVELS OF MOTIVATION AND RETENTION

- Integrated and competitive welfare system, continuous information and involvement
- Plural, fair and inclusive working environment, attentive to organisational well-being

#### HEALTH AND SAFETY (PHYSICAL AND PSYCHOLOGICAL)

- Organisational oversight, psychological support, health check-ups for employees exposed to specific risks, training and awareness on health and safety issues.
- In a year that saw people by living with the pandemic emergency, we undertook initiatives in line with the regulations issued by the competent authorities to overcome the state of emergency and encourage the gradual resumption of all activities.

# COMMUNITY



## SDGs



## STAKEHOLDERS

COMMUNITY | SUPPLIERS

## ESG FIELDS



## SUPPORT, SHARING, PARTICIPATION: THE RESPONSIBILITY OF A POINT OF REFERENCE

In the areas where we are present, we want to be a **point of reference** for anyone looking to build a **sustainable development model**. A **stable commitment** to participate in the life of the community according to a sound dynamism, in which **listening to needs** is always followed by **support** offered to **all**.

A vibrant community that questions **values** and **shares perspectives and ideas** is more likely to solve its **challenges** positively; our role is to promote valuable initiatives, facilitate the circulation of **knowledge** and create **awareness** on **sustainability** issues.

## SNAPSHOTS OF 2022

**€2.1 MILLION**  
in ESG donations and  
sponsorships

**+**  
**>€2.5 MILLION**  
earmarked for our local  
foundations

**137**  
ESG INITIATIVES

**~ €942,000**  
fundraising for the  
emergency in Ukraine

**>3,700 HOURS**  
financial education for clients  
and non-clients and ESG  
awareness for companies

in addition to  
**>8,000 HOURS**  
of financial education in  
schools

**>2,700 HOURS**  
of corporate volunteering

**~5,000**  
**RESEARCHERS**  
supported under the  
partnership with AIRC

**1,535**  
SUPPLIERS

**~€817 MILLION**  
IN TURNOVER

**>99%**  
IN ITALY



# Corporate Citizenship

We participate in the country's social and environmental challenges through a **Citizenship model<sup>1</sup> based on economic support, sharing of knowledge and resources and membership in local associations and international initiatives.**



## ECONOMIC SUPPORT

In 2022, we continued along the same path of previous years: working in **synergy** with **our target communities** to intercept their needs and develop appropriate intervention tools.

We supported **137 ESG projects<sup>2</sup>** with an economic contribution of **€2.1 million<sup>3</sup>**.

In addition, we carried out a fundraiser for the war-related emergency in Ukraine, raising **about €942,000** thanks to the contributions of employees, customers and the community to benefit **Caritas Italiana**. In total, the contribution to this emergency organisation came to **almost €1.3 million, a figure that also includes the financial support of Group companies and foundations<sup>4</sup>**.

We instead allocated **over €2.5 million<sup>5</sup> to our foundations** to help support their communities in the areas of care, charity and public interest.

<sup>1</sup> This chapter reports on the activities performed by the Banco BPM Group for the community. We have dedicated a page at the end of the chapter to the work of the foundations, which do not fall within the scope of the Non-Financial Statement.

<sup>2</sup> In 2021, 127 initiatives were supported and not 129 as erroneously reported in the 2021 CNFS.

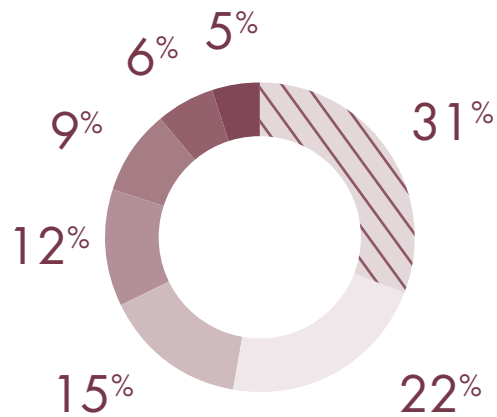
<sup>3</sup> As of the year 2022, the reporting of sponsorship and donation data, and more generally of the entire Corporate Citizenship chapter, will change from a 'cash' to an 'accrual' principle. In this regard, we want to point out that in 2022, seven initiatives to which we contributed some €78,000 from the 2022 budget have not been counted either numerically or economically.


<sup>4</sup> The contribution of about €1.3 million for the Ukrainian people is broken down as follows: about €942,000 from fundraising among Group employees, customers and other stakeholders; €195,000 from Banco BPM Group companies; €131,000 from the Group's statutory foundations.

<sup>5</sup> Banco BPM's By-laws, in continuity with its cooperative tradition, provide for the possibility of donating a share of no over 2.5% of net profit to the seven foundations in its By-laws and the Central Southern and Tyrrhenian Regional Departments for assistance, charity and public interest in the areas of social welfare, education, human capital enhancement, medical and health research, and support for the local area and artistic heritage. In 2022, Banco BPM's Board of Directors supplemented the allocations to foundations and charitable funds for the Tyrrhenian and Central-Southern Regional Departments with over €1 million.



**CONTRIBUTION TO THE COMMUNITY BY FIELD OF ACTIVITY<sup>6</sup>**



-  RESEARCH AND HEALTH
-  SOLIDARITY AND SOCIAL
-  ART AND CULTURE
-  ENVIRONMENT AND LOCAL AREA
-  EDUCATION AND TRAINING
-  SPORT
-  OTHER

**HOW WE HELP COMMUNITIES AND THE COUNTRY**



**RESEARCH AND HEALTH**

- Support for research projects, structures and associations
- Purchase of medical equipment
- Support for prevention initiatives



**ART AND CULTURE**

- Support for literature, theatre and art initiatives
- Enhancement of our artistic and cultural heritage through dedicated projects and restoration work



**EDUCATION AND TRAINING**

- Support for schools
- School drop-out programmes
- Scholarships



**SOLIDARITY AND SOCIAL**

- Initiatives to help weaker groups in the population
- Support for disability
- Childcare support



**ENVIRONMENT AND LOCAL AREA**

- Initiatives to raise awareness of environmental issues



**SPORT**

- Promoting sport as a vehicle for inclusion
- Support for local associations to spread sporting values among young people

<sup>6</sup>The graphic depiction of the distribution of the 'Contribution to the community by field of activity' in the 2021 CNFS did not take into account part of the contribution in terms of charitable donations. The following is the adjusted distribution for 2021: Solidarity and Social 12.8%, Research and Health 52.9%, Education and Training 14.7%, Environment and Territory 3.8%, Art and Culture 13.0%, Sport 2.6%, Other 0.2%.

## PROJECTS WE BELIEVE IN



### RESEARCH AND HEALTH

In continuity with previous years, the following continued:

- The **partnership with the Italian Association for Cancer Research - AIRC** - to which we make an annual contribution of over €600,000 to support **over 700 projects and around 5,000 researchers**. We also participated in the traditional fundraising campaigns - 'The Oranges of Health', 'Research Chocolates' and 'The Research Azalea' - and collected €568,000 through our various channels to support the cause;
- The **support for projects of associations that care for the sick and their families**, such as the association for palliative care in Livorno, or the Raggio di Sole Onlus association in Rome to support the psycho-physically disabled.



### SOLIDARITY AND SOCIAL

In spring 2022, Europe was struck by a new emergency. After the start of the war between Russia and Ukraine, managing the **reception of women and children** in Italy and on the war border required a massive effort by all major solidarity institutions. In particular, we allocated a contribution to Caritas Italiana to **support Caritas Ukraine abroad, the Caritas 'Open to Ukrainians' project in Italy and the reception projects in our regions carried out by 20 diocesan Caritas** in as many cities.

We also continued to support the weaker segments of the population on the inclusion front with several projects throughout Italy involving disabled people, the sick and disadvantaged families.

These include projects with the **Marcegaglia Foundation** in favour of women in distress, the **Francesca Rava Foundation** and the **Community of Sant'Egidio** for the support of people experiencing economic hardship, and the **Dynamo Camp** ETS Foundation that supports disabled children with recreational therapy activities.



### ART AND CULTURE

**We confirmed our traditional commitment by supporting initiatives and projects in the fields of theatre, literature and art** such as the 74th Estate Teatrale Veronese, the 2022 summer season of the Globe Theatre at Villa Borghese in Rome, and the 'Wondy' national literary prize dedicated to the theme of resilience in literature. We supported several **exhibitions**, including 'Women in Art from Titian to Boldini' at Palazzo Martinengo in Brescia, 'Milan. Da Romantica a Scapigliata' at the Novara Castle, the exhibition of the painting 'Il Quarto Stato' by Giuseppe Pellizza Da Volpedo at the Galleria d'Arte Moderna in Milan.

This year's 'Invito a Palazzo' (21st edition) was held again in partnership with ABI, allowing visits to our prestigious historical premises in Piazza Meda in Milan, Palazzo Scarpa in Verona, Palazzo Altieri in Rome, Palazzo Spinola Gambaro in Genoa and Palazzo Bellini in Novara.



### ENVIRONMENT AND LOCAL AREA

Among the various initiatives, we reconfirmed our partnership with Legambiente for the '**RipuliAmo**' project, appointments throughout Italy for cleaning beaches and public parks, and support for the '**Siamo nati per camminare**' project in the primary schools in Milan, Verona and Modena. The latter focused on sustainable mobility and involved 21,500 children.

We should also mention the sponsorship of the first edition of **Pianeta Terra Festival** in Lucca, four days of meetings on environmental sustainability issues, directed by Stefano Mancuso. Once again this year we continued to support the 'Bike up' event dedicated to sustainable mobility, which took place in Bergamo.



### EDUCATION AND TRAINING

We consider schools to be of crucial importance for the country, and we must continue to support them. We supported almost 200 schools in Italy in 2022 with the '**School Project**'. Since the project's inception in 2018, we have supported a total of **around 730 public institutions** to improve distance learning, implement material and electronic connections, increase protective equipment and update common areas. We were also involved in **Che Classe!** and **@Scuola2030**, alternating school-work projects organised respectively by the Lodi newspaper Il Cittadino and the Tuscan newspaper Il Tirreno.



### SPORT

We consider sport as a vehicle for inclusion and support for the social fabric. For this reason, **we mainly support local associations active in spreading sporting values among young people** such as ASD Rugby Milano, in activities dedicated to juvenile detainees and **any for differently-abled people** such as the Paralympic swimming teams Verona Swimming Team and Polha Varese. We renewed our sponsorship of the Reggiana Calcio fourth division team and our association 'Ness1 Escluso', which organises free multidisciplinary sports activities for children with cognitive disabilities.

In continuity with 2021, meetings continued at secondary schools in Milan and its province as part of the 'All the colours of sport' project in partnership with AC Milan, which saw sports testimonials explore the theme of gender equality and respect in sports, involving over 1,000 children from over 50 classes in five different schools.

## SHARING KNOWLEDGE AND RESOURCES

The sharing of knowledge and resources continued through meetings dedicated to ESG awareness and financial education, including in the business sphere, conferences, initiatives, partnerships with universities, and social initiatives involving Group colleagues.

> **11,800 HOURS**

of financial awareness and ESG education meetings for customers, new generations, companies and other stakeholders

**30**

ongoing partnerships with universities, associations and business schools

> **2,700 HOURS**

of corporate volunteering

**43**

restored works of art

## HOW WE MAKE OUR EXPERTISE AVAILABLE TO THE COMMUNITY



### FINANCIAL AWARENESS

- Spreading financial awareness also among the younger generations



### CONFERENCES AND INITIATIVES

- Implementation of conferences and initiatives to share knowledge and culture, including financial.



### CORPORATE VOLUNTEERING AND SOCIAL INITIATIVES

- Direct support for initiatives of social value
- Initiatives to raise awareness of community-related issues



### ESG TRAINING INITIATIVES FOR COMPANIES

- Sharing ESG issues in the business environment
- Focus with industry experts



### EMPLOYER BRANDING

- Supporting young people in career orientation
- Partnerships with universities



### ARTISTIC ASSETS

- Enhancing and offering our artistic heritage
- Restoration of artwork

## PROJECTS WE BELIEVE IN



### FINANCIAL AWARENESS

**Financial awareness** meetings were held for the fourth consecutive year, seeking to increase the knowledge of customers and others, as well as young people, on finance, savings management and digital payments. A total of **76 financial awareness meetings were attended by professionals, colleagues and fellow Group members, involving over 5,900 participants**. Of these meetings, 58 were for schools, with the participation of some 3,700 students.



### ESG AWARENESS FOR BUSINESSES

This year we launched **ESG Factory**, a project that transforms the bank into a meeting and training place for companies, thanks also to the contribution of qualified partners. The aim of the initiative is to explore all the issues related to sustainability and the paths that companies have the opportunity to take in this context, providing adequate information to cope with change. A total of 1,175 hours were dedicated to the **13 conferences organised in the area and over 800 business people were involved**, confirming a growing interest in sustainability issues and a strong awareness of their importance in business strategy. ESG-related topics were covered, as well as in-depth analyses of the ecological transition and its impact on business, social inclusion and governance.



### CONFERENCES AND INITIATIVES

Conferences, events and initiatives for pooling knowledge continued this year.

**Over 65 initiatives were implemented and hosted in our locations, including, institutional and financial conferences, book presentations, guided tours of exhibitions or meetings to enhance the relationship with our stakeholders.**

We organised many exclusive visits reserved for customers to museums, historical palaces and foundations in various cities throughout the country, involving around 1,000 people.

We also resumed guided tours of our historical buildings such as the Roman Domus and Palazzo Scarpa in Verona.

We have been bearers of **ESG culture** and have contributed to the **dissemination of ideas on diversity and inclusion** by organising meetings or actively participating through speeches and testimonials from our managers. Among many, we would like to mention our active participation in ESG Day, the 'Sustainability and Social Innovation Fair', the fourth edition of Global Inclusion, of which we were also the main sponsor, and our intervention for the third year running in 'Il tempo delle donne' on respect.

To promote ESG culture through the fruitful interaction between finance and universities, partnerships with several leading universities continued. These initiatives include:

- **Università Bocconi - SDA Bocconi, School of Management**  
The partnership took the form of an educational contribution to a selection of students enrolled in the 2022 edition of the Executive Master in Finance at Università Bocconi with a focus on Sustainability ('Finance for Sustainable Futures').
- **Università Cattolica del Sacro Cuore di Milano - CeTIF**  
**The partnership also took place through our participation in the** Steering Committees of CeTIF, the Research Centre on Technologies, Innovation and Financial Services, which has been carrying out studies and promoting research on the dynamics of strategic and organisational change in the financial, banking and insurance sectors since 1990.



## EMPLOYER BRANDING

We **gave career guidance to young students** and made available the know-how of our corporate professionals, who participated **as speakers** at external seminars/events and shared their experiences.

The initiatives organised also represented a channel for the search and recruitment of new talents entering the world of work for the first time and bringing the skills currently needed for the emerging professions

A total of over **50 career guidance activities, career days, testimonials and projects in cooperation with universities and 30 partnerships with universities, associations and business schools throughout the country.**

The initiatives were again carried out remotely and involved **about 2,400 young people and 46 colleagues** in cooperation with 16 institutions. In continuity with previous years, we set up **54 internships** for young university students and recent graduates hosted during the year to test the knowledge acquired during their studies.

We continued our participation in the **School4Life project** implemented by ELIS, a vocational training organisation, **aimed at involving middle and high school students in areas with a high dropout rate** in a training course on the characteristics of the world of work and the skills needed to enter it. The training activity involved colleagues as teachers, who delivered over 50 hours of training during 23 meetings, of which 19 in high schools and four in middle schools.



## CORPORATE VOLUNTEERING AND SOCIAL INITIATIVES



Our support for the various associations resumed on an ongoingly during 2022, including with in-person activities, and we were able to work in several Italian cities: Bergamo, Varese, Novara, Verona, Lucca, Bologna, Lodi, Turin, Palermo, Milan, Naples, Lecco, Foggia, Reggio Emilia and Monza.

In total, we worked with 15 associations nationwide, donating over 2,700 hours of corporate volunteering thanks to the participation of over 500 colleagues.

The 'RipuliAmo' initiative, of which we are also sponsors, carried out in support of **Legambiente**, allowed us to contribute to cleaning city beaches and parks.

For **WWF** - Bergamo and **L.i.P.U.** - Varese - we contributed to establishing species habitats in protected oases. The return to in-person activities allowed us to once again take care of the latter and the marginalised by supporting organisations such as:

**Caritas diocesana** (Novara, Verona), **Empori Solidali Case Zanardi** (Bologna), **Community of Sant'Egidio** (Novara), **Congregazione San Vincenzo de Paoli** (Monza), **Nocetum Association** (Milan). The primary activities involved canteen services, food storage, cleaning of indoor and outdoor spaces, landscaping, plus minor renovations and painting.

Concerning support for children and families in vulnerable situations, we collaborated with **Bianca Garavaglia Onlus association** (Varese) and **Theodora Org** (Milan) for the preparation of gadgets and practical Christmas gifts; with **Koinè Coop Sociale Onlus**, where we worked on small

renovation works, cleaning and sowing the vegetable garden; and with **Casa di Emma Org** (Monza) for the preparation of their parties and cleaning the farm that hosts them.

As in 2021, we continued our 'remote' volunteering through which colleagues supported the associations **Unione Italiana Ciechi e Ipovedenti (Italian Union of the Blind and Visually Impaired)** with the **#LeggiPerMe** project, producing audiobooks for the blind and visually impaired, and **Una Quantum Inc.** with the **Map for Future** project for mapping geographical areas (national and otherwise) using digital cartography tools.



The long-standing cooperation with **AVIS** continued with the organisation of 13 days at the Milan, Rome and Modena locations during which 285 colleagues donated over 200 bags of blood.

## NO.W! NOWASTE

Thanks to the agreement signed by Banco BPM with Think About, since March 2021, colleagues have been able to use the ethical business platform **No.W! NoWaste**; the latter offers the opportunity to buy food products that would have been wasted due to packaging defects or short expiry dates at bargain prices. In 2022, 3,000 people signed up, who, by purchasing around 8 tonnes of food, reduced atmospheric emissions by over **3 tonnes of CO<sub>2</sub> eq.**



## ARTISTIC ASSETS

~ 19,500

Artistic assets

We are committed to protecting, preserving and enhancing the assets of our artistic heritage and historical archives on a daily basis.

In 2022 there were **37 works lent to museums** for public exhibitions. **Forty-three were restored** (16 paintings and sculptures, seven frames, 15 pieces of furniture, four rugs and one restoration of several books).

The Banco BPM Group's artistic heritage comprises collections stemming from **diverse collecting traditions**. It consists of works of various kinds and periods: drawings, ancient and modern prints, old books, sculptures, corals, tapestries, ceramics and, above all, paintings.

On the other hand, the historical archive preserves, catalogues and valorises the Group's documentary and bibliographic heritage, an expression of its varied evolution over time, while protecting historical memory.

**Among the works lent**, the *Maddalena in orazione* by Giacomo Ceruti (1739 ante) featured at the San Domenico Museums in Forlì in the 'Maddalena il mistero e l'immagine' exhibition; the 16th-century panel by Marco D'Oggiono, *Madonna col Bambino*, was included in the 'Giovan Francesco Caroto exhibition. La pittura a Verona tra Mantegna e la Bella Maniera' [Painting in Verona between Mantegna and the Bella Maniera], representing the followers of Leonardo da Vinci in the environment of Ludovico il Moro's court; four canvases are featured in the exhibition 'Divina creatura. Donne nell'Arte da Tiziano a Boldini' [Divine Creature. Women in Art from Titian to Boldini] at Palazzo Martinengo in Brescia, and more specifically that of Alessandro Varotari, *Giuditta e Oloferne* (second quarter of the 17th century), Giovanni Andrea De Ferrari, *Suicidio di Cleopatra* (1640 - 1650), Cristoforo Savolini, *Suicidio di Lucrezia* (third quarter of the 17th century), Francesco Monti, *Il Ratto di Elena* (1725 - 1730). The partnership with the Galleria d'Arte Moderna in Milan continued, allowing Gaetano Prevati's painting *Maternità* of 1891 to occupy the elegant setting of Villa Reale.

**Among the most significant and many conservative**

**restorations:** *Francesco II d'Este*, by Benedetto Gennari (1690 - 1694); a *Santo Vescovo* by Domenico Carnevali (1560 - 1579); the idyllic *Lake Landscape with Castle, Ruins and Figures* by Claude Lorrain (17th century); a portrait of *Francesco IV d'Austria d'Este* by Biagio Magnanini from Modena (19th century). Concerning the latter, multispectral investigations have restored the drawing of the coat of arms of the House, deliberately covered, and the inscription on a cartouche showing that the Duke's face had been vandalised, thus confronting us with a sort of *damnatio memoriae* of the sovereign.

Work continued in 2022 on the valuation at fair value<sup>7</sup> of the most valuable pieces in the collection, with a total value currently estimated at over 50 million euros.

Networking activities with museums, foundations and art experts have also been undertaken, aiming to place Banco BPM on the national art scene.



Claude Lorrain (Champagne 1604 - Rome 1682), *Paesaggio lacustre con castello, rovine e figure*, 17th century, oil on canvas, 83 x 187 cm  
Banco BPM collection

<sup>7</sup>The 'fair value' is the 'current commercial or market value', i.e., the value related to the minimum expected revenue from a sale of the asset in a short time, assumed to be a few months. Consequently, the appraisal value is 'conservative'.

**MEMBERSHIP FEES**

~€5.6 MILLION

earmarked for contributions to trade associations, organisations involved in financial activity and training, culture and promotion of social responsibility

The main voluntary memberships include:

**CENTESIMUS ANNUS PRO PRONTIFICE**

**FOUNDATION:** non-profit association with religious and charitable purposes, aiming to help in the study and dissemination of Christian social doctrine as set out in particular in Pope John Paul II's encyclical 'Centesimus Annus'.

**FONDAZIONE CUOA:** management school that provides training and development of entrepreneurial culture and is simultaneously an incubator of ideas.

**CETIF-UNIVERSITÀ CATTOLICA DEL SACRO CUORE:**

Technology, innovation and financial services research centre that has been carrying out studies and promoting research on the dynamics of strategic and organisational change in the financial and banking sectors since 1990.

**EUROMOBILITY:** non-profit association that promotes and disseminates new forms of sustainable mobility by providing specialised services to companies, such as training, observatories and regulatory updates, stimulating individuals and organisations to adopt behaviours increasingly oriented towards the adoption of environmentally friendly solutions for a better quality of life.

**FAI - FONDO AMBIENTE ITALIANO:** Foundation whose purpose is to protect, safeguard and enhance artistic and natural heritage and to promote the care of the landscape and cultural assets in Italy.

**ISPI INSTITUTE FOR INTERNATIONAL POLICY STUDIES:**

conducts research on global risks and opportunities for companies and institutions, promotes training, dissemination and analysis activities.

**Fondazione Artistica POLDI PEZZOLI Onlus:**

organisation that carries out scientific, educational and popular activities in the field of culture through the Poldi Pezzoli Museum. The Foundation has managed the house museum and the collection of the same name since 1881.

**GLOBAL COMPACT ITALIA FOUNDATION:**

voluntary initiative to follow ten principles that promote the values of sustainability in the areas of human rights, labour standards, environmental protection and anti-corruption.

**VALORE D:** association of companies committed to promoting and supporting gender balance and an inclusive culture through three areas of activity: inclusive organisation, corporate welfare and social innovation

**MAIN RISKS**

**REPUTATIONAL DAMAGE, UNRELIABLE COUNTERPARTY, CONFLICTS OF INTEREST AND CORRUPTION**

**MANAGEMENT METHODS / POLICIES ADOPTED**

- Internal regulations on sponsorships: the initiatives sustained must also consider the reliability of the applicants and their link with the Group, the creation of positive and long-lasting value for the Group, the support of progress and the well-being of the local areas
- Anti-money laundering and Anti-corruption regulations
- Sharing of objectives and KPIs within sponsorship contracts

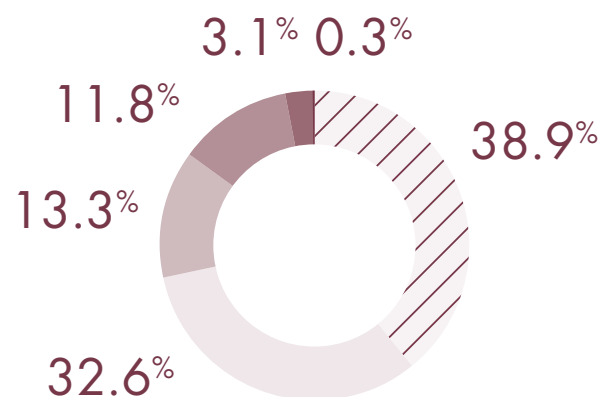


## OUR FOUNDATIONS

**Seven of our foundations** that help to strengthen ties with communities and are an important driver for the common good. In 2022, they used **over €2.5 million to implement projects for the benefit of their communities**.

For this reason, although they do not fall within the Group's reporting scope, they deserve space here.

### CONTRIBUTION OF FOUNDATIONS TO THE COMMUNITY BY AREA OF ACTIVITY



- /// SOCIAL AND SOLIDARITY
- ART AND CULTURE
- RESEARCH AND HEALTH
- EDUCATION AND TRAINING
- OTHER (ASSET PROTECTION)
- SPORT



### BANCA POPOLARE DI LODI FOUNDATION<sup>8</sup>

*It pursues public benefit purposes in the areas of Lodi, Cremona, Pavia, Mantua, Eastern Liguria, Piacenza and Parma.*

The Foundation reconfirmed its support in the **social field** for the most vulnerable population groups with contributions to associations such as Gruppo Volontari Amicizia, Insieme Oltre le Onde, La Tela di Matilda and Caritas Italiana. The funds were mainly earmarked for the redevelopment or construction of residences for autistic children, orphans, and families with sick or precarious children and the reception of Ukrainian refugees on Italian soil.

Also worth mentioning is the support given to the 'Il Samaritano' (The Samaritan) association to set up a temporary shop, run by secondary school students, aimed at the charitable sale of products they have created, the proceeds of which will go to the Codogno and Casalpusterlengo palliative care hospices.

**In the field of education**, support has gone to associations including Polo Universitario Lodigiano for projects to make the right to study effective and to foster more open and inclusive education. In the **research and health sphere**, the focus was on the dissemination of tools and knowledge to avoid delays in aid operations thanks to the partnership with the Roberto Malusardi Amici del Cuore Onlus Association. In particular, we created a network of semiautomatic defibrillators (AEDs) in the municipalities of the Lodigiano area and at police stations, training over 1,300 people in the use of AEDs and implementing a functional application to identify the nearest defibrillator in case of need. There was plenty of support for **environmental initiatives**, including the energy efficiency of the Parrocchia Cattedrale Nostra Signora dell'Orto and restocking fish of the Adda River as part of the ecological day.



### BANCA POPOLARE DI MILANO FOUNDATION

*It supports initiatives in education, training, social assistance and healthcare for the most disadvantaged segments of our society. It works in the areas of the former BPM Group, particularly in Milan, Legnano and Alessandria.*

The Foundation allocated most resources to the **social sphere**, considering the significant increase in poverty due to the pandemic, the Ukraine conflict and rising energy costs.

In particular, it stood by families in economic need through its support of Banco Alimentare Lombardia, Pane Quotidiano and Opera Cardinal Ferrari, and its membership of the Solidarity Fund of Fondazione Piatti, an institute that supports families with autistic children or children with complex disabilities. It also renewed its support to the Gino Rigoldi Foundation for the 'Sportello Legale Nefida' in the City of Milan, which offers free legal advice and guidance.

In the **cultural field**, it reconfirmed support for the theatre season of Spazio Teatro No'hma - whose proposals include completely free admission, dissemination of culture and attention to the less fortunate - and for the 2022/2023 music season of the Milan Symphony, one of the city's leading cultural and musical institutions.

In the **education sector**, it supported the Fondazione Famiglia Legnanese in providing 12 scholarships to deserving university students with low ISEE again in 2022.

<sup>8</sup> According to the by-laws of the BPL Foundation, it devolves 1/8 of its share to the BP Cremona Foundation and the Associazione Popolare di Crema per il territorio





## BANCA POPOLARE DI NOVARA FOUNDATION

*It is committed to being a driving force in the Piedmont, Valle d'Aosta and Western Liguria regions.*

The Foundation HAS supported multiple associations operating in different sectors.

In the **health** sphere, a significant contribution went to the 'Maggiore della Carità' University Hospital for the purchase of important medical equipment.

Initiatives in the **social** sphere include Pianeta dei Clown, whose volunteers work in hospital wards to cheer up and make hospitalisation less traumatic for sick and disabled children, and ASD Olimpia Sant'Agabio 1948, a historic Novara sports club that operates in a socially and economically deprived neighbourhood and which, with its 250 members, is a hub for young people, making football a vehicle for social integration.

As far as **training** goes, support was given to the La Torre Mattarella association, which plays an important role in promoting the values of legality among the public and in schools; the association also offers a prize involving schools in the Novara area, through which it supports the study and publication of theses on civic education and the fight against organised crime.



## BANCO SAN GEMINIANO E SAN PROSPERO FOUNDATION

*It supports and promotes solidarity activities primarily in the Emilia-Romagna area.*

The Foundation continued its commitment in the **social sphere** by supporting various realities, including the Archdiocese of Modena-Nonantola for the 'Nessuno Escluso. Al fianco delle famiglie e degli ultimi' project, which focused on two lines of action: supporting the participation of children from families in difficulty in the parish summer centres, and the adaptation of indoor and outdoor spaces at the Sant'Anna Prison in Modena for the creation of a vegetable garden and a workshop that allow inmates to carry out activities that are also useful for their reintegration into the working world.

As far as **education** goes, support went to the Municipality of Modena for the 'Un giardino, tanti giardini' initiative, which is part of the outdoor education project; participation in 'Con Merito' also continued, awarding 60 scholarships worth 500 euros each for the best new graduates in the 2021/2022 school year.

Support also went to **research and health** through the non-profit ANT Italia Onlus Foundation for the cancer prevention project that provides ten days of free examinations carried out in the mobile clinic in the main squares throughout the area.

Lastly, **art and culture**: the Foundation contributed to the restoration of the historic 'Teatro Carani' in Sassuolo and participated in the renovation of 'Galleria Ruffini' in Palazzo Ducale in cooperation with the Military Academy of Modena.

## RELIGIOUS FOUNDATION S. GEMINIANO E S. PROSPERO

*It works in the Emilia-Romagna area particularly supporting religious initiatives for the archdiocese of Modena-Nonantola, the Diocese of Carpi and the Diocese of Reggio Emilia and Guastalla.*

In the archdioceses where it operates, it has acted in cooperation with the Banco San Geminiano e San Prospero Foundation mainly to support families and people in difficulty.



## BANCA POPOLARE DI VERONA FOUNDATION

*It implements and promotes assistance, education, research and cultural activities in the Triveneto area.*

The Foundation continued its efforts on several fronts during the year.

Starting in the **cultural sphere**, it supported The Festival of Beauty, a cultural event on 'Myths and Taboos. Iconic characters and works encompassing ideas and symbols' and the Christmas Concert traditionally held at St Mark's Basilica in Venice.

In the **social sphere**, the various associations and initiatives supported included Caritas, the Ronda della Carità Association and the Bambino Emopatico e Oncologico di Verona association. The latter was supported in the 'Il tocco gentile' osteopathy project, and the 'Supporto psicologico' service, both for children hospitalised in the Paediatric Oncohaematology ward of the Azienda Ospedaliera Universitaria di Verona, aiming to foster well-being in sick children and their families, starting from the communication of the diagnosis of the disease.

In the field of **research and health**, the Foundation has supported the Brain Research Foundation Verona Onlus and the Lega Italia Fibrosi Cistica Veneto association.

Finally, regarding **education**, it supported the Intercultura Foundation for a scholarship abroad, and the Theological Faculty of Triveneto.



## CREDITO BERGAMASCO FOUNDATION

*Promotes civil, cultural, scientific and social progress in the areas of Bergamo, Brescia, Como and Lecco.*

Once again this year, the Credito Bergamasco Foundation reconfirmed its active role in the local area, contributing to and supporting many organisations and initiatives.

In the **social sphere**, among the various projects, it supported Caritas Italiana, participating in the 'Una Mano per la Pace' fundraising campaign promoted in partnership with Banco BPM. The funds raised were allocated to projects carried out by Caritas Bergamo particularly to benefit Ukrainian orphaned minors and their carers hosted in the area.

In **education**, it renewed its support for the Bergamo Committee of the Dante Alighieri Society, which promoted the seventh edition of the 'Certamen Dantesco del Centenario' literary competition for the fourth- and fifth-year pupils (2021/2022 school year) at secondary schools in Bergamo and Brescia.

The **health sector** saw plenty of initiatives: the Foundation supported the Bergamo section of Lega Italiana per la Lotta ai Tumori for the prevention and early diagnosis of various forms of cancer.

Lastly, there were several **culture and art** initiatives, including the contribution to the 'Grandi Restauri' project, a historic initiative of the Credito Bergamasco Foundation which in 2022 restored many prestigious works in view of 'Bergamo Brescia Capital of Culture 2023'.

# Responsible Supply Chain Management

**We share a commitment to developing a sustainable economy with our suppliers**, through a work system that generates shared value. Our experience and innovative tools enable us to assess companies to work with in the best possible manner, selecting an **increasingly sustainable and high-quality supply chain**.

**We build a relationship with our suppliers that is both cost-effective and sustainable while complying with company rules and regulations.**

Lasting partnerships that ensure mutual economic satisfaction, the exchange of experience and continuous improvement over time, following the principles of transparency, fairness and competition.

Almost all suppliers are based in Italy.

This choice allows us to return value to our regions on the one hand, and to minimise the geopolitical risks arising from a delocalisation of the supply chain on the other.

## MANAGEMENT MODEL



A specific department manages the interaction with suppliers through specialised buyers divided into macro-categories (technological products, consumer goods and services supply, real estate products), adopting uniform supply policies, criteria and methods throughout the Group.

**The Supplier Register is a fundamental tool for governing relations with suppliers, ensuring transparency and traceability of relationships:** it is a complete archive of information but also a management, evaluation and monitoring application. Document verification at the qualification stage and a series of controls distributed over time allow the Group to mitigate or preserve itself from possible economic, reputational and legal risks related to the supply chain.

The potential supplier's first point of contact with the Group takes place through the supplier **qualification portal**.



### APPLICATION

Businesses and professionals are invited to sign up (or to update their details) by connecting to the online portal.



### SELECTION

The supplier completes a specific online form and provides a series of mandatory documents for a full and accurate assessment.



### REGISTRATION IN THE SUPPLIER REGISTER

Dependent on fulfilling the integrity, professionalism, technical and reputational requirements.



### TENDERS

Bids and competitive tenders are the best way to identify the service with the most advantageous quality-price ratio.

Besides general, technical, organisational and financial data, during the qualification phase, all suppliers are asked to provide information on the **Quality, Environmental and Energy Certifications** they hold, which allows us to make a more careful selection concerning the commitment of those with whom we work.

To date, the types of environmental certification most frequently surveyed are as follows:

**ECOLABEL:** European Union ecolabel for products and services with a reduced environmental impact throughout their lifecycle;

**EMAS (Eco-Management and Audit Scheme):** a voluntary tool created by the European Community to assess and improve environmental performance and publish information on environmental management;

**ISO 14001:** standard setting out the requirements for an environmental management system;

**PEFC (Programme for Endorsement of Forest Certification schemes):** for sustainable forest management.

As of this year, the **ESG rating** was also introduced: an indicator allowing us to assess the supply chain according to defined criteria and to measure its sustainability performance as well as to share our commitment in this area with our suppliers.

To enter into any relationship, all suppliers are required to sign a Declaration in Lieu of Affidavit at the qualification stage, in which they certify:

- **to know the Organisation, Management and Control Model<sup>9</sup> and the Code of Ethics<sup>10</sup>** and adopt conduct that complies with the content of said documents;
- **to act in strict compliance with the applicable labour laws** and regulations as well as social security, accident prevention and insurance provisions;
- **to operate in full compliance with the legislation and regulations in force regarding health and safety** in the workplace, environmental protection, anti-money laundering and anti-corruption.

We do not have any relationship with persons involved in illegal activities or who, directly or indirectly, violate human rights - whose protection is a value expressed in our Code of Ethics. We use specific contractual standards that include termination clauses if policies are adopted that conflict with the Group's internal regulations and policies.

<sup>9</sup> gruppo.bancobpm.it > Corporate governance > Corporate documents > Summary Document of the Regulation "Organisational, Management and Control Model under Italian Legislative Decree 231/01"

<sup>10</sup> gruppo.bancobpm.it > Sustainability > Code of Ethics and Governance > Code of Ethics

**ITALY NORTH-WEST**

- 60.9% suppliers
- 70% turnover

**ITALY NORTH-EAST**

- 15.5% suppliers
- 11% turnover



**CENTRAL ITALY**

- 16.9% suppliers
- 17% turnover

**ITALY SOUTH**

- 3.2% suppliers
- 0.9% turnover

**ITALY ISLANDS**

- 1.8% suppliers
- 0.7% turnover

**ABROAD (EU + NON-EU)**

- 1.7% suppliers
- 0.4% turnover

### ESG RATING

To make the **environmental, social and governance factors quantifiable**, we adopted a system to analyse the degree of sustainability of suppliers both at the census stage and in transit.

Thanks to the cooperation with the **ABC Consortium** (mainly consisting of banks and insurance companies and focused on the provision of services for purchasing functions), a **questionnaire** was implemented in the second half of 2022, calibrated to the EU classification of the company (micro/small/medium/large) and developed based on the **UNI ISO 26000:2010** guidelines for the Social Responsibility of organisations.

The result is a quantitative index called **'ESG Rating'**, attributed to increasing classes of coverage of identified best practices: **ESG0, ESG+, ESG++** and **ESG+++**.



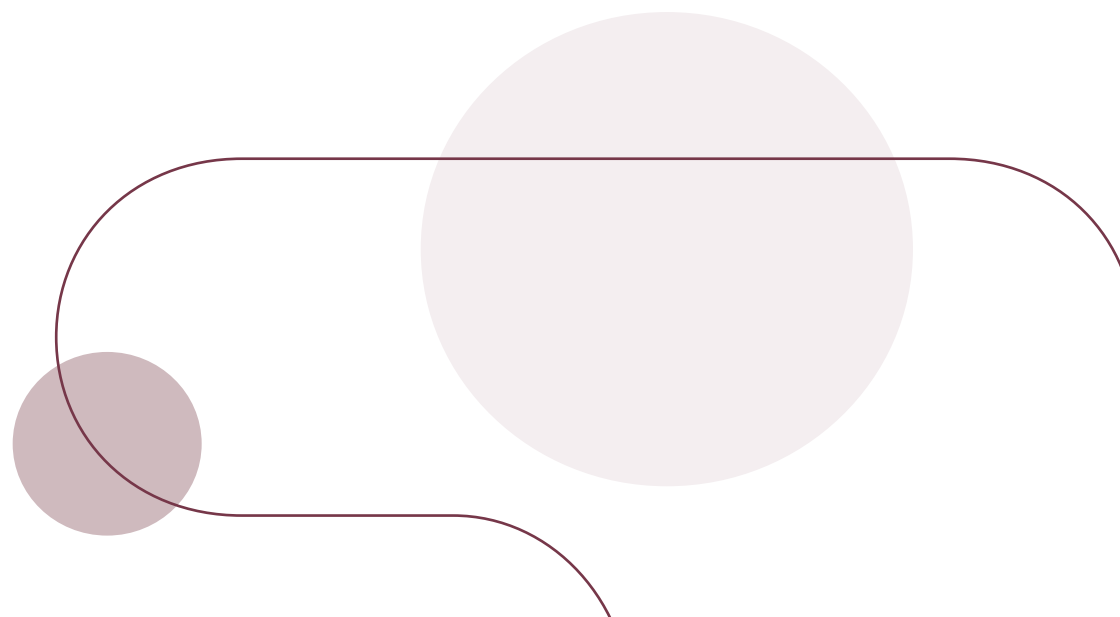
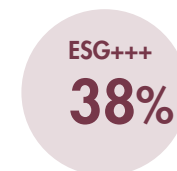
Reference scope for ESG Rating



Percentage of responses received by 31.12.2022



Percentage of ratings with outcome



In 2022, we worked with 1,535 suppliers (+20% over 2021) to whom we invoiced almost €817 million (+16.4% over 2021). These increases are mainly attributable, on the one hand, to the entry of two insurance companies into the Group's corporate scope, and on the other hand, to the change in the macroeconomic environment (due to pandemics, conflicts and energy transition).

TOTAL TURNOVER BY CATEGORY	2022	2021	2020
SERVICES	35.3%	38%	40%
REAL ESTATE	16.4%	16%	16%
TECHNOLOGIES	48.3%	46%	44%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The supplier turnover figures refer to invoices recorded during the year and include, in addition to administrative expenses in the income statement, other items such as fees, miscellaneous charges, staff-related expenses and investments.



MAIN RISKS	MANAGEMENT METHODS / POLICIES ADOPTED
COMPLIANCE, LABOUR LAW AND SOCIAL AFFAIRS	<ul style="list-style-type: none"> <li>• Monitoring of contracts</li> <li>• Systematic controls on anti-money laundering, Related Parties and Connected Persons</li> <li>• Checks regarding legislative obligations in terms of occupational health and safety</li> <li>• Checks on compliance with current labour legislation and acquisition of the single contribution regularity document</li> </ul>
ENVIRONMENTAL CRIMES	<ul style="list-style-type: none"> <li>• Verification of compliance with environmental legislation</li> <li>• Request for environmental certifications held</li> </ul>
UNRELIABLE COUNTERPARTY	<ul style="list-style-type: none"> <li>• Monitoring of the prerequisites of integrity, professionalism, expertise and reputation</li> <li>• Checks of quality and environmental certifications</li> <li>• Monitoring the level of professional development</li> <li>• Monitoring of economic and financial stability</li> </ul>
GEOPOLITICAL CRISES	<ul style="list-style-type: none"> <li>• Supply chain concentrated in the national territory</li> </ul>

# ENVIRONMENT



## SDGs



## STAKEHOLDERS



## ESG FIELDS



## TRANSITION TOWARDS AN ENVIRONMENTALLY SUSTAINABLE MODEL

A necessary leap forward.

Climate and environmental issues are now pressing.

We want to decisively continue along the **transition process towards a low-emission and environmentally-friendly economy.**

**Improving** our direct and indirect **impact** on the environment means taking a leap forward, changing a development model to secure our future.

## SNAPSHOTS OF 2022

**-12%**  
ENERGY  
CONSUMED

**€1.5 BILLION**  
purchase of  
property tax credits

**-54.3%**  
NET EMISSIONS  
(scope 1 + scope 2  
market based)

**55.6%**  
share of new loans in  
green and low-transition  
risk sectors

**~1,350 tCO<sub>2</sub>eq**  
avoided in commuting

**€0.62 BILLION**  
new disbursements of  
green residential  
mortgages

## Climate change and green business

**We are committed to stimulating the transition to a low-emission economy** by supporting clients in seizing the opportunities associated with it while analysing and monitoring the climate and environmental risks of our financial intermediation activities to steer them towards zero net emissions targets in the long run.

The growing awareness of the banking system's role in climate and environmental challenges has profoundly influenced our actions and strategic vision, starting with governance<sup>1</sup>.

As an illustration of this changed perspective, in November 2021 we presented the **2021-2024 Strategic Plan**<sup>2</sup> in which we outlined **objectives and lines of action** aiming to ensure more favourable access to capital for green activities or companies on a transition pathway. At the same time, we are committed to **exclusionary policies and a selective approach towards high-risk sectors**.

To this end, we worked towards an integration of climate and environmental risks within credit policies<sup>3</sup> and the overall risk management framework<sup>4</sup>.

This strategic vision includes **joining the Net Zero Banking Alliance (NZBA), deliberated in March 2023**, which commits us to aligning our credit and investment portfolio to achieving net zero emissions by 2050, in line with the targets set by the Paris Climate Agreement.

The decision to join NZBA followed a careful analysis and evaluation, which led to the identification of **five priority areas for target communication within 18 months of membership**:

- Oil & Gas;
- Power generation;
- Cement;
- Automotive;
- Coal.

Please note that in the context of the 2021-2024 Strategic Plan, with reference to the coal sector, Banco BPM has already committed to stop new disbursements and a simultaneous run-off of the currently existing exposures<sup>5</sup>.

We want to report on our commitment to combating climate change with the utmost transparency, which is why we have started, beginning with the 2021 CNFS, on the path to implementing the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**, of which we are supporters. A **correlation table** will make it easier to relate the different topics covered to the four thematic areas of disclosure defined by the TCFD (Strategy, Governance, Risk Management, Metrics and Targets).

MANAGEMENT  
MODEL



EXPOSURE TO CLIMATIC  
AND ENVIRONMENTAL  
RISKS

GREEN LOANS FOR  
COMPANIES AND  
INDIVIDUALS

<sup>1</sup> For more information see the chapter 'Governance and Organisational Model'

<sup>2</sup> For more information, please refer to the chapter 'Our Strategic Plan'

<sup>3</sup> Please refer to the chapter 'Credit for Recovery and Resilience'

<sup>4</sup> For more information, see the chapter 'Managing Financial and Non-Financial Risks'

<sup>5</sup> We refer in particular to the sub-sectors of hard coal mining, the manufacture of coal-fired blast furnace products and coal-fired power generation.



## EXPOSURE TO CLIMATIC AND ENVIRONMENTAL RISKS

As emerged from the risk identification process, **we consider climate and environmental risks as material for the Bank.** In particular, transitional and physical climate and environmental risks are material already in the short term, with risk typically (but not necessarily) increasing in the medium and long term, depending on the reference scenario. Indeed, we are aware of the impact of climatic and environmental factors on traditional risk categories and the regulator's strong focus on integrating these factors into the banking system's risk identification, measurement and management processes.

**In continuation of last year's exercises, we have conducted analyses to measure our exposure to climate-related risks in key economic sectors and geographic areas.**

In particular, the materiality level of our exposure to physical and transition risk was constantly monitored during the year and the related analysis methodology expanded and consolidated.

**During 2022, we also conducted an initial exercise to measure our exposure to environmental risks.**

## TRANSITION RISK

Analyses on our exposure to **transition risk** were conducted on the portfolio of loans to non-financial corporations. In summary, the risk variables considered by Banco BPM's methodology are:

Regulation	EU Taxonomy	Classification of sectors according to the EU Taxonomy and related delegated acts
	Emission trading scheme	Activity involved in the European Union's emission trading scheme <sup>6</sup>
Technology/Market Developments	Assesses whether the transition to a sustainable business model offers the possibility/ imposes a redefinition of the business or major changes in the business.	
Emission intensity	Intensity of climate-altering emissions from Scope 1, 2 and 3.	
Other elements	Penalisations/improvements based on how resources are used (e.g., soil, water etc.)	

<sup>6</sup>EU Directive 87/2003, [climate.ec.europa.eu](http://climate.ec.europa.eu) > EU Action > EU Emissions Trading System

For all counterparties, the **methodology developed by Banco BPM** is based on a micro-sector approach aiming to provide an indication of the transition risk associated with the industry to which the counterparty belongs<sup>7</sup>.

For larger companies or companies operating in the most impacted sectors, the methodology involves using data on individual counterparties collected from the companies' CNFSs, ESG questionnaires completed as part of the lending process, or on estimates of greenhouse gas emissions.

The Construction and Real Estate sectors are assessed using an ad hoc methodology that also considers the characteristics of the property/initiative being financed.

<sup>7</sup>System based on NACE classification, which is a classification system used to systematise and standardise the definitions of economic and industrial activities in the EU states

A **synthetic transition risk score** expressed on a scale ranging from 0 to 4 is then calculated for each counterparty:

<b>0 NULL</b>	Companies already aligned with a 'net-zero' economy and for whom the transition will have no impact
<b>1 LOW</b>	Companies for which the transition will have negligible impacts
<b>2 MEDIUM</b>	Companies for which the transition will have medium-intensity impacts
<b>3 HIGH</b>	Companies that will have to bear substantial 'green conversion' costs, with potentially significant effects on financial stability
<b>4 VERY HIGH</b>	Companies that will have to gradually reorganise their business or substantially change their production process to stay in the market (e.g. Oil & Gas)

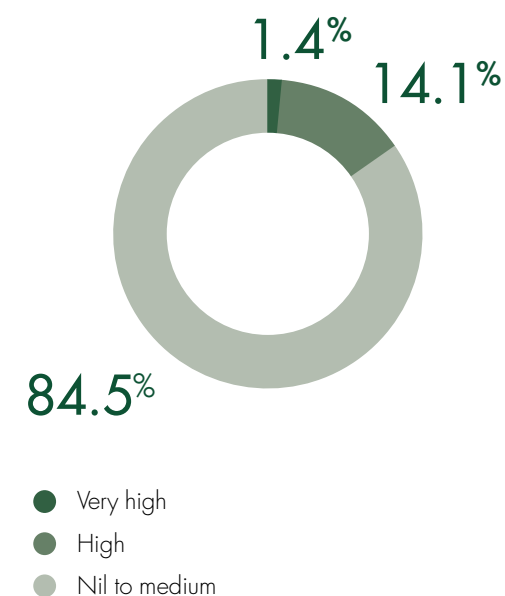
The mapping of the loan portfolio as at 31/12/2022 shows a **moderate exposure to transition risk**:

<b>VERY HIGH</b>	<b>€million</b>	<b>% ptf</b>
19 - Manufacture of coke and refined petroleum products	417.8	0.6
46 - Wholesale trade, except of motor vehicles and motorcycles	393.8	0.6
47 - Retail trade, except of motor vehicles and motorcycles	129.5	0.2
Other	5.2	0.0
<b>Total</b>	<b>946.2</b>	<b>1.4</b>

<b>HIGH</b>	<b>€million</b>	<b>% ptf</b>
01 - Crop and animal production, hunting and related service activities	3,383.3	5.1
24 - Manufacture of basic metals	1,177.8	1.8
49 - Land transport and transport via pipelines	914.3	1.4
23 - Manufacture of other non-metallic mineral products	489.9	0.7
29 - Manufacture of motor vehicles, trailers and semi-trailers	449.1	0.7
17 - Manufacture of paper and paper products	435.4	0.7
20 - Manufacture of chemicals and chemical products	421.3	0.6
10 - Manufacture of food products	323.9	0.5
15 - Manufacture of leather and related products	243.9	0.4
77 - Rental and leasing activities	219.3	0.3
50 - Water transport	190.6	0.3
28 - Manufacture of machinery and equipment n.e.c.	143.9	0.2
08 - Other mining and quarrying	113.7	0.2
35 - Electricity, gas, steam and air conditioning supply	103.3	0.2
64 - Financial service activities, except insurance and pension funding	101.2	0.2
Other	665.0	1.0
<b>Total</b>	<b>9,375.8</b>	<b>14.1</b>

**TRANSITION RISK - NON-FINANCIAL COMPANIES**

Banco BPM - €66.6 billion Gross cash exposure - Portfolio as at 31/12/2022



**Very high risk exposures account for 1.4%.** The 'very high' risk bracket includes the sub-sectors of hard coal mining, the manufacture of coal-fired blast furnace products, and coal-fired power generation, for which the **2021-2024 Strategic Plan envisages a progressive run-off**. As at 31.12.2022, these sub-sectors accounted for 0.04% of the loan portfolio, a significantly reduced share compared to last year (0.1%)<sup>8</sup>.

**High-risk exposures, which account for 14.1% of the total**, relate to counterparties that for the most part have sound economic/equity situations. In particular, around 67% of these customers belong to low or medium-low credit risk brackets that are able to cope with major investments and for whom we have **prepared a commercial offer to support them in the transition process**<sup>9</sup>.



Regarding this risk, we have strengthened ESG integration within our lending policies, taking into account the green commercial offer, the Strategic Plan targets for the share of disbursements in green and low-risk sectors exceeding 65%<sup>10</sup> and the run-off on particularly emissive sectors.

Finally, please note that the reported distribution of transition risk considers neither the component of turnover or investments that are already considered 'eligible/aligned' concerning the objectives of the Taxonomy, nor the presence, within these portions of exposure, of the 2022 funding aimed at specifically supporting the transition. This funding will be further increased in 2023.

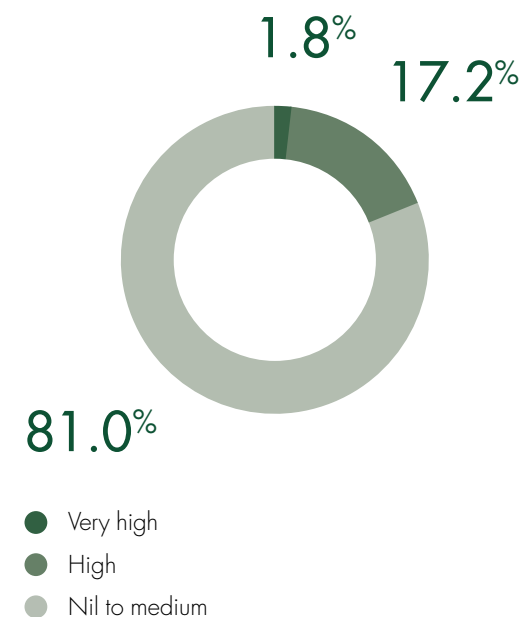
<sup>8</sup>For more information, see the section 'Green Loans for Companies and Individuals'. This exposure, amounting to €25 million, falls under sector '19 - Manufacture of coke and refined petroleum products'

<sup>9</sup>For more information, see the section 'Green Loans for Companies and Individuals'

<sup>10</sup> For more information, see the section 'Green Loans for Companies and Individuals'

## ITALY

Distribution by transition risk



Source: info provider Cerved, which applied Banco BPM's methodology to the entire Italian system to make the comparison consistent and homogeneous.

**PHYSICAL RISK**

Regarding **physical risk**, the materiality of the exposure of our credit portfolio was the subject of an analysis that considered both the **real estate collateral** received and the **productive assets** of non-financial corporate clients (plants, warehouses, etc.).

The **methodology developed by Banco BPM was expanded in 2022 to extend the assessment to all acute and chronic risk phenomena associated with climate change** mapped by the EU Taxonomy Regulation<sup>11</sup>.

In particular, the risk events analysed are:

<b>ACUTE PHYSICAL RISKS</b>	Landslide	Flooding <sup>12</sup>	Storm
	Fire	Anomalous waves	Frost
	Heat events	Heat waves	Drought
<b>CHRONIC PHYSICAL RISKS</b>	Coastal erosion		
	Soil erosion		
	Sea level rise		

The data sources used are both public<sup>13</sup> and third-party data.

<sup>11</sup> The reference is the list of 28 risks included in the EU Taxonomy, where those most relevant to Italy are measured directly (e.g., flood or drought risks for acute risks or soil erosion risk for chronic risks). Since the 28 risks are highly correlated (e.g., flood and heavy rainfall risk), all of them can be measured at least indirectly, thus having a complete mapping in terms of scoring.

<sup>12</sup> The exposure of our portfolio to hydrogeological risk (landslide and flood) along with seismic risk was the subject of an initial assessment during 2021.

<sup>13</sup> Examples of public data sources used:  
 Flood and Landslide: Institute for Environmental Protection and Research (ISPRA);  
 Fires: Copernicus and European Space Agency  
 Heat waves and frost: Copernicus  
 Soil erosion: European Soil Data Centre (ESDAC)

In summary, the methodology adopted by Banco BPM envisages:

- **Mapping Italy** according to exposure to the different risk events considered<sup>14</sup> *each risk event is mapped on a scale ranging from 0 to 4*;
- **Geo-localisation of the property** (real estate collateral or productive asset) under analysis, through its address and positioning within risk maps;
- **Identification of a risk event score** based on the exposure level of the property;
- **Calculation of the synthetic score** of physical risk exposure of the property through a process of aggregation, also non-linear, of the different event scores considered<sup>15</sup>.

<sup>14</sup> The granularity of the mapping and the data sources used vary depending on the risk event considered.

<sup>15</sup> In the case of a client company with several production assets, the overall exposure of the company is calculated by aggregating the summary scores of each production asset.

A **physical risk score** expressed on a scale ranging from 0 to 4<sup>16</sup> is then calculated for each counterparty:

<b>0</b> <b>VERY LOW</b>	Properties not exposed to the risk events analysed
<b>1</b> <b>LOW</b>	Properties negligibly exposed to the risk events analysed
<b>2</b> <b>MEDIUM</b>	Properties for which an average business continuity risk is associated (if a productive asset) or loss of value of collateral (if real estate collateral) due to exposure to the physical risk events analysed
<b>3</b> <b>HIGH</b>	Properties for which a high business continuity or collateral impairment risk is associated due to exposure to the analysed physical risk events
<b>4</b> <b>VERY HIGH</b>	Properties for which a very high business continuity or collateral impairment risk is associated due to exposure to the analysed physical risk events

<sup>16</sup>The exact interpretation of each risk score takes on different nuances depending on the physical risk variable considered. For example, for the "biodiversity loss" risk, a very low score is associated with companies directly involved in supporting and enhancing biodiversity.

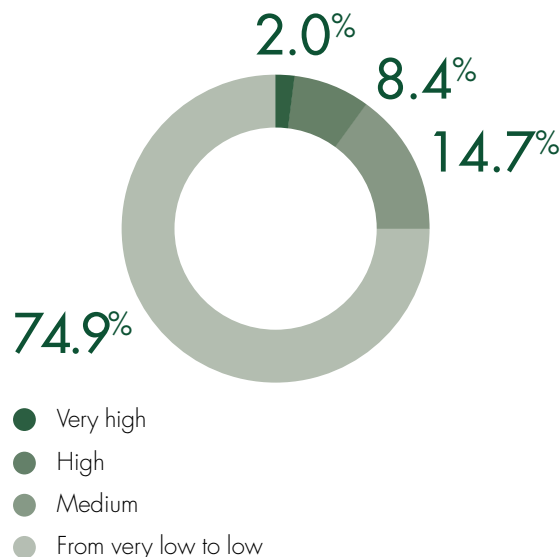
In 2022, the synthetic score calculation methodology applied to all directly assessed risks, both acute and chronic, shows for the agricultural, tourism and construction sectors a significant exposure to specific physical risk events (frost, heat events, heat waves and droughts).

The distribution by risk brackets can be seen below:

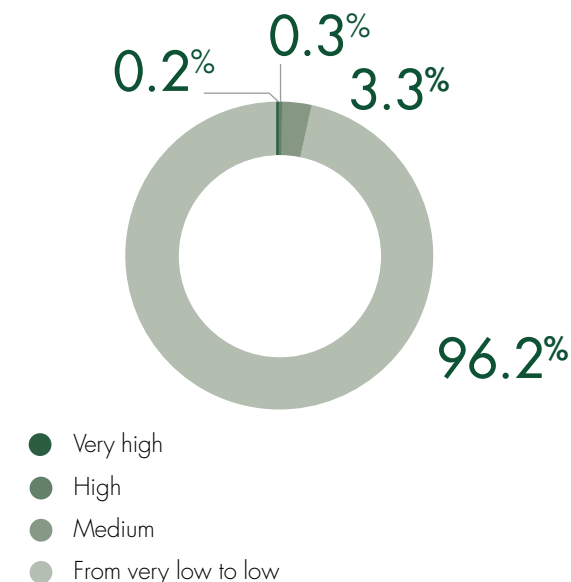
### PHYSICAL RISK ON REAL ESTATE COLLATERAL - NON-FINANCIAL CORPORATIONS AND CONSUMER HOUSEHOLDS

Banco BPM - €42.3 billion Gross cash exposure - Portfolio as at 31/12/2022

**ACUTE RISK SUMMARY SCORE**  
Score based on the nine acute physical risk events



**CHRONIC RISK SUMMARY SCORE**  
Score based on the four chronic physical risk events



Overall, **our portfolio appears to have a low exposure to acute and chronic physical risk.** With particular reference to the analyses conducted on the **real estate guarantees**, the overall average summary score was about 1.4 for acute risks and close to zero (about 0.1) for chronic risks.

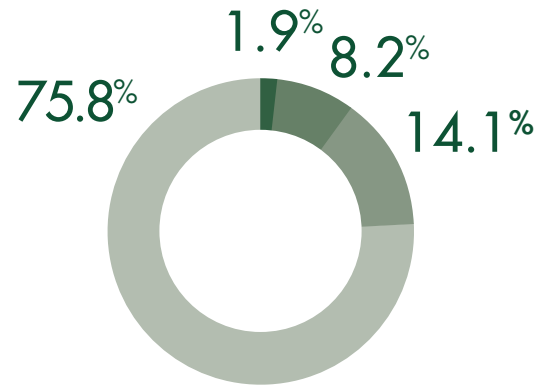
We also provide details on the exposure to **hydrogeological risk** (determined by the combination of flood and landslide risk), which is the most relevant physical climatic risk for the areas where our portfolios are concentrated, and on **seismic risk**. **Although not a climate-related risk, the latter is the most significant physical risk in Italy.**

The assessment shows a low flood risk and a very localised landslide risk which, combined, result in a **moderate hydrogeological risk** (overall average score 0.7). **Seismic risk is slightly more significant, but also limited** (overall average score around 1). The depiction by risk brackets can be seen below:

**PHYSICAL RISK ON REAL ESTATE COLLATERAL - NON-FINANCIAL CORPORATIONS AND CONSUMER HOUSEHOLDS**

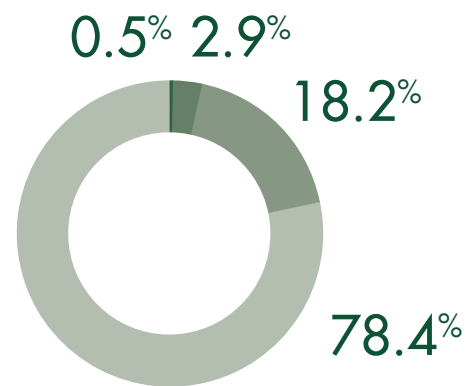
Banco BPM - €42.3 billion Gross cash exposure - Portfolio as at 31/12/2022

HYDROGEOLOGICAL RISK

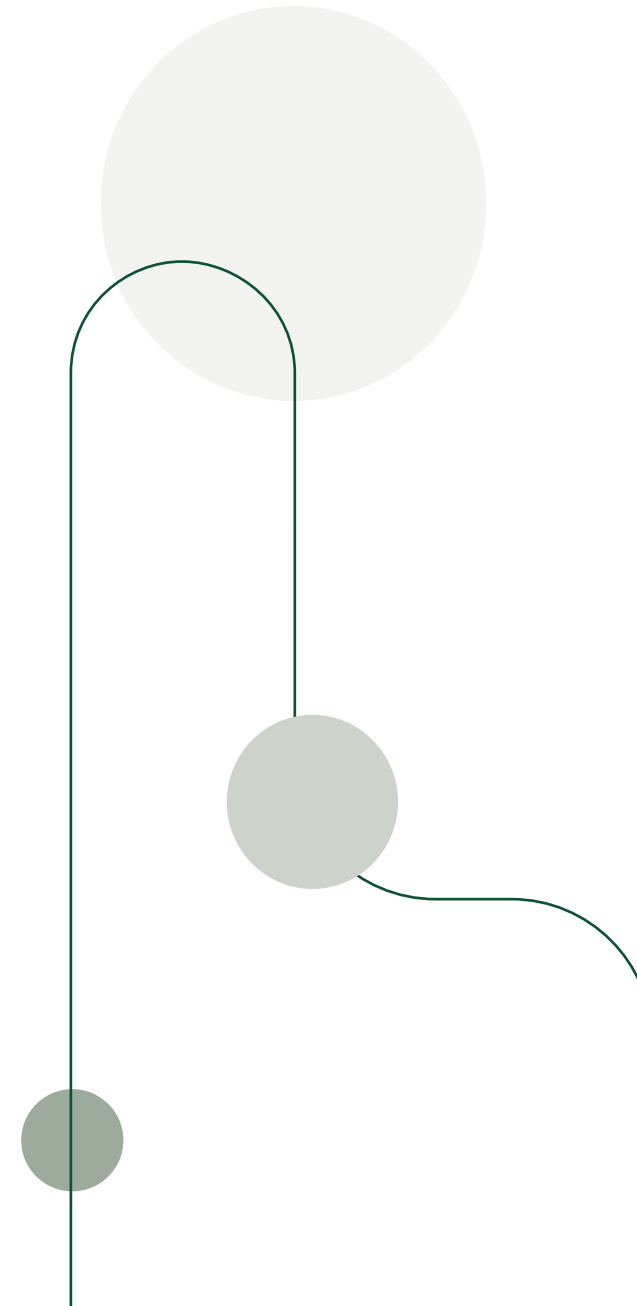


- Very high
- High
- Medium
- From very low to low

SEISMIC RISK



- Very high
- High
- Medium
- From very low to low



The distribution by physical risk brackets resulting from analyses of the assets of client companies is substantially in line with the distributions illustrated above.

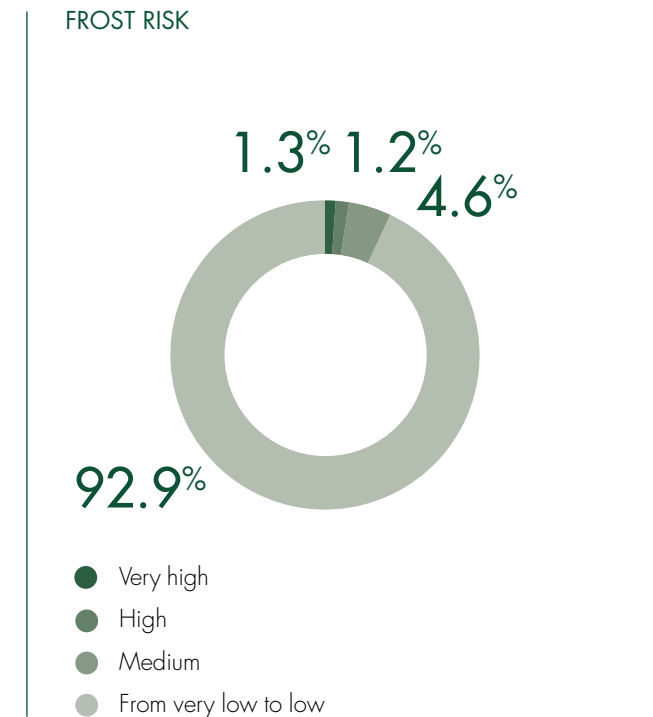
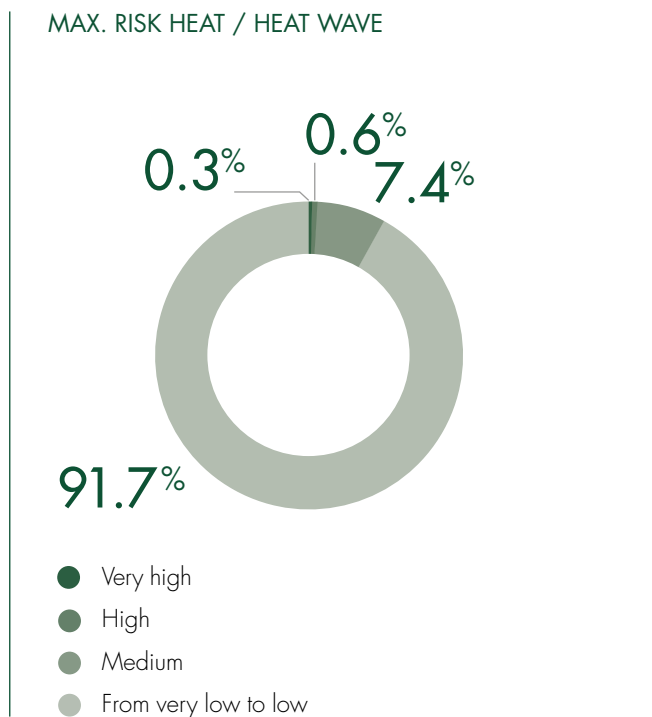
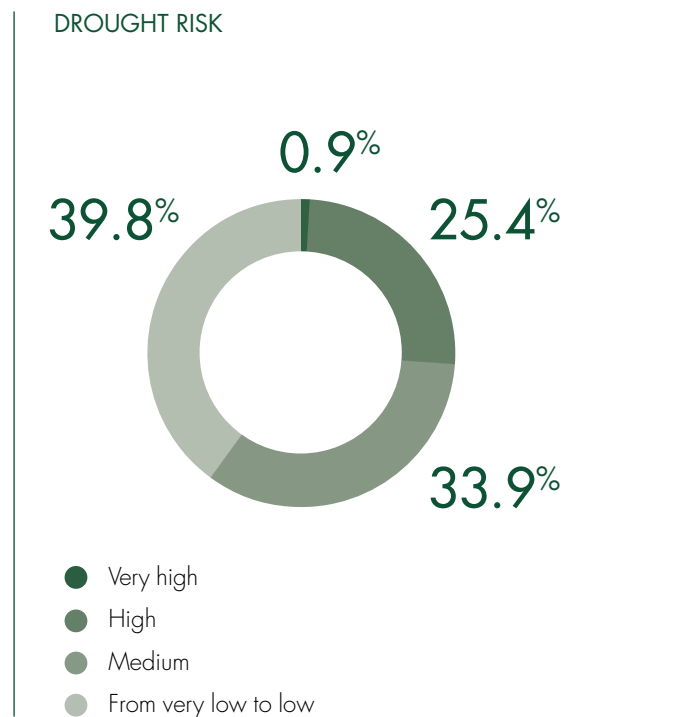
On this topic, a focus on the exposure of productive assets of non-financial counterparties operating in the agriculture, construction and tourism sectors is provided.

As noted above, these sectors feature a particular exposure to specific physical risk events (frost, heat events, heat waves and droughts). The results of the assessment show a **low exposure to the risks considered**. However, the risk of drought emerges with a significant share of medium-high risk exposures (overall average score of 1.8).

The distribution by risk brackets can be seen below:

**SECTORAL PHYSICAL RISK BY COUNTERPARTY - NON-FINANCIAL COMPANIES - AGRICULTURE, CONSTRUCTION AND TOURISM SECTORS**

Banco BPM - €12.6 billion Gross cash exposure - Portfolio as at 31/12/2022







## ENVIRONMENTAL RISKS

We conducted an initial exercise in 2022 to measure the materiality of the exposure of our loan portfolio to non-financial corporations concerning environmental risks.

Consistent with the EU Taxonomy<sup>17</sup>, the **environmental risk variables** considered are:

Use of water resources
Circular economy
Pollution
Loss of biodiversity

The methodology developed by Banco BPM is based on a sectoral approach aiming to provide an indication of the environmental risks associated with the counterparty's industry. Otherwise, when such risks are deemed significant or when information is available, the methodology involves the use of public data on individual counterparties (e.g. certifications).

<sup>17</sup>The variables analysed are directly related to the last four objectives defined by the EU taxonomy:

- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- the prevention and reduction of pollution;
- the protection and restoration of biodiversity and ecosystems.

We should emphasise that the first two objectives (climate change mitigation and climate change adaptation) are respectively related to transition risk and physical risk analysed in the previous paragraphs.

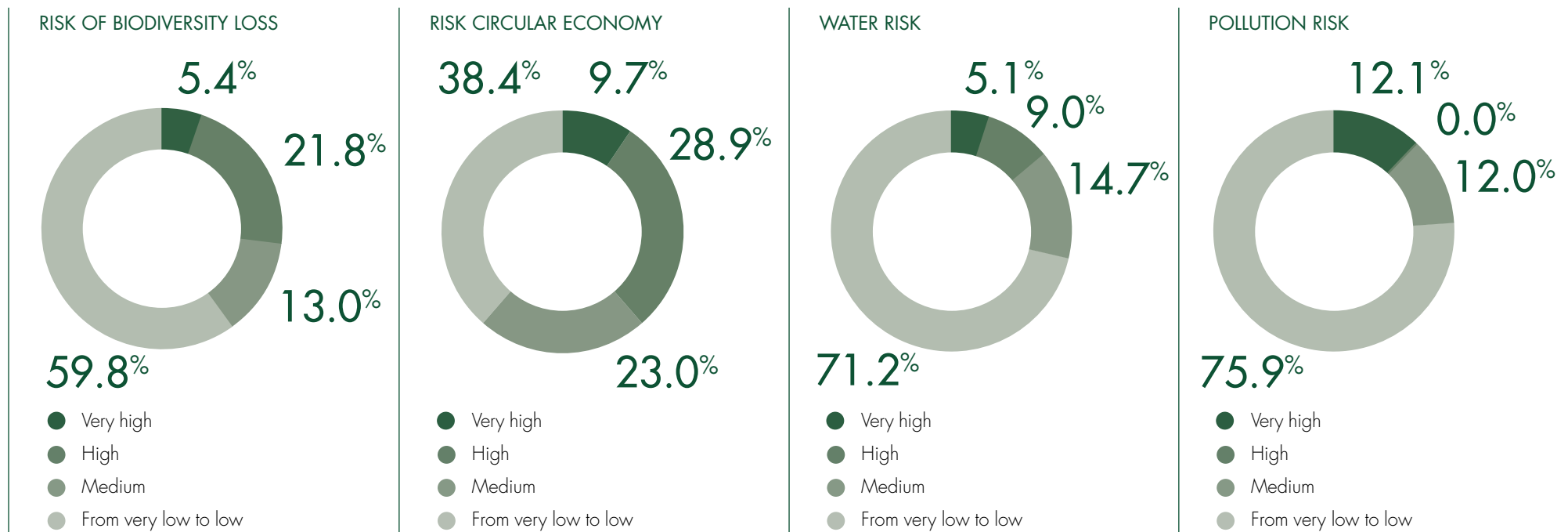
The exposure of companies to each environmental risk variable is mapped on a scale of 0 to 4.

	Use of water resources	Circular economy	Pollution	Loss of biodiversity
0 VERY LOW	Very low water consumption intensity activities	Waste intensity below the first quintile	Activities with no significant polluting impact	Companies involved in supporting and enhancing biodiversity
1 LOW	Industrial activities with low water consumption intensity	Waste intensity in the second or third quintile or waste recycling in the first decile	<i>(Not assigned by the current methodology)</i>	Activities with no negative impact on biodiversity
2 MEDIUM	Industrial activities with average water consumption intensity	Medium waste intensity/low recycling; high waste intensity or very high recycling	Activities with potential polluting impact but mitigated by countermeasures	Activities with potential negative impacts on biodiversity, but mitigated by documented countermeasures
3 HIGH	Industrial activities with high water consumption intensity	Activities with potential polluting impact but mitigated by countermeasures	<i>(Not assigned by the current methodology)</i>	Activities with potential negative impacts on biodiversity, mainly related to high emission intensity and no evidence of mitigation actions
4 VERY HIGH	Agriculture and power generation from traditional sources	Activities with potential negative impacts on biodiversity, but mitigated by documented countermeasures	Activities with potential polluting impact	Activities with potential significant negative impacts on biodiversity as listed by the EU and ISPRA taxonomy and no evidence of mitigation actions

Overall, **our portfolio seems to have a low exposure to environmental risk**. While remaining at low average values, 'loss of biodiversity' and 'circular economy' are the risk

variables to which the Bank is potentially most exposed with an overall average score of about 1.7 and 2.1, respectively.

**ENVIRONMENTAL RISK - NON-FINANCIAL COMPANIES** - Banco BPM - €66.6 billion Gross cash exposure - Portfolio as at 31/12/2022



**SUMMARY ASSESSMENT - CLIMATE AND ENVIRONMENTAL RISKS IN CREDIT RISK**

On the whole, following the assessments conducted, it emerges that the **current score is low overall** (average overall score of just over 1) **both for transition risk, for acute and chronic physical risks, and for environmental risks**, as Banco BPM benefits from a concentration of customers on average in geographical areas

and sectors that are not excessively exposed. However, some specific underlying risk drivers are more impactful than others, such as biodiversity risk among environmental risks, flood risk for acute physical risk, and soil erosion risk for chronic physical risk. Lastly, we should emphasise that in the future, the increasing

availability of timely counterparty data, either communicated or collected directly from customers or obtained through external info-providers, alongside a refinement of the methodologies used, will lead to a substantial improvement in the quality and accuracy of such analyses.

## CLIMATE RISKS OTHER THAN CREDIT RISK

Analyses aiming to integrate climatic and environmental factors into risk measurement models are not limited to credit but also include market, operational and liquidity risk as well as other types of second-pillar risk (reputational, strategic, equity and real estate).

The monitoring outcomes of each type of risk, including the related ESG impacts, are periodically reported in the Group's integrated reporting (Risk Appetite Monitoring - RAM).

Below is a summary of the actions taken by the Bank to measure climate risk exposure for each risk category:

\*In December 2022, we introduced an additional materiality analysis of the overall portfolio, which is based on the ratings (and other specific KPIs) assigned by the provider Sustainalytics (Morningstar)

<sup>18</sup> For example, for 'greenwashing' related to the sale of banking and financial products or to lawsuits and stakeholder complaints related to the failure to meet climate and environmental targets on products issued/placed, as well as for bank exposures in controversial sectors.

### MARKET RISK

The potential impacts of climate change on **market risk** are assessed concerning the potential reduction in the value of instruments in the ownership portfolios against costs/investments incurred by the issuing companies and related to the energy transition.

In particular, we conducted specific materiality analyses of the exposure of the proprietary portfolio (trading and banking book) to climate-related risk factors, through an assessment that examined both its composition (bonds, equities and derivatives) and the concentration and distribution of issuers with respect to the most sensitive sectors.

The assessment's results show that almost all of the financial instruments within the scope considered (99%) are marginally impacted by climate and environmental risks\*.

Banco BPM also conducts an estimate of the transition risk on the fair value of equity and bond positions included in the trading portfolio.

Full integration of ESG factors into the economic capital assessments (*trading and banking book*) for capital adequacy assessment (ICAAP) is planned for the year 2023.

### OPERATIONAL RISK

The potential impacts of climatic and environmental factors on **operational risk** are assessed concerning the occurrence of events (e.g., floods, droughts, fires, etc.) that could cause an increase in operational risks themselves, with a focus not only on the effects on business continuity and damage to the Group's real estate and artistic heritage but also on potential losses caused by legal action<sup>18</sup>.

We then analyse the potential exposure to such risk factors, through the historical reporting of events and prospective analyses.

During the course of the year, we carried out a dedicated assessment of potential exposures related to physical risk and conduct risk (a subcategory of operational risk) through analytical risk self-assessment scenarios; the assessments showed limited impacts.

These impacts were also considered in determining second-pillar risks in the periodic capital adequacy assessment exercises (ICAAP).

<p><b>LIQUIDITY RISK</b></p>	<p>The potential impacts of climate change are analysed in the area of liquidity risk with specific reference to three main areas of analysis: credit lines, funding (funding mix) and the securities portfolio).</p> <p>The materiality of exposure to these risk factors is assessed through a qualitative analysis, for each of the aforementioned focus areas, of the NACE sectors classified by <i>different risk scores</i>, based on data on GHG emissions per euro of turnover.</p> <p>The results of the analyses show, on the whole, low exposure of the Group to NACE sectors characterised by high transition risk scores.</p> <p>Banco BPM also carried out specific analyses to assess the historical impacts on liquidity and funding profiles caused by acute and unforeseen physical events, focusing on demand deposits.</p>
<p><b>REPUTATIONAL RISK</b></p>	<p>We analyse the potential impacts of ESG factors on <b>reputational risk</b> through a methodology, refined in 2022, designed to include, in the estimates of economic capital, also the possible deterioration of the Group's image, perceived by the various stakeholders, due to the potential occurrence of specific ESG risk factors.</p> <p>In particular, we estimated the marginal contribution of the various climate and environmental risk factors for the overall measure of economic capital able to manage this specific type of risk. We also developed a what if analysis tool to assess potential reputational impacts observed in the banking system as a whole.</p>
<p><b>STRATEGIC RISK</b></p>	<p>Regarding <b>strategic risk</b>, the Group completed the revision of the main methodological rationale to strengthen the link between the (short-term) business objectives and the Strategic Plan targets (more oriented towards a medium- and long-term time horizon). The aim is also to strengthen the strategic safeguards for the impacts of ESG factors and the overall evolution path of digitalisation processes.</p>
<p><b>PROPERTY AND EQUITY RISK</b></p>	<p>Banco BPM also refined its <b>property risk and equity risk</b> models by including the physical risk and transition risk components in the estimation methodologies.</p>

The overall analysis of the impact of ESG factors, particularly environmental and climate factors, conducted on the main types of risk relevant to Banco BPM show marginal exposure and materiality to date in the light of current risk scoring.

**Based on this specific analysis, the potential expected economic loss related to climate and environmental risks appears to be low for the Group.**

## FINANCED EMISSIONS

In anticipation of joining the Net Zero Banking Alliance, **we conducted an initial exercise on financed emissions**. In particular, we outlined the main methodological choices, measuring the baselines of financed emissions relating to entrusted customers measured and defining an initial list of priority sectors.

To calculate financed emissions, you need absolute GHG data. Given the complexity of obtaining such information, the **Banco BPM Group has given priority to information provided directly by the individual counterparties under analysis**, described in specific public reports (such as the Non-Financial Statement and the Sustainability Report).

In cases where the entrusted company does not report the absolute emission figure, we used qualified and recognised external info-providers.

Missing data were calculated by proxy using sector-specific estimates of GHG intensity, differentiated for different types of emissions (Scope 1,2,3) and NACE codes, and readjusted to individual counterparties using appropriate balance sheet drivers.

For the calculation of financed GHG emissions, we used the **Partnership for Carbon Accounting Financials (PCAF) methodology**, adopting the following analysis logic:

- for scope 1 and 2 emissions, all NACE sectors were considered;
- for scope 3, issues, only counterparties operating in the business sectors defined by Delegated Regulation (EU) 2020/1818, which provides for a tiered reporting approach with respect to these issues, were selected.

## SCENARIO ANALYSIS

The Banco BPM Group defines and uses appropriate baseline and alternative macroeconomic scenarios as part of its capital adequacy (regulatory and management) and liquidity assessments that allow the Bank to project/simulate the evolution of its economic and capital ratios and their underlying risk measures.

**Regarding ESG issues, particularly environmental and climate issues, the need to be able to conduct specific forward-looking assessments to estimate the impacts of these factors in the short, medium and long term is becoming increasingly important.** In recent years, the need has emerged to integrate the effects of climate and environmental components into the forward-looking scenarios adopted for capital and liquidity projections to assess their effects. This includes **monitoring the impacts of climate change and environmental degradation on the Group's business environment**. Such monitoring allows us to:

- **select, update and analyse the various prospective climate scenarios available**, to verify their impacts on the reference context; to this end, the Bank makes use of the climate scenarios periodically elaborated at an institutional level and in particular, those produced by the Network for Greening the Financial System (NGFS), a group of Central Banks and Supervisory Authorities committed to sharing best market practices, and to contribute to the development of climate and environmental risk management in the financial sector, as well as to mobilising traditional finance to support the transition towards a sustainable economy;
- **carry out specific impact assessments on the Bank** concerning both transition and physical risks affecting the overall business conducted by the Group with direct impact on customers' financial choices/needs, as well as on the type and quality of services and products offered by the intermediary.

Over time, the **NGFS has prepared a set of scenarios incorporating the effects of climate change on the world economy and individual countries under different climate shock assumptions**. In particular, three distinct sets of climate scenarios ('Orderly', 'Disorderly' and 'Hot House') are envisaged, developed over a time horizon up to the year 2100 and differentiated according to the ambition of the actions taken by national governments to counter the effects of global warming.

The economic impact of the three scenarios is measured through the deviation of the cumulative GDP from a baseline assumption. These deviations are assessed over three distinct time horizons: to 2030, 2050 and 2100.

**Analysing the economic impact on Italy, by 2030 the growth differential between the different climate scenario assumptions is small, around 0.30 percentage points of GDP.**

In addition, we perform specific **sensitivity analyses** to estimate **the impact of the factors examined on the main risk parameters Probability of Default and Loss Given Default (PD and LGD)**, taking into account the expected evolutions in the different time horizons considered and in relation to the different scenarios used. These analyses thus allow **the potential impact of climate and environmental risk components to be incorporated into internal credit risk measurement processes**, particularly for IFRS9 and capital adequacy purposes (ICAAP).

In 2023, Banco BPM will continue strengthening and refining the estimation models used to assess the potential impacts of climate and environmental risk factors on its business model and the definition of specific corporate strategies, also thanks to the increasing availability of detailed information.

### 'ESG PILLAR 3' - FIRST PUBLICATION

In January 2022, the European Banking Authority (EBA) published the final draft of implementing technical standards on **Pillar 3 disclosure**<sup>19</sup> that were subsequently approved by the European Commission<sup>20</sup>. This regulation requires **large banks to supplement the Pillar 3 document with information on environmental, social and governance risks.**

In detail, a quantitative disclosure is required on climate risks (divided into 'transition risk', 'physical risk' and 'mitigation actions') and a qualitative one on how institutions integrate ESG considerations into governance, business models and risk management strategies.

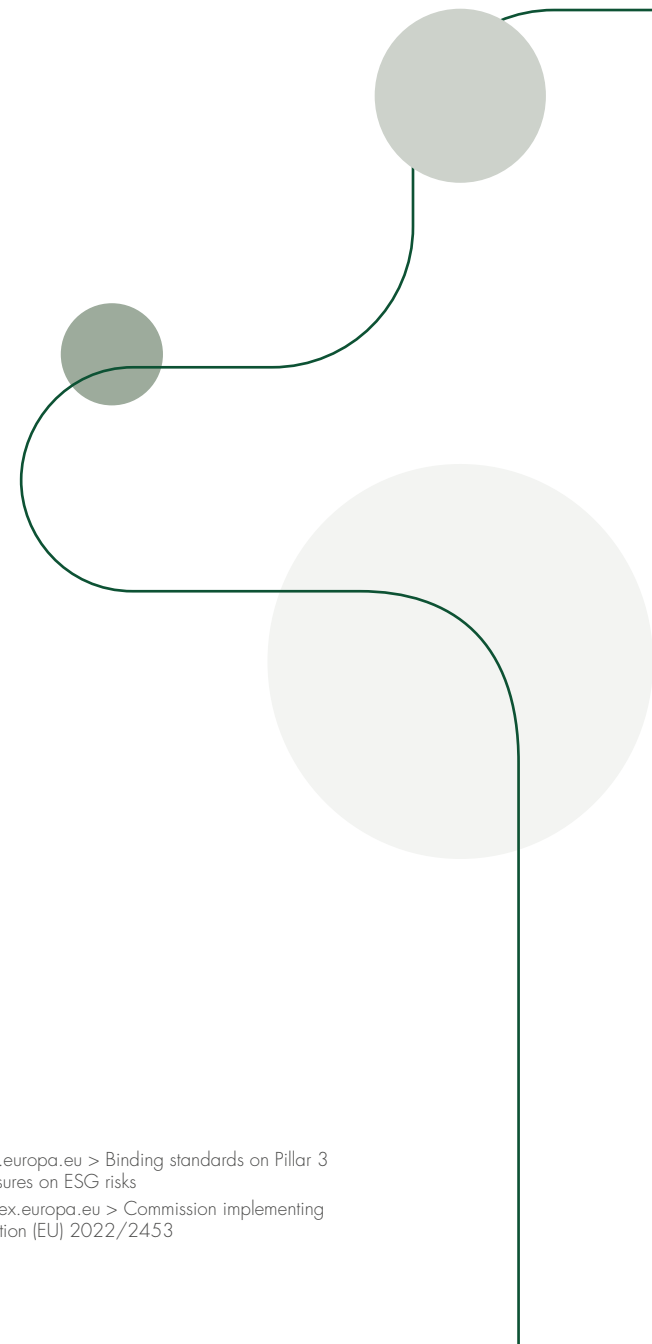
Regarding Banco BPM, the mandatory quantitative disclosures as at 31 December 2022 are as follows:

- **Table 1** - Exposure to high-risk transition sectors broken down by sector, credit quality and residual maturity.
  - **Table 2** - Transition risk exposure related to commercial and residential real estate secured loans, and collateral recovered, broken down by energy consumption and Energy Performance Certificate (EPC).
  - **Table 4** - Exposure to the world's top 20 most carbon intensive companies.
  - **Table 5** - Exposure to non-financial corporations on loans secured by real estate and recovered real estate collateral exposed to physical climate-related risks.
  - **Table 10** - Information on financial instruments aimed at climate risk mitigation that do not fall under the EU taxonomy.
- ] **Transition risk**

] **Physical risk**
- ] **Mitigation actions**



The Pillar 3 document can be found here:  
[gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Investor Relations > Pillar 3



<sup>19</sup> eba.europa.eu > Binding standards on Pillar 3 disclosures on ESG risks  
<sup>20</sup> eur-lex.europa.eu > Commission implementing regulation (EU) 2022/2453

## EU TAXONOMY - ELIGIBILITY INDEX

To support achieving the **European Green Deal's** objectives and recognise the financial sector's importance in this process. 2018 the European Union published an Action Plan to finance sustainable growth.

This is the framework within which **EU Regulation 2020/852 (known as the 'Taxonomy')** falls, which aims to direct capital towards economic activities considered environmentally sustainable by establishing a classification system of economic activities to be considered climate and environmentally sustainable.

In particular, eco-sustainable activities are defined as those economic activities that substantially contribute to at least one of the following environmental objectives as long as they do not cause significant harm to any of the other environmental objectives and are carried out following minimum safeguards<sup>21</sup>:

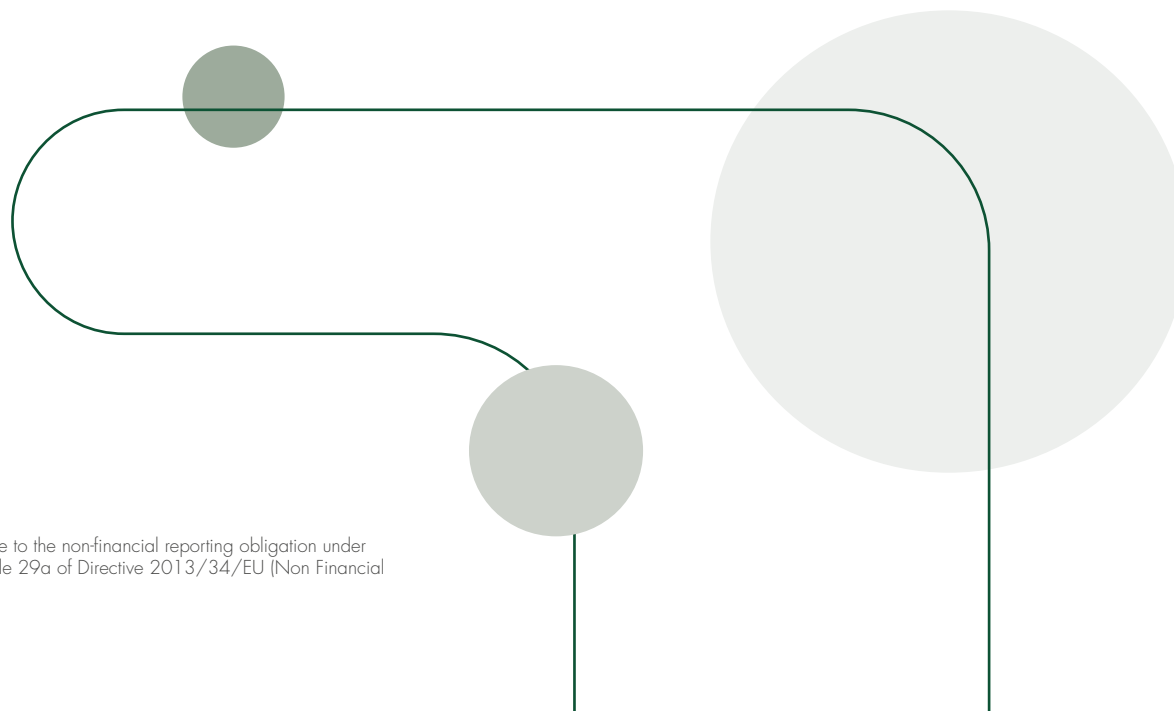
1. climate change mitigation
2. climate change adaptation
3. sustainable use and protection of water and marine resources
4. transition to a circular economy
5. pollution prevention and control
6. protection of ecosystems and biodiversity

<sup>21</sup> Minimum safeguards are procedures implemented by an enterprise carrying out an economic activity to ensure that it is in line with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the International Labour Organisation Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights

The EU Taxonomy Regulation also defines specific reporting requirements for companies subject to the publication of non-financial information<sup>22</sup>. In particular, the legislation requires that for the 2021 and 2022 reporting period, financial companies subject to the requirements must report the proportion of their exposure financing economic activities that are considered eligible (hereinafter also referred to as '**Eligible exposures**') or ineligible for the EU taxonomy. Thereafter, starting with the 2023 reporting year, such companies will have to replicate the exercise in relation to activities aligned ('**Aligned exposures**') with the EU taxonomy.

**Eligible exposure** is defined as a financial asset that contributes to **financing an economic activity described in the Delegated Acts** related to the environmental objectives of the taxonomy, regardless of whether **the respective technical screening criteria are met**. As such, this indicator only represents the **potential and not the actual sustainability of a company's activities**. Furthermore, we should bear in mind that the taxonomy is a dynamic framework that will see its scope expand over time, particularly by including other environmental objectives, which should broaden the scope of eligible activities accordingly. We also point out that technical Delegated Acts, to date, only address the first two objectives: climate change mitigation and climate change adaptation.

<sup>22</sup> Reference is made to the non-financial reporting obligation under Article 19a or Article 29a of Directive 2013/34/EU (Non Financial Reporting Directive)





**MANDATORY DISCLOSURE**

In compliance with regulatory recommendations for the first reporting period (1 January 2022 to 31 December 2023), we **disclose the proportion of eligible exposures in our banking book** (mandatory disclosure).

As a credit institution, we have calculated the share of exposures in eligible economic activities of our assets. The scope of analysis is

common to the two KPIs examined, which differ only in the different percentage of eligibility considered.

In line with the recommendations of the European Commission, the scope of the analysis is that **of the consolidated Group and the data was derived in accordance with FINREP<sup>23</sup>** reporting for the same reporting period. Additional indicators and qualitative information were then calculated as required by Article 10 of EU Regulation 2021/2178.

The indicators reported by the Banco BPM Group as a credit institution are shown below:

DESCRIPTION KPI	FORMULA KPI	31/12/2022	
		KPI - Turnover	KPI - CapEx
Proportion of eligible exposure in economic activities concerning total assets	Eligible exposures / Total Covered Assets	22.65%	23.09%
Proportion of non-eligible exposures in economic activities concerning total assets	Non-eligible exposures / Total Covered Assets	4.60%	4.17%
Proportion of exposure to central governments, central banks and supranational issuers concerning total assets	Exposures to central governments, central banks and supranational issuers / Total Assets	24.20%	24.20%
Proportion of derivative exposure concerning total assets	Derivative exposures / Total Covered Assets	1.25%	1.25%
Proportion of exposures to companies not subject to NFRD concerning total assets	Exposures to companies not subject to disclose NFRD / Total Covered Assets	56.24%	56.24%
Proportion of on-demand interbank loans concerning total assets	On-demand interbank loans / Total Covered Assets	0.19%	0.19%
Proportion of their trading book concerning total assets	Trading book / Total Assets	2.40%	2.40%

**Total Covered Assets** (amounting to €137 billion) represent 73% of Total Assets (amounting to €186.7 billion). The former have been calculated as Total Assets net of exposures to central governments, central banks and supranational issuers and the trading book, as these exposures are excluded from the numerator by regulatory requirements.

To calculate the KPIs (Turnover and CapEx), the Total Covered Asset figure was used as the denominator where required and the Total Assets for the remaining KPIs.

The **proportion of eligible exposures** (Turnover and CapEx) is represented by loans to companies subject to NFRD, loans to households secured by residential real estate, loans to households to renovate real estate and purchasing vehicles, and Collateral obtained by taking possession (residential and commercial real estate).

**In line with regulatory requirements, we will disclose the proportion of exposures in truly eco-sustainable assets (aligned exposures) as of 1 January 2024.**

To ensure homogeneity among the assets of the GAR perimeter, the Taxonomy eligibility-Turnover percentage is calculated considering as denominator only those portfolios which are also included in the numerator.

<sup>23</sup> Supervisory reporting by credit and financial institutions

## GREEN LOANS FOR COMPANIES AND INDIVIDUALS

We have developed an important range of financing solutions aimed at supporting both companies in their transition to environmentally sustainable business models and private individuals for energy-efficient building interventions.

### GREEN LENDING TO COMPANIES

Regarding **companies**, our willingness to ensure more favourable access to capital for companies attentive to green challenges is evidenced by the ambitious goals in the 2021-2024 Strategic Plan. These include the share of new lending in green and low-transition-risk sectors > 65% to be reached by 2024.

The 2022 figures show a high incidence of new disbursements to green and low-risk transition sectors, which affected both large companies and SMEs.

New disbursements to enterprises in 2022

€18.4 BILLION

of which in green and low-risk transition sectors

€10.3 BILLION

55.6%

Percentage of new loans in green and low-transition risk sectors in 2022

This perimeter includes loans to **companies operating in the green and low-transition-risk sectors** as classified according to EU regulations and thus already compatible with an economy that aims to reduce emissions (zero emissions by 2050) and **loans to manufacturers**.

The **funding provided to support the transition** also contributes to achieving the objective:

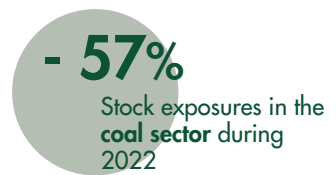
- transition approach in line with the European taxonomy;
- products to finance renewable energy interventions;
- products with Sace green guarantee;
- Sustainability Linked Loans (SLL) products with KPIs related to compliance with climate/environmental parameters.

Below is a representation of the main catalogue solutions to support our customers' green transition:

<b>UNSECURED LOANS WITH SUSTAINABILITY OBJECTIVES</b>	<ul style="list-style-type: none"> <li>• This product was released in the catalogue in April 2022 and offers customers the option of adding an <b>'ESG clause'</b> and linking the cost of financing to the <b>achievement and/or maintenance of ESG objectives</b>.</li> <li>• Environmental, social or governance KPIs must be consistent with the company's activities and objectives and easily measurable and chosen from a predefined list.</li> <li>• Product developed in line with the Sustainability Linked Loan Principles (SLLP) provided by the Loan Market Association.</li> </ul>
<b>SACE GREEN LOAN</b>	<ul style="list-style-type: none"> <li>• Subsidised loans covered by a SACE guarantee for <b>green projects</b><sup>24</sup>.</li> </ul>
<b>FINANCING OF RENEWABLE ENERGY SYSTEMS (RES)</b>	<ul style="list-style-type: none"> <li>• Financial solutions to support SMEs in business investment projects in renewable energy plants, also in line with the objectives of the National Recovery and Resilience Plan (NRRP)</li> </ul>

<sup>24</sup> For more information: [sace.it](https://www.sace.it) > Solutions > Financial Guarantees > Green Guarantees

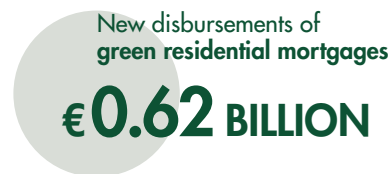
Another part of the strategic vision set out in our Strategic Plan is to stop, **by 2024, new lending in the coal sector and simultaneously run-off existing exposures**. More specifically, it refers to hard coal mining, the manufacture of coal-fired blast furnace products and coal-fired power generation. At the end of 2022, the stock of our exposures to these sectors is €25 million, a reduction over the year of over 57%.



### GREEN MORTGAGES TO PRIVATE INDIVIDUALS

Aware of the growing centrality that environmental sustainability also plays in housing choices, we have committed ourselves in the Strategic Plan to disbursing €4 billion in **green residential mortgages** over the period 2021-2024.

During the year, **€0.62 billion** were disbursed in green residential mortgages, to which €0.70 billion was added in 2021 for the purposes of the plan.



**This includes loans for the purchase of class A, B and C properties or renovated for energy efficiency.**

An important tool deployed by Banco BPM to incentivise energy efficiency operations for its customers is the **'green factor' mortgage**.

In particular, since the launch of the offer in March 2021, all our mortgages have included the **'green factor'**<sup>25</sup> clause, which allows customers to obtain a discount on the rate if they carry out energy efficiency interventions on the property.

<sup>25</sup> The offer covers all mortgages taken out for the purposes of purchase, construction, renovation and purchase with simultaneous renovation.

In particular, the clause can be activated throughout the life of the loan as long as:

- a reduction in consumption of at least 30% is achieved or
- the energy rating of the home is improved by two classes<sup>26</sup>.

The product is developed in line with the principles of the Energy Efficiency Mortgages Initiative project (EeMI)<sup>27</sup>.

To support customers in their choice, we have provided a cost-benefit simulator that considers both the energy potential of the property and current tax benefits.

<sup>26</sup> The reduction in consumption is measured as a change in the overall non-renewable Energy Performance Index (EPgl, nren), while the improvement of two classes in the energy rating of the house is measured through the Energy Performance Certificate (APE) before and after the works.

<sup>27</sup> European initiative to create a standardised European-wide energy efficiency mortgage to encourage the renovation of buildings and the purchase of highly efficient properties through favourable financial conditions.

## PROPERTY TAX CREDITS

Banco BPM's green offer also consists of products and services associated with the so-called 'superbonus', for which we have confirmed the possibility for private customers, condominiums and businesses to assign tax credits deriving from energy efficiency and seismic risk reduction interventions in 2022.

Through our Strategic Plan, in particular, we have set ourselves the goal of acquiring €3 billion of real estate tax credits between 2021 and 2024<sup>28</sup>. During the year, **purchases for real estate tax credits** in the amount of about **€1.5 billion** were contracted, to which are added €0.91 billion purchased in 2021, for plan purposes.



Within the catalogue, the main products intended to support energy and structural improvement operations related to tax bonuses are:

- **Energy Efficiency Building Loan:** to finance energy efficiency work on condominium buildings through an advantageously priced loan;
- **Consumer Superbonus Advance:** to offer private customers and condominiums financial coverage during the time that passes between the start of the works and their completion;
- **Advance on Building Renewal Contracts:** to advance financial resources to construction and plant supply companies that discount their invoices.

<sup>28</sup> Reference is made to the purchase of tax credits on real estate in connection with tax credits, in particular regarding: tax incentives linked to energy requalification and the reduction of seismic risks.

## MAIN RISKS

### CLIMATE AND ENVIRONMENTAL RISKS

### RISK OF NON-ALIGNMENT WITH REGULATION AND REGULATOR EXPECTATIONS

### NOT SUPPORTING COMPANIES AND INDIVIDUALS IN THEIR TRANSITION AND/OR NOT SEIZING THE BUSINESS OPPORTUNITIES OF THE GREEN ECONOMY

### POSSIBLE ECONOMIC AND REPUTATIONAL IMPACTS OF GREENWASHING

## MANAGEMENT METHODS / POLICIES ADOPTED

- Strengthening the group's risk identification with particular reference to C&A risk analysis
- Progressive refinement of methodology and accuracy of data used in risk exposure measurement exercises C&A
- Development of scenario analyses
- Integration of C&A factors into credit policies and the overall risk management framework.
- Defining C&A goals within the framework of the Strategic Plan and through NZBA membership.

- Effective environmental governance and strengthening of the structures involved.
- ESG training activities for employees.

- Development of a commercial offer to support companies in the transition to environmentally sustainable business models and private individuals to purchase energy-efficient real estate and for energy-efficient building upgrades.

- New Products and Market Committee
- ESG training/information activities for employees and customers
- Alignment with the Green Taxonomy and national and international green best practices

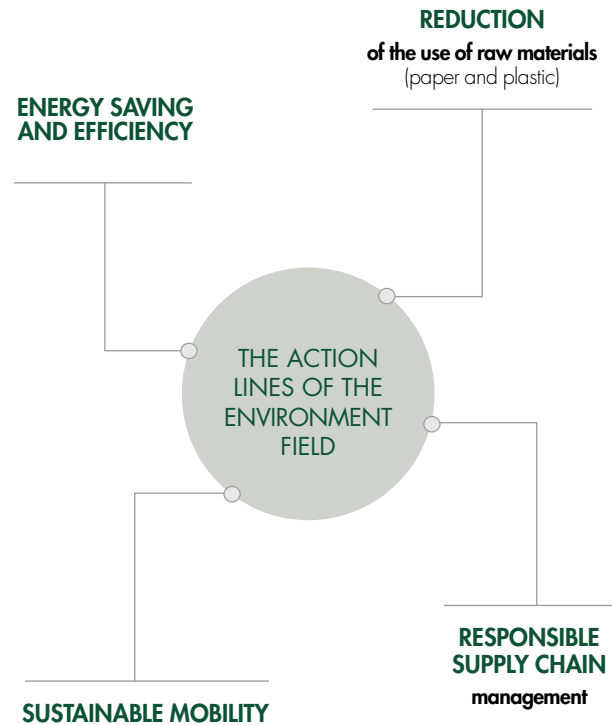
# Direct environmental mitigation

We want to grow by reducing the environmental impact of our activities. Every day, we are committed to developing solutions and processes that enable us to continually improve our environmental performance, involving employees and suppliers in this challenge.

In 2021, we launched the ESG Programme, which deals across the board through '6 Environment Fields', addressing the monitoring and management of all direct and some indirect environmental impacts.

## MANAGEMENT MODEL

- ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM
- CORPORATE MOBILITY
- FOCUS ON CONSUMABLES DISPOSAL AND RECYCLING
- PREVENTION OF CRIMES COMMITTED IN VIOLATION OF ENVIRONMENTAL PROTECTION LEGISLATION



## CARBON NEUTRALITY

With the 2021-2024 Strategic Plan, we have set ourselves the goal of achieving Carbon Neutrality by 2024. This is why we continue our efforts to reduce our emissions, make our consumption more efficient and finally offset the remaining emissions.

### ZERO EMISSIONS TARGET



### CARBON NEUTRALITY

**by 2024**  
for direct CO<sub>2</sub> emissions and indirect (scopes 1 and 2)

- Reducing emissions
- Efficient consumption
- Compensation (Carbon credits)

We are working above all on reducing and making our consumption more efficient through a careful environmental and energy management system. For the remaining emissions, we have selected projects with both environmental and social impacts in **Tanzania** (already started last year), **India** and **Zimbabwe**. These projects contribute to the conservation of endangered wildlife habitats, mitigate climate change and create significant employment and opportunities for the local people.

## ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM

Also in 2022, we strived for a prudent management of energy consumption, reducing it by 12%.

This achievement is the result of a structured Environmental and Energy Management System that covers all the Group's instrumental properties.

Our system is certified by an external body according to the **International Standards ISO 14001 and ISO 50001**, and enables us:

- to guide our operations through the **Energy Management Guidelines**, which support technical structures in making choices in the fields of plant engineering and lighting;
- to **constantly monitor and measure** our consumption trends and the achievement of our energy and environmental targets;
- to make **conscious choices** for efficiency;
- to **intervene promptly** in the event of abnormal consumption, adopting the most effective solutions, depending on the specific criticality of each case.

ENERGY CONSUMPTION (GJ)	2022	2021	CHANGE 2022/2021
<b>Total energy</b>	<b>570,832.6</b>	<b>649,031.5</b>	<b>-12.0%</b>

### THE ENERGY & ENVIRONMENTAL MANAGEMENT PORTAL AND ENERGY MANAGEMENT GUIDELINES

The Energy & Environmental management portal is an important management tool, whose use allows us to **identify branches with abnormal consumption and provides analysis reports** that are shared with the property management structures and maintenance staff so that we can **identify the best solutions to bring the site back up to the set performance levels**. The results are constantly monitored according to the updated consumption following the interventions carried out.

The **Energy Management Guidelines** are a further reference point and provide us with a **consumption benchmark for each cluster** identified by size and type of heating/cooling.

These guidelines are coupled with energy performance indicators (known as EnPIs) that provide a constant indication of progress against the targets we have set ourselves.

We monitor consumption through a model focused **on analysing the consumption trends of the Group's 22 most energy-intensive offices and buildings**, which account for about 40% of total consumption.

The analysis was further refined by normalising summer and winter consumption to correctly assess the impact of the external climate variable on site performance.

For the branches audited (around 50 per year), we have produced new reports that collect all sources of information on consumption, giving us a hypothesis for analysis and corrective action to be verified in the field with the maintenance staff. In addition, the comparison with the progressive data of the current year has allowed us to **constantly monitor continuous improvement**, the cardinal principle of the Management System implemented.

We have also focused on **replacing obsolete boilers** with the latest and best-performing heat pumps or condensing boilers, and **on installing high-efficiency chillers and heat pumps** to replace similar, less efficient types of systems. We have also developed a series of specific interventions on our Data Processing Centres (in particular that in Milan) that have reduced the specific consumption of the building by over 14%. Finally, the branch **electronic management project** continues, reaching 189 branches net of those closed over the years. As part of the energy management system, this activity enables the remote management of heating and air conditioning system settings, ensuring timely and effective control.

Thanks to these interventions, we have initiated over 80 thermal account files that have enabled and will enable us to receive contributions totalling over €2 million.

Two particularly important interventions were also completed on the Lodi, Via Polenghi and Verona, Via Meucci sites that allow us to access the Energy Efficiency Certificates.

This evidence confirms the soundness of the path undertaken to achieve the emission reduction targets.

In line with European Community and Italian Government requests and considering the energy crisis prompted by the invasion of Ukraine, we took further measures such as:

- the **precise regulation** of the temperatures of the heating and cooling systems in all Group buildings, offices and branches in compliance with the statutory values;
- **switching off branch signs**, lights and vending machines during evening/night hours;
- **controlled hot water supply**;
- the **collection of any electrical equipment** not supplied by the Group and connected to the company's electricity network.

As part of our commitment to combating climate change, we continued to **use electricity exclusively** produced from certified renewable sources (GO Guarantee of Origin), **preventing the emission into the environment of approximately 25,800 tonnes of CO<sub>2</sub> equivalent**, corresponding to over 63% of our total Scope 1 and 2 emissions, which is significant particularly given the period of high volatility in energy costs.

100%

Consumption of electricity from renewable sources

~ 25,800 tonnes CO<sub>2</sub> eq

CO<sub>2</sub> eq emissions avoided



## ENERGY-INTENSIVE SITES

Thanks to the completion of the new Energy & Environmental management portal and the timely work of the structures involved in the Energy Management System, we have developed a **monthly consumption monitoring process for the 22 most energy-intensive sites**.

This led to the early identification of abnormal consumption and its immediate correction. The joint work of internal functions and external suppliers has made it possible to generate value for the Group, reducing consumption in the cluster under analysis by over 10% of total consumption.

**-10%**

Energy consumption of  
energy-intensive sites

DIRECT GREENHOUSE GAS EMISSIONS (T CO <sub>2</sub> EQ)	2022	2021	CHANGE 2022/2021
Total emissions Scope 1	11,475.9	12,279.0	-6.5%
Total emissions Scope 2 (Location Based)	29,680.6	35,102.7	-15.4%
Total emissions Scope 2 (Market Based)	3,889.5	4,637.8	-16.1%
<b>Total emissions (Scope 1 + Scope 2) - Location-based</b>	<b>41,156.4</b>	<b>47,381.8</b>	<b>-13.1%</b>
<b>Total emissions (Scope 1 + Scope 2) - Market based</b>	<b>15,365.4</b>	<b>16,916.8</b>	<b>-9.2%</b>
<b>Towards carbon neutrality - Carbon credits</b>	<b>8,000</b>	<b>800</b>	
<b>Total emissions (Scope 1 + Scope 2) - Market based net of offset emissions</b>	<b>7,365.4</b>	<b>16,116.8</b>	<b>-54.3%</b>

In line with consumption, **emissions are also decreasing** compared to 2021, net of those generated by fuel oil for generator sets, not accounted for in previous years.

In this regard, please note that oil heating represents marginal consumption and is limited to a boiler being decommissioned.

To provide proper reporting purchased electricity is calculated using the following methodologies: '**Location-based**', which considers the total amount of energy purchased from renewable and non-renewable sources, and '**Market-based**', which considers the total quantity of electricity purchased, only if from non-renewable sources.

Regarding **water resources**, whose consumption within the Group is comparable to domestic use, we used 547 m<sup>3</sup> of water in 2022 compared to 367,5m<sup>3</sup> in 2021.



## CORPORATE MOBILITY

We manage corporate mobility with goals designed to reduce our ecological footprint and contribute to the development of more sustainable cities. During the year, we completed the phase of **listening to colleagues in terms of home-work travel**, with questionnaires administered at two locations in Rome, involving 460 people.

This mapping activity allows us to measure the environmental impacts generated by our people in commuting to the office, particularly in terms of CO<sub>2</sub> emissions. Remote work is currently considered the main tool for reducing these emissions. In particular, with **over 384,000 remote work days** used by colleagues, we have made significant savings in **terms of CO<sub>2</sub> atmospheric emissions**. Remote work is not only a useful work-life balance tool, but also serves the goals of combating climate change and more sustainable cities.

> **384,000**

Remote work days

~ **1,350 tonnes CO<sub>2</sub> eq**

Emissions avoided in commuting

Regarding business trips and fleet utilisation, 2022 saw an increase in miles travelled compared to the previous year due to the resumption of operations after the pandemic. However, there was a decrease in the mileage of the **company fleet** compared to the pre-pandemic period due to a greater use of remote connection tools and more careful management of physical travel.

- **39%**

Total km travelled by the fleet compared to 2019

To promote a culture of sustainable mobility within our company, we joined **'European Sustainable Mobility Week 2022'**, the event that the European Community dedicates each year to sharing initiatives aiming to promote a different way of getting around the city.

### OSA ANCHE TU!

We participated in European Mobility Week with the **virtual company challenge 'OSA (Objective Health Environment) anche tu!'** through which colleagues recorded their alternative physical activities to using motorised vehicles over a one month period. More than 66,000 km were travelled through this challenge, contributing to **an emissions saving of 11,300 kg of CO<sub>2</sub> eq** and totalling of 7,000 recorded activities. The collective effort that brought us to these goals was rewarded by the Bank with the planting, in partnership with Treedom, of **100 trees in the Banco BPM forest** reserved for the 'OSA anche tu!' initiative.

We also made agreements with companies offering sustainable mobility solutions such as mobility sharing, scooters and electric bikes. We promoted participation in these agreements, restricted to employees, via the company intranet, in a section dedicated to Mobility Management, where we regularly publish content on a more sustainable and environmentally conscious lifestyle.

## FOCUS ON CONSUMABLES, WASTE DISPOSAL AND RECYCLING

To reduce our ecological footprint, we pay attention to the selection and consumption of the most frequently used materials such as **paper and toner**. This commitment, also required by specific internal environmental and climate change regulations, calls for us to give attention to the **choice of materials to be procured** and their conscious use to reduce consumption and avoid consumption waste.

During 2022, we focused specifically on the topic of paper within the activities of field 6 Environment. That is why, after due and proper analysis, we identified areas where we can act to **reduce consumption, working on both business processes and people's behaviour**. We know that raising people's awareness of virtuous behaviour will bear fruit (not consistently measurable) more in the medium to long term than in the short term. However, we believe it is essential to exploit this promotional channel to spread this awareness to as many people as possible.

**We centrally manage the supplies** of the entire Group by allocating quantities on demand, and according to the sizing logic of the requesting facilities.

Our consumption also decreased significantly, reaching -8.8%. The absence of mandatory communications to send to customers during the year helped cause the drop in paper consumption for mass communication.

When choosing materials, we pay attention to the environmental impact of their production and disposal. Therefore, we mainly choose the most environmentally-friendly ones. In particular, for A4 paper for internal use **we almost exclusively use 100%** recycled and recyclable paper, certified Blue Angel and produced without the use of chlorine.

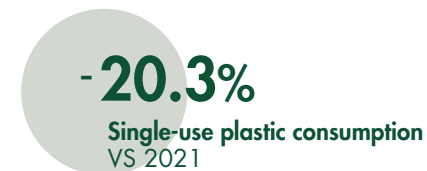
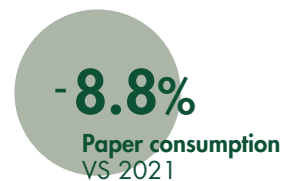
Due to technical constraints that prevent the use of recycled paper, we mostly use FSC-certified paper for mass communication to customers.

Consistent with past years, we used almost exclusively **re-manufactured toners** and their consumption was reduced by over 6%.

During the year, we **reduced our consumption of single-use plastics by 20.3%** in food service areas and canteens through initiatives such as:

- the **replacement of coffee cups/stirrers** with environmentally-friendly alternatives (paper and hybrid);
- the installation of **water dispensers** alongside standard dispensing machines;
- the **replacement of lunch box lids** at milan canteens in Meda and Bezzi with environmentally-sustainable PLA material.

In 2022, **waste** was again managed through a centralised process and the total quantity collected was approximately **2,150 tonnes<sup>29</sup>**, which were disposed of in accordance with the regulations in force in the individual municipalities. Of this, over 1,500 tonnes is paper and cardboard sent for recovery, and about nine tonnes is plastic sent for recycling.



<sup>29</sup> Not considering municipal waste

## PREVENTION OF CRIMES COMMITTED IN VIOLATION OF ENVIRONMENTAL PROTECTION LEGISLATION

At the end of 2022, the Group owned or held over 5,500 investment properties (garages, land, apartments, buildings, warehouses, etc.), mainly acquired through debt recovery and defaulted leasing contracts.

The following properties are subject to the following management activities:

- identification of the responsibilities and activities of each party involved;
- mitigation of management risks through constant monitoring;
- administrative management;
- management of the sales process either directly or through specialised agencies.

Responsibilities and activities are assigned and implemented in line with the laws and regulations in force, adopting, for all companies responsible for the management of such properties, the Model 231, which, in the case of the acquisition or recent establishment of said companies, is customised within a few months.

MAIN RISKS	MANAGEMENT METHODS / POLICIES ADOPTED
<p><b>USE OF NON-RENEWABLE NATURAL RESOURCES, ENERGY INEFFICIENCY</b></p>	<ul style="list-style-type: none"> <li>• Guidelines concerning the management of environmental and energy issues and the fight against climate change</li> <li>• Procurement of electricity from renewable sources</li> <li>• Energy efficiency initiatives and monitoring of energy consumption</li> <li>• Use of recycled materials</li> <li>• Separate waste collection and recovery of material</li> </ul>
<p><b>ECONOMIC IMPACT RESULTING FROM INEFFECTIVE CONSUMPTION MANAGEMENT</b></p>	<ul style="list-style-type: none"> <li>• Environmental and energy management system</li> <li>• Energy efficiency initiatives and monitoring of energy consumption</li> </ul>
<p><b>ENVIRONMENTAL SAFETY OF INVESTMENT PROPERTIES</b></p>	<ul style="list-style-type: none"> <li>• Monitoring of conditions of properties and measures to bring them into compliance with regulations</li> </ul>

# RECOGNITIONS

Embarking on a path entails commitment and perseverance at all times. But also the ability to enjoy beautiful things.



A **goal** is not merely what is achieved, but what is learned and how much we **grow** on the way there.

Our **experience** of continuous **evolution** is witnessed by the **recognitions** received from other bodies and institutions and **proof** of the commitment we put into building **change**.

Day after day, month after month,  
choice after choice, we strive to do  
better.

Every step is **one step further**.

## Awards and recognitions

### BUDGET OSCARS

Banco BPM was the winner in the 'Financial Companies' category of the 58th **Oscar di Bilancio**, or Budget Oscars. This is the **most important** and widely recognised award in corporate reporting, which for more than 50 years has gone to organisations that report on their work and share results with stakeholders **effectively and comprehensively**.

Candidate reports are examined and evaluated based on the breadth and clarity of their content (general aspects, economic and financial reporting and risk analysis, identity and governance, social, environmental and economic dimensions), but also regarding aspects of communication and stakeholder engagement.

**The effectiveness of presentation**, both in graphics and content, **transparency**, the **focus on sustainability issues**, the **methodologies and metrics adopted**, and the **Group's commitment** to be an active player in the sustainable transition of customers were highly appreciated.

### FEBRUARY

#### OUTSTANDING QUALITY IN PAYMENTS FORMATTING

Standard Chartered Bank awarded us this certificate. It is **given to the most virtuous banks in the area of payment flow formatting quality**. This recognition is for our excellent level of customer service in international US dollar payments, which now stands at 99.3% of STP (Straight Through Payments) transactions.

### APRIL

#### MILAN FINANCE BANKING AWARDS 2022

The **'YouBusiness APP'** project won the Innovation **'Financial Services'** category at the **Milan Finance Banking Awards 2022**, an annual competition that is in its own right the most eagerly awaited event for everyone focusing on innovation in the banking and financial world.

#### EUROPE'S CLIMATE LEADERS 2022

We were included as the **only Italian bank in the New York Times and Statista ranking, which identifies the companies that have made the greatest and most successful efforts to reduce their greenhouse gas emissions**.

#### SUSTAINABLE CLIENT EXCELLENCE AWARD 2021

Awarded to us by **Deutsche Bank AG for the excellent quality of payment messages they received from us**, the award is the result of the commitment and partnership between Banco BPM's Foreign IT, Foreign Domestic Payments, Financial Institutions Group and Export Control Departments.

### SEPTEMBER

#### 2022 EUROPE & EMERGING EMEA EQUITIES AWARDS

Chosen from over 725 European Small Mid Cap companies participating in the event, our Investor Relations team received the prestigious international award in the **'Best Overall Team in Investor Relations'** category from Institutional Investor Research.

### OCTOBER

#### 'WORLD'S MOST SOCIALLY RESPONSIBLE BANKS 2022'

Thanks to our sustainability journey, we entered the first edition of the **'World's Most Responsible Banks 2022'** ranking, which includes the best 175 banks out of the 750 analysed worldwide.

Compiled by the analyst firm Statista, this ranking aims to reward banks with a holistic approach to corporate responsibility that considers all three ESG pillars.

#### ITALY'S BEST EMPLOYERS 2023

**We improved our position** in the **Italy's Best Employers 2023** ranking published in the Corriere della Sera weekly, 'Buone Notizie'. Among the top companies to work for, Banco BPM went from 254 to 143 in the overall ranking and from 20 to 17 in the ranking of the 'Banking Insurance and Financial Services' category in the last year.

## NOVEMBER

### SUSTAINABILITY AWARDS 2022 - FINANCE SEGMENT

We were awarded for **Una mano per la pace**, the project supporting Caritas in Ukraine, neighbouring countries and refugees in our country. The initiative saw the great involvement of the entire Group and its stakeholders: colleagues, board members, former employees and customers, Banca Aletti, Banca Akros and all the foundations.

### FUTURE BANCASSURANCE AWARDS

**Vera Vita** won the important award in the Life Products segment for its '**Multiramo Soluzione Personal**' product, thanks to its high flexibility in meeting and anticipating customers' needs.

### FINANCE COMMUNITY AWARDS

On this occasion, two personal awards were presented to Group colleagues. In addition, Banco BPM's 'Corporate Lending and Networks' structure received the '**Team of the Year Industrial**' award. The team was 'among the most highly rated advisors in the finance world and played a key role in successfully completing medium- to long-term financing transactions aimed at upgrading capital structure and supporting acquisitions'.

## Ratings and Indices

### JULY

#### STANDARD ETHICS CONFIRMS 'EE' SUSTAINABILITY RATING - STRONG

Constant efforts and many implementations in the ESG area have enabled us to have our **EE sustainability rating** (scale from F to EEE) confirmed. **The medium- to long-term outlook also remains positive.**

### SEPTEMBER

#### SUSTAINALYTICS IMPROVES RATING TO 22.4

On a decreasing scale from 100 to 0, the score is the result of a **Medium ESG risk exposure**, confirmed from the previous one, and a '**Strong**' capacity to manage risk, an improvement over the previous 'Average'.

#### STANDARD & POOR GLOBAL INCREASES SCORE TO 56

The improvement, compared to 55 in 2021 and 46 in 2020 (on a scale from 0 to 100), **reflects the recognition of our commitment on the path to sustainability.**

#### BLOOMBERG GENDER EQUALITY INDEX

We were **confirmed in the Bloomberg Gender Equality Index**, and improved our score to 79.66, which is higher than in 2021 (73.9) and above the global financial sector average (74.11).

## DECEMBER

#### CDP ASSIGNS BANCO BPM A B RATING

Banco BPM's rating, on a scale of D- to A, has fallen from the A- level achieved last year to B, indicating a good ability to manage environmental issues. This downgrade is mainly due to the raising of some score categories. The CDP rating allows us to assess our environmental footprint through an international measurement methodology.

#### ISS ESG CONFIRMS C- RATING AND 'QUALITY GOVERNANCE SCORE' OF 1

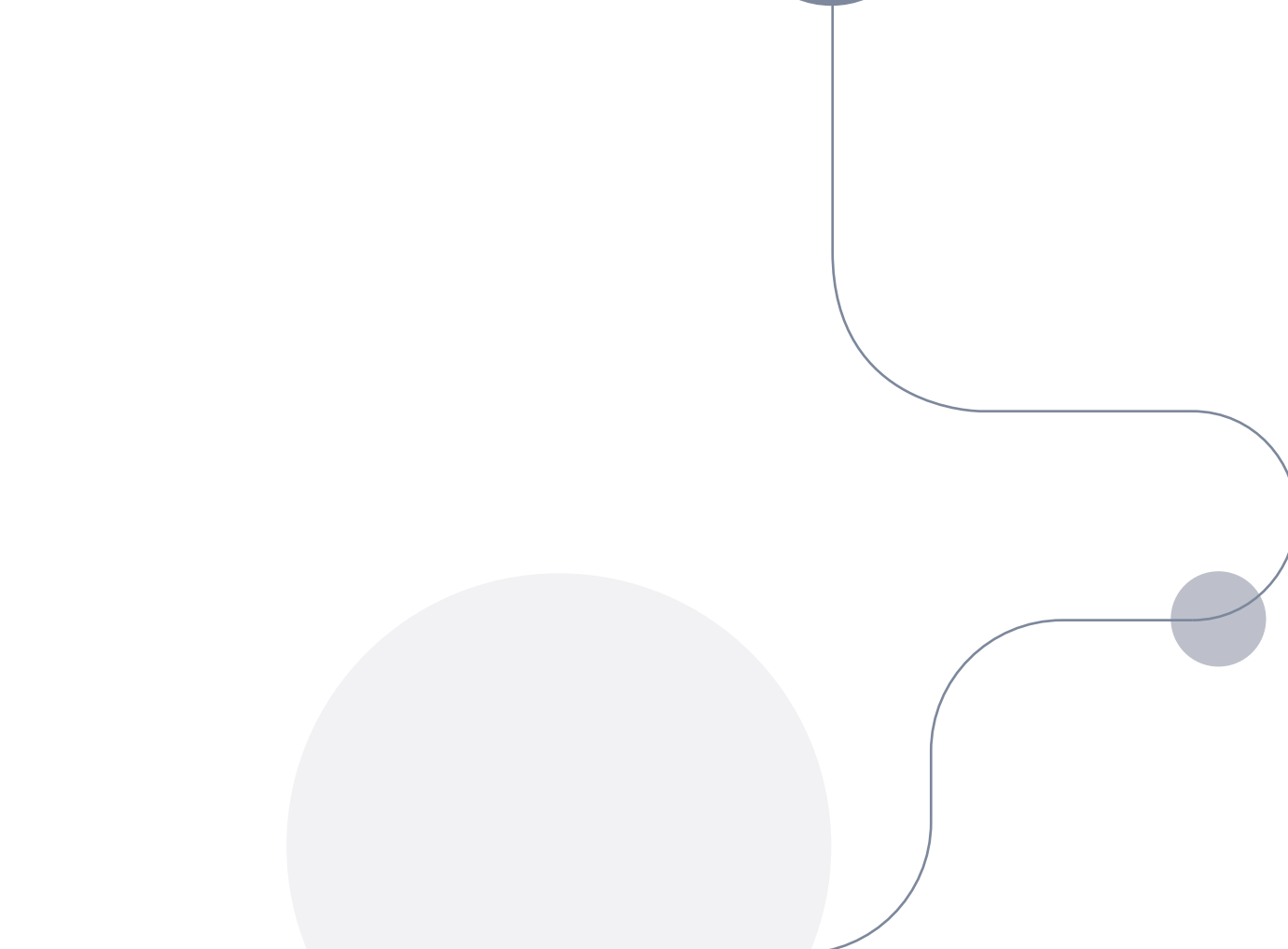
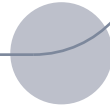
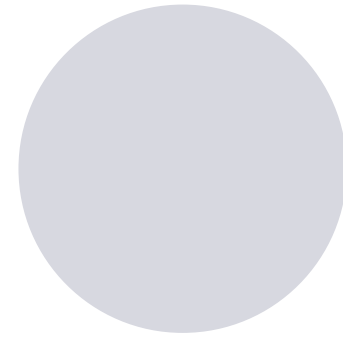
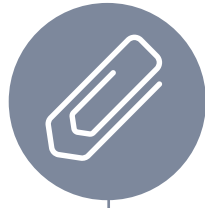
The confirmation of the score highlights the recognition of Banco BPM's strong governance position.

#### MIB ESG

The review conducted by Euronext, **confirmed our place in the MIB ESG index**, which includes the best companies among the most sustainability-conscious large capitalisation companies.

This achievement was made possible by our commitment to promote and support gender policies within the Group and in the communities in which we operate. The excellent level of transparency in data disclosure was also confirmed.

# ANNEXES







This section contains the document's **main indicators** and **insights into social environmental data**.

In particular:

- the main indicators in the document show, for each chapter, the 2022 and 2021 values of the main indicators/KPIs reported;
- the in-depth environmental and social data show, for the environmental data, the 2022, 2021 and 2020 values of detailed data on environmental parameters, energy, emissions, consumables, water use and waste; for social data, the 2022 and 2021 values of non-employee staff by type as well as of employee staff by type of contract, working hours and geographical area.

# Main indicators of the document

## IDENTITY

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Organisational and governance model</b>	<b>Composition of the Board of Directors</b>			
	Directors	no.	15	15
	<i>of which executive</i>	no.	1	1
	<i>of which non-executive</i>	no.	14	14
	<i>of which independent*</i>	no.	12	12
	<i>of which women</i>	no.	6	6
	<i>of which men</i>	no.	9	9
	<i>of which &lt; 30 years</i>	no.	0	0
	<i>of which 30-50 years</i>	no.	2	2
	<i>of which &gt; 50 years</i>	no.	13	13

\*Independent pursuant to Article 20.1.6 of the Articles of Association and Article 148 of the Consolidated Law on Finance

CHAPTER	INDICATORS/KPIS	Unit	2022	2021	
Organisational and governance model	<b>Composition by Board member skills</b>				
	Banking and financial business	no.	13	13	
	Other financial businesses	no.	9	9	
	Legal-economic and/or accounting experience	no.	7	7	
	Strategic planning, knowledge of corporate strategy guidelines or the industrial plans of banks and relative implementation	no.	10	10	
	IT and Digital	no.	3	3	
	Governance and organisational structures	no.	7	7	
	Human Resources and remuneration systems	no.	5	5	
	Risks and controls	no.	13	13	
	Marketing and commercial	no.	6	6	
	<b>Internal Control, Risks and Sustainability Committee</b>				
	Directors	no.	5	5	
	<i>of which executive</i>	no.	0	0	
	<i>of which non-executive</i>	no.	5	5	
	<i>of which independent*</i>	no.	4	4	
	<i>of which women</i>	no.	2	2	
	<i>of which men</i>	no.	3	3	
	<i>of which &lt; 30 years</i>	no.	0	0	
	<i>of which 30-50 years</i>	no.	0	0	
	<i>of which &gt; 50 years</i>	no.	5	5	

\*Independent pursuant to Article 20.1.6 of the Articles of Association and Article 148 of the Consolidated Law on Finance

CHAPTER	INDICATORS/KPIS	Unit	2022	2021	
Organisational and governance model	<b>Composition of the Remuneration Committee</b>				
	Directors	no.	3	3	
	<i>of which executive</i>	no.	0	0	
	<i>of which non-executive</i>	no.	3	3	
	<i>of which independent*</i>	no.	3	3	
	<i>of which women</i>	no.	1	1	
	<i>of which men</i>	no.	2	2	
	<i>of which &lt; 30 years</i>	no.	0	0	
	<i>of which 30-50 years</i>	no.	1	1	
	<i>of which &gt; 50 years</i>	no.	2	2	
	<b>Composition of the Appointments Committee</b>				
	Directors	no.	3	3	
	<i>of which executive</i>	no.	0	0	
	<i>of which non-executive</i>	no.	2	3	
	<i>of which independent*</i>	no.	2	2	
	<i>of which women</i>	no.	1	1	
	<i>of which men</i>	no.	2	2	
	<i>of which &lt; 30 years</i>	no.	0	0	
	<i>of which 30-50 years</i>	no.	0	0	
<i>of which &gt; 50 years</i>	no.	3	3		

\*Independent pursuant to Article 20.1.6 of the Articles of Association and Article 148 of the Consolidated Law on Finance

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
Organisational and governance model	<b>Composition of the Related Parties Committee</b>			
	Directors	no.	3	3
	<i>of which executive</i>	no.	0	0
	<i>of which non-executive</i>	no.	3	3
	<i>of which independent*</i>	no.	3	3
	<i>of which women</i>	no.	2	2
	<i>of which men</i>	no.	1	1
	<i>of which &lt; 30 years</i>	no.	0	0
	<i>of which 30-50 years</i>	no.	2	2
	<i>of which &gt; 50 years</i>	no.	1	1
	<b>Composition of the Board of Statutory Auditors</b>			
	Statutory Auditors	no.	8	8
	<i>of which women</i>	no.	3	3
	<i>of which men</i>	no.	5	5
	<i>of which standing</i>	no.	5	5
	<i>of which alternative</i>	no.	3	3
	<i>of which &lt; 30 years</i>	no.	0	0
	<i>of which 30-50 years</i>	no.	2	2
	<i>of which &gt; 50 years</i>	no.	6	6

\*Independent pursuant to Article 20.1.6 of the Articles of Association and Article 148 of the Consolidated Law on Finance

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Organisational and governance model</b>	<b>Meetings with analysts and the institutional financial community</b>			
	Events/Meetings	no.	153	97
	Investment companies and other institutional financial entities	no.	473	453
	Conferences/webcasts to present results and Strategic Plan*	no.	4	5
	Events/meetings with ESG focus	no.	14	5
<b>Business Conduct</b>	<b>Anti-corruption / anti-money laundering</b>			
	Anti-corruption training hours	no.	86,290.0	110,963.3
	Number of target employees	no.	18,014.0	14,339.0
	Anti money-laundering training hours	no.	36,559.0	88,544.3
	Number of target employees	no.	7,463.0	13,143.0
	Confirmed incidents and dismissals related to corruption events	no.	0	0
	<b>Reporting Violations</b>			
	Number of reports from Supervisory Body inboxes	no.	12	6
	Number of reports from Whistleblowing platform	no.	16	3

\* The Strategic Plan 2021-2024 was presented in 2021

## VALUE CREATION

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Economic value generated and distributed</b>	Interest and similar income	€million	2,937	2,425
	Interest and similar expense (-)	€million	(596)	(409)
	Fee and commission income	€million	1,998	2,019
	Fee and commission expense (net of the costs of external networks) (-)	€million	(150)	(125)
	Dividends and similar income	€million	61	54
	Net trading income	€million	174	80
	Fair value gains/losses on hedging derivatives	€million	1	(1)
	Gains (Losses) on disposal or repurchase	€million	(166)	(129)
	Net Gains (Losses) from other financial assets and liabilities measured at fair value through profit or loss	€million	(9)	16
	Net losses / recoveries on credit risk	€million	(483)	(631)
	Profit/loss from contractual amendments without derecognitions	€million	2	(9)
	Net premiums	€million	360	0
	Balance of other income/expenses from insurance activities	€million	(357)	0
	Other operating income/expense	€million	346	363
	Profits (Losses) on equity investments (the share of "profits/losses on disposals")	€million	(11)	0
	Gains (losses) on disposal of investments	€million	2	0
	<b>TOTAL ECONOMIC VALUE GENERATED</b>	€million	<b>4,109</b>	<b>3,653</b>
	<b>ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS*</b>	€million	<b>(611)</b>	<b>(562)</b>
	<b>ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND COLLABORATORS</b>	€million	<b>(1.604)</b>	<b>(1.664)</b>
	<b>ECONOMIC VALUE DISTRIBUTED TO THIRD PARTIES</b>	€million	<b>1</b>	<b>-</b>
<b>ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS</b>	€million	<b>(348)</b>	<b>(288)</b>	
<b>ECONOMIC VALUE DISTRIBUTED TO CENTRAL AND PERIPHERAL ADMINISTRATION</b>	€million	<b>(586)</b>	<b>(454)</b>	

\*The value 'Suppliers' refers only to the item classified in the income statement as 'Other administrative expenses'.



CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Economic value generated and distributed</b>	ECONOMIC VALUE DISTRIBUTED TO THE COMMUNITY AND ENVIRONMENT	€million	(4)	(5)
	TOTAL ECONOMIC VALUE DISTRIBUTED	€million	(3,152)	(2,973)
	TOTAL ECONOMIC VALUE RETAINED	€million	957	680
<b>Capital strength and profitability</b>	Net profit stated	€million	702.6	569.1
	Adjusted net profit	€million	886.3	710.1
	Profit (loss) from operations	€million	2,166.1	1,995.0
	CET1 Ratio (Fully Loaded)*	%	12.83	13.43
	CET1 Ratio ('Phased-in')*	%	14.32	14.68
	Cost/Income	%	54.0	55.8
	GROSS NPE ratio	%	4.2	5.6
	Net NPE ratio	%	2.2	3.0
	Cost of credit	p.b.	62	81
	Texas Ratio	%	20.3	27.2
	Dividend per Share	€	0.23	0.19
	NSFR	%	>100	>100
	LCR	%	191	>200

\*Values calculated without the application of the Danish Compromise

## CUSTOMERS

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Finance for a sustainable transition</b>	Managed ESG assets*	€billion	20.7	9.3
	Managed ESG assets as a percentage of total AUM	%	34.9	14.2
	Green Bond Issue	€billion	2.05	0.0
	Social Bond Issue	€billion	0.0	0.5
	ESG bonds owned portfolio	€million	1,475.0	756.0
	ESG corporate bonds owned portfolio	€million	1,146.0	594.0
	Incidence of ESG corporate bonds on corporate bonds owned portfolio	%	24.2	14.3
	ESG bond issues backed by Banca Akros	€billion	8.1	8.0
	<b>ESG corporate bonds owned portfolio composition</b>			
	Green Bonds	€million	746.3	413.3
	Social Bonds	€million	178.0	99.5
	Sustainability Bonds and Sustainability Linked Bonds	€million	198.9	81.2
	Transition Bonds	€million	22.5	-
	TOTAL	€million	1,145.7	594.0

\* The data are not comparable because there has been a major transformation of products from Art. 6 to Art. 8 SFDR by some asset managers, changing the scope.

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Credit for recovery and resilience</b>	Stock of loans to customers	€billion	109.0	111.0
	Customer loans/Total Assets	%	58.0	55.0
	New loans to customers	€billion	26.5	22.7
	Performing loans to non-financial corporations	%	59.4	58.4
	Performing loans to consumer households	%	27.1	26.6
	Performing loans to financial corporations	%	7.9	9.6
	Performing loans to public administrations	%	1.7	1.5
	Performing loans Banca Akros	%	1.5	1.7
	Performing loans to non-profit institutions	%	0.9	0.8
	Performing loans to others	%	1.5	1.4
	Stock of performing corporate loans	€billion	62.7	60.9
	Stock of performing loans to individuals	€billion	28.6	27.7
	Performing mortgages/Stock of Performing Loans to Persons	%	92	91
	Stock of performing loans to other customers	€billion	14.3	15.6
	Stock of performing loans to other customers - of which to non-profit organisations	€billion	0.955	0.859

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Credit for recovery and resilience</b>	Loans to companies in the manufacturing sector	%	28.6	28.4
	Loans to real estate companies	%	16.5	17.5
	Loans to trade companies	%	16.1	16.4
	Loans to companies in the services sector	%	13.7	13.8
	Loans to companies in the Agri-food sector	%	10.8	10.7
	Loans to companies in other sectors	%	14.3	13.3
	Value of arms operations law 185/90	€billion	0.25	0.22
	Anti-wear operations performed	no.	174	167
	Credit related to anti usury transactions carried out	€million	2.7	2.4
	Anti-wear stock operations	no.	738	652
	Credit stock related to usury operations	€million	11.4	8.6
	Value of customer support measures	€billion	21	25
	Value of company customer support measures	%	88	88

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Digitalisation and strengthening customer relations</b>	Total customers	no.	3,822,198	3,854,655
	<i>of which customers NORTH</i>	%	74.8	74.9
	<i>of which customers CENTRE</i>	%	17.5	17.5
	<i>of which customers SOUTH AND ISLANDS</i>	%	7.6	7.6
	<i>of which customers ABROAD</i>	%	0.5	0.5
	individuals	no.	3,239,171	3,269,547
	<i>of which &lt; 18 years</i>	%	0.7	0.7
	<i>of which 19 to 25 years</i>	%	4.1	4.2
	<i>of which 26 to 45 years</i>	%	26.1	26.4
	<i>of which 46 to 65 years</i>	%	39.6	39.5
	<i>of which 66 to 75 years</i>	%	14.2	14.2
	<i>of which &gt; 75 years</i>	%	15.3	15.0
	corporate customers	no.	358,990	363,664
	<i>of which SERVICES</i>	%	34	34
	<i>of which TRADE</i>	%	22	23
	<i>of which CONSTRUCTION AND REAL ESTATE ACTIVITIES</i>	%	20	19
	<i>of which MANUFACTURING AND MINING ACTIVITIES</i>	%	16	16
	<i>of which AGRICULTURE, FORESTRY AND FISHING</i>	%	6	6
	<i>of which PUBLIC ADMINISTRATION AND OTHER</i>	%	2	2

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Digitalisation and strengthening customer relations</b>	NO PROFIT customers	no.	34,764	32,983
	<i>of which Associations</i>	%	44.6	45.4
	<i>of which Entities</i>	%	35.5	34.1
	<i>of which Social Cooperatives</i>	%	3.3	4.0
	<i>of which Religious Bodies</i>	%	12.4	12.6
	<i>of which Others</i>	%	4.2	3.9
	Retail network (no.)	no.	1,427	1,427
	Centres for businesses with a turnover > €75 million	no.	21	18
	Centres for businesses with a turnover < €75 million	no.	68	na
	Centres for businesses with a turnover > €1 million	no.	1	1
	Central department for non-profit and public sector customers	no.	1	1
	Centres with advisors dedicated to institutional customers	no.	3	3
	Dedicated points for Banca Aletti's high net worth customers	no.	52	55
	Virtual Webank branch for 'pure digital' customers	no.	1	1
	Branches dedicated to the partnership with Azimut	no.	17	18
	Total remote operations - PRIVATE	%	85.8	85
	Total remote operations - COMPANIES	%	81.6	79.5

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Digitalisation and strengthening customer relations</b>	Savings managed by the Group	billion	59	65
	Customers involved in customer satisfaction surveys	no.	200,000	187,000
	TRI*M index detected	no.	71	68
	Mystery shopping visits to the branch	no.	2100	2100
	Bank complaints received	no.	6,356	6,673
	Investment complaints received	no.	405	581
	Insurance complaints received	no.	132	164
	Complaints accepted	no.	1,507	2,175
	Complaints partially accepted	no.	1,495	1,944
	Complaints rejected	no.	3,921	4,069
	Dossier processing (average days) for banking services	no.	20	29
	Dossier processing (average days) for investment products	no.	20	34
<b>Business continuity, cybersecurity and privacy</b>	serious IT security incidents	no.	0	0
	losses of data or unauthorised access	no.	0	0

## PEOPLE

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Management, development, diversity &amp; inclusion</b>	Total employees	no.	20,156	20,436
	<i>of which women</i>	%.	46.14	45.55
	Employees on permanent contracts	no.	19,643	19,957
	<i>of which women</i>	%	45.82	45.31
	Employees on apprenticeships	no.	513	479
	<i>of which women</i>	%.	58.48	55.53
	Part-time employees	no.	3,408	3,413
	<i>of which women</i>	%.	93.49	93.85
	Full-time employees	no.	16,748	17,023
	<i>of which women</i>	%.	36.51	35.87
	People in smart working mode	no.	5,687	5,948
	New recruits	no.	369	467
	<i>of which &lt; 30 years</i>	%.	67.75	85.44
	<i>of which women</i>	%	46.88	53.10
	<i>of which graduates</i>	%	56.37	73.23
	Ceased	no.	790	1,693
	<i>for retirement and Solidarity Fund</i>	%	62.15	84.88
Employees belonging to the Commercial Structure	%	62.60	63.74	
Employees belonging to the Support Structure	%	37.40	36.30	



CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Management, development, diversity &amp; inclusion</b>	<b>Breakdown of employees by contractual category</b>			
	Executives	%	1.33	1.45
	<i>of which women</i>	%	13.81	13.13
	Middle Managers	%	38.87	38.10
	<i>of which women</i>	%	32.59	31.49
	Professional areas/other staff	%	59.80	60.44
	<i>of which women</i>	%	55.67	55.20
	Average age of employees	years	49.03	48.63
	Average employee seniority	years	22.30	21.96
	<b>Breakdown of employees by qualification</b>			
	Degree	%	40.05	40.59
	Upper secondary school	%	56.04	55.33
	Lower secondary school	%	3.91	4.08
	Ratio of total annual remuneration of the highest paid employee to the median total annual remuneration of all employees excluding the highest paid employee		52	na
	<b>Ratio of average remuneration of men/women by professional level (excluding part-time)</b>			
	Executives		0.7521	0.7289
	Middle Managers		0.9273	0.9298
Professional areas/other staff		0.9916	0.9889	

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Management, development, diversity &amp; inclusion</b>	<b>Ratio of average remuneration of men/women by professional level (excluding part-time)</b>			
	Executives		0.7027	0.6573
	Middle Managers		0.9273	0.9276
	Professional areas/other staff		0.9921	0.9887
	Women in managerial positions	%	26.0	23.4
	Amount invested in training	€	7,150,000	5,877,000
	Total training hours	h	1,101,976	1,019,725
	<i>of which ESG training hours</i>	h	174,200	105,300
	Hours of training per capita	h	55	50
	ESG Ambassadors	no.	75	52
	Vacancies filled through internal resources	%	~98	~98
	Hours of training provided in occupational health and safety	h	48,894	45,343
Number of employees trained in occupational health and safety		7392	7393	
<b>Welfare, Work-Life Balance and Well-being</b>	Total number of accidents		190	181
	<i>of which at work</i>		28	34
	<i>of which commuting</i>		162	147
	Accident rate (number of accidents/hours worked* 1,000,000)		6.04	5.67
	Number of days lost due to accidents		7,746	6,931
	Severity index (days lost through injury/workable hours* 1,000)		0.25	0.21
	Absenteeism rate (total number of days of absence/number of working days)	%	5.31	4.63
	<i>Absenteeism rate due to illness (total number of days of absence due to illness/number of working days)</i>	%	4.40	3.75

## COMMUNITY

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
Corporate Citizenship	ESG projects	no.	137	127
	ESG sponsorships and donations	€million	2.1	2.0
	Economic contribution to Foundations	€million	> 2.5	1.7
	Contribution to the community in research and health	%	31.3	52.9
	Contribution to the community in the solidarity and social sphere	%	21.6	12.8
	Contribution to the community in the field of art and culture	%	14.6	13
	Contribution to the community in the sport sphere	%	5.9	2.6
	Contribution to the community in education and training	%	9.3	14.7
	Contribution to the community in the field of environment and territory	%	12.5	3.8
	Contribution to the community in other areas	%	4.8	0.2
	AIRC - funded/supported projects	no.	~ 700	~ 700
	Financial education meetings	no.	76	48
	Participants in financial education meetings	no.	5,900	3,852
	<i>of which schools</i>	<i>no.</i>	<i>3,700</i>	<i>1,200</i>
	Financial education	h	10,662	6,835
	ESG awareness meetings for companies	no.	13	13
	ESG awareness hours for companies	h	1,175	694
	Participants in ESG awareness meetings for companies	no.	800	390

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Corporate Citizenship</b>	Corporate volunteering	h	2,728	3,020
	Supported voluntary associations	no.	15	ns
	Ongoing partnerships with universities, associations and business schools	no.	30	30
	Traineeships in companies	no.	54	35
	Students participating in employer branding activities	no.	~ 2,400	~ 2,000
	Restored works of art	no.	43	43
	Heritage works	no.	~ 19,500	~ 19,500
	Blood bags collected through in-house blood donation	no.	> 200	> 200
<b>FOUNDATIONS</b>				
	Contribution to the community in research and health	%	13.3	5.9
	Contribution to the community in the solidarity and social sphere	%	38.9	31.8
	Contribution to the community in the field of art and culture	%	32.6	30.3
	Contribution to the community in the sport sphere	%	0.3	1.0
	Contribution to the community in education and training	%	11.8	23.6
	Contribution to the community in the field of environment and territory	%	ns	ns
	Contribution to the community in other areas	%	3.1	7.4

CHAPTER	INDICATORS/KPIS	Unit	2022	2021	
<b>Responsible Supply Chain Management</b>	Number of suppliers	no.	1,535	1,279	
	Turnover	€million	816.8	702.0	
	<i>of which for SERVICES</i>	%	35.3	38	
	<i>of which for REAL ESTATE</i>	%	16.4	16	
	<i>of which for TECHNOLOGIES</i>	%	48.3	46	
	<b>Suppliers by macro-area</b>				
	North-western Italy	%	60.9	59	
	North-eastern Italy	%	15.5	18	
	Central Italy	%	16.9	17	
	Southern Italy	%	3.2	3	
Islands Italy	%	1.8	2		
Abroad (EU + Non-EU)	%	1.7	1		
<b>Turnover by macro area</b>					
North-western Italy	%	70	68		
North-eastern Italy	%	11	12		
Central Italy	%	17	18		
Southern Italy	%	0.9	1		
Islands Italy	%	0.7	0.6		
Abroad (EU + Non-EU)	%	0.4	0.6		

## ENVIRONMENT

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
Climate change and green business	NFC loan portfolio - Gross cash exposure	€billion	66.6	n.a.
	<i>of which very high transition risk exposures</i>	%	1.4	n.a.
	<i>of which high transition risk exposures</i>	%	14.1	n.a.
	<i>of which zero to medium transition risk exposures</i>	%	84.5	n.a.
	Real estate guarantees Non-financial corporations and consumer households - Gross cash exposure	€billion	42.3	n.a.
	<i>of which very high acute physical risk exposures (synthetic score)</i>	%	2.0	n.a.
	<i>of which high acute physical risk exposures (synthetic score)</i>	%	8.0	n.a.
	<i>of which medium acute physical risk exposures (synthetic score)</i>	%	15.0	n.a.
	<i>of which very low-low acute physical risk exposures (synthetic score)</i>	%	75.0	n.a.
	<i>of which very high chronic physical risk exposures (synthetic score)</i>	%	0.2	n.a.
	<i>of which high chronic physical risk exposures (synthetic score)</i>	%	0.3	n.a.
	<i>of which medium chronic physical risk exposures (synthetic score)</i>	%	3.3	n.a.
	<i>of which very low-low chronic risk exposures (synthetic score)</i>	%	96.2	n.a.

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Climate change and green business</b>	Percentage of new loans in green and low-transition risk sectors	%	55.6	45.1
	New disbursements in green and low-risk transition sectors	€billion	10.3	1.9
	New disbursements of green residential mortgages	€billion	0.62	0.7
	Purchase of property tax credits	€billion	1.5	0.9
	Proportion of eligible exposure in economic activities concerning total assets- KPI Turnover	%	2.1	n.a.
	<i>Proportion of eligible exposure in economic activities concerning total assets- KPI CapEx</i>	%	23.1	n.a.

CHAPTER	INDICATORS/KPIS	Unit	2022	2021
<b>Direct environmental mitigation</b>	Materials used: paper	t	2,025.2	2,220.2
	Materials used: toner	t	75.3	80.3
	Water consumption	thousands m <sup>3</sup>	547.0	367.5
	Recycled input materials used: paper	t	1,427.2	1,565.5
	Recycled input materials used: toner	t	66.7	70.2
	Energy consumption	GJ	570,832.6	649,031.5
	Total energy per employee	GJ/employee	28.3	31.8
	Electricity per employee	kWh/employee	4,897.8	5,337.9
	Electricity per square metre	kWh/sq.m.	93.5	88.6
	Indirect emissions (Scope 1)	tCO <sub>2</sub> eq	11,475.9	12,279.0
	Indirect emissions (Scope 2 - Location-Based)	tCO <sub>2</sub> eq	29,680.6	35,102.7
	Indirect emissions (Scope 2 - Market-Based)	tCO <sub>2</sub> eq	3,889.6	4,637.8
	Total net emissions	tCO <sub>2</sub> eq	7,365.4	16,116.8
	Indirect emissions (Scope 3)	tCO <sub>2</sub> eq	12,920.8	13,426.7
	Emission intensity: per employee	tCO <sub>2</sub> eq/employee	0.4	0.8
	Emission intensity: square metre	tCO <sub>2</sub> eq/thousands of sq.m.	7.0	13.1
	Total net intensity: for operating income*	tCO <sub>2</sub> eq/million €	1.6	3.6
	Total emissions avoided	tCO <sub>2</sub> eq	27,244.7	32,435.9
	<i>of which for commuting</i>	tCO <sub>2</sub> eq	1,349.3	1,736.3
	Total waste	t	2,150.4	2,643.0

\* Operating income from the reclassified profit and loss account



# Insights into environmental and social data

## ENVIRONMENTAL DATA

PARAMETERS	Unit	2022	2021	2020	2022/2021	2021/2020
Contract Workers	no.	20,156	20,436	21,593	-1.4%	-5.4%
Consultants	no.	n.a.	n.a.	n.a.		
Employees = Contract workers + Consultants	no.	20,156	20,436	21,593	-1.4%	-5.4%
Kilometres car fleet	thousands of km	11,262.6	9,781.7	10,270.2	15.1%	-4.8%
Kilometres travelled by train	thousands of km	1,697.7	743.2	1,528.7	128.4%	-51.4%
Kilometres travelled by plane	thousands of km	914.8	168.6	579.2	442.6%	-70.9%
Total Smart Working days	no.	384,298	523,843	604,876	-26.6%	-13.4%
Total home-work commutes	thousands of km	113,562.9	104,405.2	93,182.3	8.8%	12.0%
Floor area	thousands of sq.m.	1,055.6	1,231.1	1,241.0	-14.3%	-0.8%
Operating income*	million €	4,706.0	4,510.7	4,151.8	4.3%	8.6%

\* Operating income from the reclassified profit and loss account

## ENERGY CONSUMPTION BY SOURCE

ENERGY CONSUMPTION	Unit	2022	2021	2020	2022/2021	2021/2020
Consumption of natural gas for independent heating	GJ	124,954.7	156,097.7	152,624.4	-20.0%	2.3%
Consumption of fuel oil for independent heating	GJ	162.1	427.9	938.0	-62.1%	-54.4%
Fuel oil consumption for generator sets	GJ	308.8				
Consumption of petrol and diesel for the company fleet	GJ	23,126.0	19,683.3	21,035.9	17.5%	-6.4%
Consumption from renewable electricity	GJ	355,390.2	392,706.6	401,623.8	-9.5%	-2.2%
Consumption from solar panels	GJ	241.5	505.6	505.6	-52.2%	0.0%
Consumption from non-renewable electricity	GJ	0.0	0.0	0.0		
Consumption from district heating systems	GJ	19,241.6	26,622.3	25,917.8	-24.0%	2.7%
Consumption of natural gas for building heating systems	GJ	47,407.7	52,988.1	52,495.8	-10.5%	0.9%
<b>Total</b>	<b>GJ</b>	<b>570,832.6</b>	<b>649,031.5</b>	<b>655,141.3</b>	<b>-12.0%</b>	<b>-0.9%</b>
Consumption of electricity from renewable sources	%	100	100	100		

OTHER INDIRECT ENERGY CONSUMPTION	Unit	2022	2021	2020	2022/2021	2021/2020
Rail	GJ	1,148.5	550.7	1,285.0	108.5%	-57.1%
Air	GJ	2,127.7	371.3	1,354.8	473.0%	-72.6%

CONSUMPTION INTENSITY INDICATORS	Unit	2022	2021	2020	2022/2021	2021/2020
Total energy consumption per employee	GJ/emp.	28.3	31.8	30.3	-11.0%	5.0%
Consumption of electricity per employee	kWh/emp.	4,897.8	5,337.9	5,166.6	-8.2%	3.3%
Consumption of electricity per square metre	kWh/sq.m.	93.5	88.6	89.9	5.5%	-1.4%
In-house paper consumption per employee	kg/emp.	77.4	84.2	83.1	-8.1%	1.3%
Toner consumption per employee	kg/emp.	3.7	3.9	4.4	-5.1%	-11.4%
Water consumption per employee	m3/emp.	27.1	17.9	16.9	51.4%	5.9%

## GREENHOUSE GAS EMISSIONS

INDIRECT EMISSIONS (SCOPE 1)	Unit	2022	2021	2020	2022/2021	2021/2020
Natural gas emissions from independent heating	t CO <sub>2</sub> eq	7,279.9	9,048.4	8,831.1	-19.5%	2.5%
Emissions from HFC gas	t CO <sub>2</sub> eq	2,445.8	1,736.7	1,671.7	40.8%	3.9%
Fuel oil emissions from independent heating	t CO <sub>2</sub> eq	12.1	31.8	69.7	-61.9%	-54.4%
Fuel oil emissions for generator sets	t CO <sub>2</sub> eq	23.1	n.a.	n.a.	n.a.	n.a.
Emissions from petrol and diesel for the company fleet	t CO <sub>2</sub> eq	1,715.0	1,462.1	1,563.6	17.3%	-6.5%
<b>Total emissions (Scope 1)</b>	<b>t CO<sub>2</sub>eq</b>	<b>11,475.9</b>	<b>12,279.0</b>	<b>12,136.1</b>	<b>-6.5%</b>	<b>1.2%</b>
INDIRECT EMISSIONS (SCOPE 2)	Unit	2022	2021	2020	2022/2021	2021/2020
Emissions from acquired electricity - Location-based	t CO <sub>2</sub> eq	25,791.0	30,464.9	33,239.3	-15.3%	-8.3%
Emissions from acquired electricity - Market-based	t CO <sub>2</sub> eq	0	0	0		
Emissions from district heating systems	t CO <sub>2</sub> eq	1,127.6	1,566.3	1,503.2	-24.3%	4.2%
Natural gas emissions for building heating systems	t CO <sub>2</sub> eq	2,762.0	3,071.5	3,037.5	-10.1%	1.1%
<b>Total emissions (Scope 2) - Location-based</b>	<b>t CO<sub>2</sub>eq</b>	<b>29,680.6</b>	<b>35,102.7</b>	<b>37,780</b>	<b>-15.4%</b>	<b>-7.1%</b>
<b>Total emissions (Scope 2) - Market-based</b>	<b>t CO<sub>2</sub>eq</b>	<b>3,889.6</b>	<b>4,637.8</b>	<b>4,540.7</b>	<b>-16.1%</b>	<b>2.1%</b>
TOTAL EMISSIONS (SCOPE 1 + SCOPE 2)	Unit	2022	2021	2020	2022/2021	2021/2020
Total direct + indirect emissions (Scope 1 + Scope 2 Location-based)	t CO <sub>2</sub> eq	41,156.4	47,381.7	49,916.1	-13.1%	-5.1%
Total direct + indirect emissions (Scope 1 + Scope 2 Market-based)	t CO <sub>2</sub> eq	15,365.4	16,916.8	16,676.8	-9.2%	1.4%
Towards carbon neutrality - Carbon credits	t CO <sub>2</sub> eq	8,000	800	0.0		
<b>Total net emissions*</b>	<b>t CO<sub>2</sub>eq</b>	<b>7,365.4</b>	<b>16,116.8</b>	<b>16,676.8</b>	<b>-54.3%</b>	<b>-3.4%</b>

\* Total direct and indirect emissions (scope 1 & 2 Market Based) net of those already offset

OTHER INDIRECT EMISSIONS (SCOPE 3)	Unit	2022	2021	2020	2022/2021	2021/2020
Commuting	t CO <sub>2</sub> eq	11,034.1	11,535.2	13,504.2	-4.3%	-14.6%
Paper purchased	t CO <sub>2</sub> eq	1,648.1	1,806.7	1,986.3	-8.8%	-9.0%
Air	t CO <sub>2</sub> eq	153.8	26.8	97.9	473.1%	-72.6%
Rail	t CO <sub>2</sub> eq	60.5	29.0	67.8	108.5%	-57.2%
Disposable plastics for dining areas and canteens	t CO <sub>2</sub> eq	23.1	29.0	18.6	-20.3%	56.0%
IT equipment	t CO <sub>2</sub> eq	1.2	n.a.	n.a.	n.a.	n.a.
<b>Total indirect emissions (Scope 3)</b>	<b>t CO<sub>2</sub>eq</b>	<b>12,920.8</b>	<b>13,426.7</b>	<b>15,674.8</b>	<b>-3.8%</b>	<b>-14.3%</b>

EMISSION INTENSITY INDICATORS	Unit	2022	2021	2020	2022/2021	2021/2020
Total net emissions (Scope 1 + Scope 2 Market-based) per employee	t CO <sub>2</sub> eq/emp.	0.4	0.8	0.8	-50.0%	0.0%
Total net emissions (Scope 1 + Scope 2 Market-based) per thousand square metres	t CO <sub>2</sub> eq/thousand sq.m.	7.0	13.1	13.4	-46.7%	-2.2%
Total net emissions for operating income*	t CO <sub>2</sub> eq/million €	1.6	3.6	4.0	-55.6%	-10.0%

GREENHOUSE GAS EMISSIONS AVOIDED	Unit	2022	2021	2020	2022/2021	2021/2020
scope 1 - natural gas**	t CO <sub>2</sub> eq	25.9	25.9	18.6	-0.0%	39.2%
scope 2 - electricity***	t CO <sub>2</sub> eq	55.0	169.5	146.8	-67.6%	15.5%
scope 2 - electricity (photovoltaic panels)	t CO <sub>2</sub> eq	17.6	39.3	41.9	-55.2%	-6.2%
scope 2 - electricity**** (purchased renewable)	t CO <sub>2</sub> eq	25,791.0	30,464.9	33,239.3	-15.3%	-8.3%
scope 3 - commuting (avoided emissions per remote worker)	t CO <sub>2</sub> eq	1,349.3	1,736.3	n.a.	-22.3%	n.a.
scope 3 - unused single-use plastic	t CO <sub>2</sub> eq	5.9	n.a.	n.a.	n.a.	n.a.
<b>Total emissions avoided</b>	<b>t CO<sub>2</sub>eq</b>	<b>27,244.7</b>	<b>32,435.9</b>	<b>33,446.6</b>	<b>-16.0%</b>	<b>-3.0%</b>

\* Operating income from the reclassified profit and loss account

\*\* Reduction resulting from the installation of condensing boilers

\*\*\* Reduction resulting from the installation of high-efficiency chillers and heat pumps

\*\*\*\* With GO certification

## MATERIAL AND WATER CONSUMPTION

CONSUMABLES	Unit	2022	2021	2020	2022/2021	2021/2020
Paper consumed in-house	t	1,560.2	1,719.8	1,794.3	-9.3%	-4.1%
<i>of which A4 Paper</i>	t	1,428.3	1,566.7	1,650.0	-8.8%	-5.1%
Outsourced paper consumption	t	465.0	500.3	513.3	-7.1%	-2.5%
<b>Total paper consumed</b>	<b>t</b>	<b>2,025.2</b>	<b>2,220.2</b>	<b>2,307.6</b>	<b>-8.8%</b>	<b>-3.8%</b>
<i>of which recycled paper</i>	t	1,427.2	1,565.5	1,648.8	-8.8%	-5.1%
Recycled paper out of total	%	70.5	70.5	71.5	-0.1%	-1.3%
<b>Total toner used*</b>	<b>t</b>	<b>75.3</b>	<b>80.3</b>	<b>95.0</b>	<b>-6.2%</b>	<b>-15.5%</b>
<i>of which regenerated toner</i>	t	66.7	70.2	87.0	-5.0%	-19.3%
Regenerated toner to total ratio	%	88.6%	87.5%	91.6%	1.3%	-4.5%
Disposable plastics for dining areas and canteens	t	89	87	92	1.3%	-4.5%
Disposable plastic	t	7.4	9.3	6.0	-20.3%	56.0%
<b>WATER CONSUMPTION</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2022/2021</b>	<b>2021/2020</b>
<b>Total water consumed</b>	<b>thousands m<sup>3</sup></b>	<b>547.0</b>	<b>367.5</b>	<b>364.6</b>	<b>48.8%</b>	<b>0.8%</b>

\* It was not possible to calculate the consumption of the different types of toner with an unambiguous criterion. We have therefore adopted a mixed criteria using, where available, the weight of the cartridge empty, and where not available, the weight including the packaging.

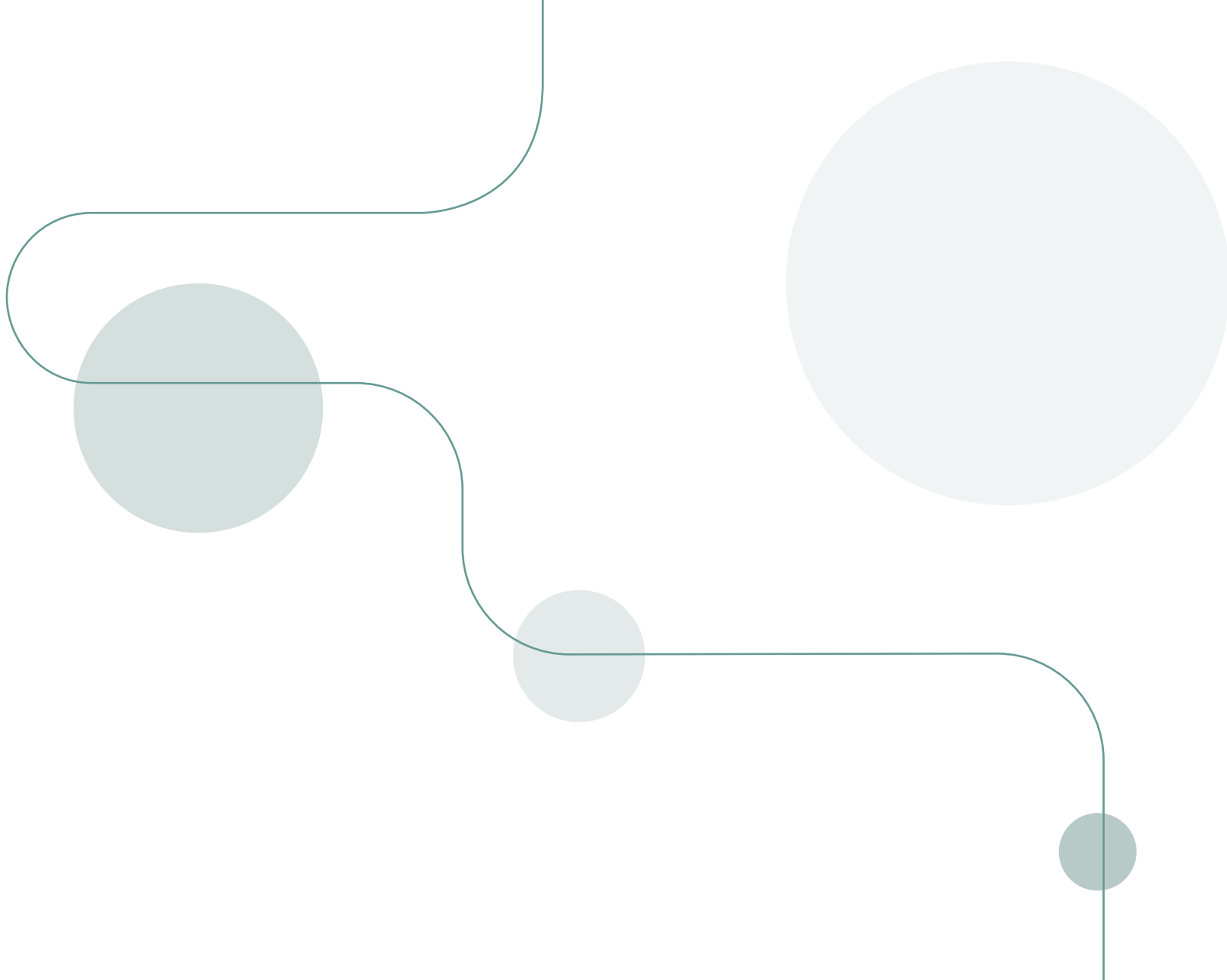
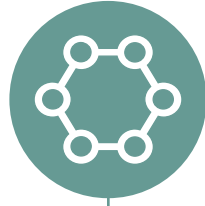
## WASTE PRODUCED, BY TYPE AND DISPOSAL METHOD

	Unit	2022	2021	2020	2022/2021	2021/2020
Toner	t	25.8	33.0	36.0	-21.8%	-8.3%
Paper and cardboard packaging	t	168.4	260.0	165.0	-35.2%	57.6%
Mixed material packaging	t	545.5	710.0	412.0	-23.2%	72.3%
Discontinued equipment	t	25.0	22.0	7.0	13.6%	214.3%
Paper and Cardboard	t	1,331.9	1568	1384	-15.1%	13.3%
Bulky waste	t	38.8	37.0	87.0	4.9%	-57.5%
Plastic packaging	t	9.3	10.0	22.0	-7.0%	-54.5%
Metal packaging	t	3.6	n.a.	n.a.		
Packaging containing residues of hazardous substances	t	0.2	n.a.	n.a.		
Absorbents, filtering materials	t	0.8	1.0	1.0	-20.0%	0.0%
Organic waste containing hazardous substances	t	0.5	1.0	1.0	-50.0%	0.0%
Medical waste	t	0.6	1.0	1.0	-40.0%	0.0%
<b>Total waste</b>	<b>t</b>	<b>2150.4</b>	<b>2,643.0</b>	<b>2,116.0</b>	<b>-18.6%</b>	<b>24.9%</b>
<i>of which sent for recovery</i>	<i>t</i>	<i>2,148.3</i>	<i>2,640.0</i>	<i>2,113.0</i>	<i>-18.6%</i>	<i>24.9%</i>
<i>of which for landfill</i>	<i>t</i>	<i>2.1</i>	<i>3.0</i>	<i>3.0</i>	<i>-30.0%</i>	<i>0.0%</i>
<i>of which hazardous</i>	<i>t</i>	<i>2.1</i>	<i>3.0</i>	<i>3.0</i>	<i>-30.1%</i>	<i>0.0%</i>
<i>of which non-hazardous</i>	<i>t</i>	<i>2,148.3</i>	<i>2,640.0</i>	<i>2,113.0</i>	<i>-18.6%</i>	<i>24.9%</i>
<b>WASTE GENERATION INTENSITY INDICATORS</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2022/2021</b>	<b>2021/2020</b>
Waste per employee	t/employees	0.1	0.1	0.1	0.0%	0.0%
waste per sq.m.	t/sq.m.	2,037.1	2,146.8	1,705	-5.1%	25.9%
<b>SEPARATE WASTE COLLECTION EFFICIENCY INDICATOR</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2022/2021</b>	<b>2021/2020</b>
Waste sent for recovery/waste disposed of	%	99.9%	99.9%	99.9%	0.0%	0.0%

## SOCIAL DATA

GROUP EMPLOYEES	Unit	2022	2021
<b>Total employees</b>	<b>no.</b>	<b>20,156</b>	<b>20,436</b>
Employees on permanent contracts	no.	19,643	19,957
<i>of which North</i>	%	80.0	79.8
<i>of which Centre</i>	%	13.2	13.3
<i>of which South, Islands and Abroad</i>	%	6.8	6.9
Employees on apprenticeships	no.	513	479
<i>of which North</i>	%	90.2	88.3
<i>of which Centre</i>	%	6.8	7.9
<i>of which South, Islands and Abroad</i>	%	3.0	3.8
Part-time employees	no.	3,408	3,413
<i>of which North</i>	%	82.4	82.1
<i>of which Centre</i>	%	14.5	14.7
<i>of which South, Islands and Abroad</i>	%	3.1	3.2
Full-time employees	no.	16,748	17,023
<i>of which North</i>	%	79.8	79.6
<i>of which Centre</i>	%	12.7	12.8
<i>of which South and Islands and Abroad</i>	%	7.5	7.6
<b>NON-EMPLOYEE STAFF</b>	<b>Unit</b>	<b>2022</b>	<b>2021</b>
Other contractors	no.	3	
Trainees/apprentices	no.	19	
Outsourced labour	no.	1	
Secondment	no.	/	
<b>Total</b>	<b>no.</b>	<b>23</b>	

# METHOD AND FRAMEWORK







# Methodological Note

## REPORTING STANDARDS

The Consolidated Non-Financial Statement of the Banco BPM Group (hereinafter also 'the Group'), produced in line with Articles 3 and 4 of Italian Legislative Decree 254/2016 (hereinafter also 'Decree'), contains information on environmental and social topics, personnel, respect for human rights and the fight against corruption. It provides a better understanding of the Group's activities, its performance, its results and the impact generated by these factors. This Statement is published on an annual basis (the Consolidated Non-Financial Statement 2021 was published in March 2022) and is produced pursuant to the Decree and the 'Sustainability Reporting Standards' defined in 2016 by the Global Reporting Initiative (GRI), hereinafter the 'GRI Standards' and the subsequent 2021 amendments, as well as the 'Financial Services Sector Supplements'.

The level of compliance with GRI Standards stated by the Group is 'in accordance with GRI Standards'. To enable the reader to better reconcile the information provided in this document, the GRI Content Index is provided on pages 209-215.

This Statement reflects the principle of materiality as envisaged by Italian Legislative Decree 254/2016 and considering what is envisaged by the GRI Standards: the topics covered in the Statement are those that, subsequent to the materiality analysis described on pages 20-26 of this document, were considered relevant and such so as to reflect the impacts of the Group's activities or to influence the decisions of its stakeholders.

## REPORTING SCOPE

The qualitative and quantitative data and information contained in this Statement refer to the Group's performance in the year ending 31 December 2022. This Statement includes the data of Banco BPM S.p.A. and all fully consolidated companies, except for SPVs. Statutory foundations are also excluded from the reporting scope (whose activities are, however, covered in greater detail in the material topic 'Corporate Citizenship' in view of the significance of the relationship between the Group companies and the foundations). Any limitations in the scope will be indicated in the document. Exclusions and limitations to the scope do not in any way detract from the understanding of the Group's activities, its performance, its results and the impact generated by these aspects.

The economic and financial data described in the Statement derives from the Annual Financial Report of the Banco BPM Group at 31 December 2022. Regarding the preparation of the information used to determine economic value generated and distributed, the Italian Banking Association (ABI) guidelines were considered, proposing the reclassification of the income statement according to Italian banking legislation. This table provides additional information to the data required by the Decree.

Regarding data on greenhouse gas emissions, emission factors were considered, according to the ABI LAB Guidelines on the application in the Bank of the GRI Standards on environmental matters, version 15/12/2022.

## REPORTING PROCESS

The Banco BPM Group has adopted a structured procedure for the preparation of the Statement which, defined by internal regulations, has identified the departments involved and the principles, roles and responsibilities for the reporting of the information and data contained in this document. As such, the preparation of the Statement was based on a structured reporting process that envisaged:

- the definition of the content to be included in the Statement, the definition of the reporting scope, the identification of the company structures involved, the relative data owners and approvers;
- the engagement of the company structures involved and the sending of informational requirements and the relative timing;
- the collection, control and processing of information and data received. In particular, during 2022, the ESGeo IT platform was further implemented to incorporate the new 'GRI Universal Standards 2021'. ESGeo is a working environment that makes it possible to collect the required information and data while also controlling the contribution process (by the data owners), validating them (by the managers/approvers) and monitoring expiries;
- the preparation of the draft Statement;
- the control and validation of the draft Statement, with any amendments and/or additions to the content, by the company structures involved, each for the part under their responsibility;
- the presentation of the Statement to the Internal Risk and Sustainability Committee and its approval by the Board of Directors;
- verification of compliance carried out by the independent auditors of Banco BPM Group, PricewaterhouseCoopers SpA;
- the publication of the Statement on the Group's website with a view to its transparent disclosure to all stakeholders.

## REPORTING PRINCIPLES

The process of defining the content of the Statement was based on the principles set out in the GRI Standards, namely accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

Also, the content of the Statement is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), a correlation table supports the linking of the different topics to the four thematic areas of disclosure defined by the TCFD framework (Strategy, Governance, Risk Management, Metrics and Targets).

The 2022 Statement also contains the disclosure of information required under Art. 8 of the EU Taxonomy Regulation (852/2020) on pages 152 and 153 of this document.

## Correlation table

MATERIAL TOPIC	DEFINITION AND RELEVANCE	GRI Standard Disclosure	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>Digitalisation and customer relations</b>	The topic of digital and relational innovation assumes a fundamental role considering new customer needs, the competitiveness of the banking sector, market pressures and Strategic Plan objectives. The relational aspect is constantly evolving, and remains a fundamental and distinctive element of banking, influencing customer satisfaction, reputation and business results.	On this subject (which is not directly associated with an aspect of the GRI Standard guidelines), Banco BPM has described its management approach and the relative indicators adopted.	Banco BPM Group	Customers
<b>Capital strength and profitability</b>	The topic is material by definition, as it concerns the ability to create value for shareholders and other stakeholders over time. Reference is made to the Group's capital strength and profitability indicators. In fact, adequate capitalisation and profitability are fundamental to effectively conduct banking activities, to remunerate the main stakeholders in the medium-long term and to meet the requirements of the regulator.	<b>GRI 201:</b> Economic Performance 2016	Banco BPM Group	All stakeholders
<b>Business conduct</b>	This refers to the set of rules, tools and initiatives that govern sound business management and the management model adopted to prevent and counter corruption and unlawful acts in the areas identified by Italian Legislative Decree 254.	<b>GRI 205:</b> Anti-Corruption 2016	Banco BPM Group	All stakeholders
<b>Management, development, diversity and inclusion</b>	Adequate personnel management and development and the capacity to include and enhance diversity and merit are fundamental to motivating people and achieving sufficient performance levels, even more so in periods such as those we are experiencing, characterised by complexity, uncertainty and new ways of working.	<b>GRI 401:</b> Employment 2016 <b>GRI 404:</b> Training and Education 2016 <b>GRI 405:</b> Diversity and Equal Opportunities 2016	Banco BPM Group	Personnel

MATERIAL TOPIC	DEFINITION AND RELEVANCE	GRI Standard Disclosure	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>Welfare, work-life balance and well-being</b>	Attention to people's well-being and engagement represents a significant challenge to attract, maintain and motivate talent, especially in a period like that which we are experiencing, in which it is even more necessary to protect personnel health and safety while also using new remote engagement methods.	<b>GRI 403:</b> Occupational Health and Safety 2018	Banco BPM Group	Personnel
<b>Corporate citizenship</b>	Corporate citizenship refers to the responsibility towards the community and, more specifically, to all the initiatives intended to contribute to the growth of the community where we live, sharing objectives, values and solutions. In our specific case, the initiatives deployed regard social sponsorships, charitable donations, the provision of company assets, volunteer activities and other community development initiatives.	<b>GRI 201:</b> Economic Performance 2016 <b>GRI 203:</b> 2016 Indirect Economic Impacts	Banco BPM Group	Community
<b>Direct environmental mitigation</b>	The most significant environmental impact in the banking sector is certainly indirect. However, Banco BPM is a large company that uses lots of materials and energy in its activities, producing a significant direct impact. For this reason, the Group also strives to reduce its direct environmental impact, to achieve carbon neutrality by 2023.	<b>GRI 302:</b> Energy 2016 <b>GRI 305:</b> Emissions 2016 <b>GRI 301:</b> Materials 2016	Banco BPM Group	Environment
<b>Responsible Supply Chain Management</b>	This means supply chain management that considers the impact on business, society and the environment. Suppliers are selected from a pool of companies and professionals exhibiting the prerequisites of integrity, professionalism, competence and reputation. It is essential to maintain good partnership relationships with suppliers while seeking to guarantee the supply of quality products and services at a sustainable cost and privilege appropriate partnerships capable of creating value in the medium-long term. At the same time, the Group plays a crucial role in supporting many businesses in Italy from an economic point of view and in the transition to a sustainable business model.	<b>GRI 204:</b> Procurement practices 2016	Banco BPM Group	Suppliers

MATERIAL TOPIC	DEFINITION AND RELEVANCE	GRI Standard Disclosure	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>Credit for recovery and resilience</b>	The bank has an economic interest in supporting its customers and, generally, the productive and social fabric of the areas in which it operates. The ordinary and extraordinary intervention of the banking sector is fundamental to supporting the real economy and people in times of severe crisis (e.g., Covid-19, climate emergency, energy emergency, and inflation), while it is equally important to support the recovery and contribute to the resilience of the Italian economic and social system, in line with the NRRP.	Product portfolio (GRI G4) <b>GRI 413:</b> Local Communities 2016	Banco BPM Group	Customers
<b>Finance for a sustainable transition</b>	Banks are leaders and drivers of the change initiated with the definition of the European Commission's Action Plan on sustainable finance and reinforced with the NRRP, which focuses on sustainable and inclusive growth. This issue, therefore, relates to all business measures that contribute to the sustainable transition of the economic and social fabric, in particular through the management of credit according to sustainability criteria, the offer of products and services to accompany companies towards a sustainable business model (not only green), and the channelling of savings and proprietary finance towards financial initiatives and instruments that take sustainability criteria into account.	Product portfolio (GRI G4) Marketing and labelling (GRI G4)	Banco BPM Group	Customers
<b>Climate change and green business</b>	Banks play a key role in the green transition of customers, particularly businesses. Also, climate change is prompting banks to structurally consider physical and transitional risks in their risk management, particularly in credit, to reduce indirect environmental impacts. For this reason, we have launched products and services to improve the energy efficiency of buildings. Work is underway to continuously improve credit policy and lending by effectively considering environmental factors.	Product portfolio (GRI G4)	Banco BPM Group	Customers
<b>Business continuity, cybersecurity and privacy</b>	The banking sector is a so-called essential sector and must guarantee service continuity and reliability even during emergency periods and following problems and cyber-attacks, protecting the enormous wealth of information under its management. Digitisation, remote work and online banking require and will require significant investments in terms of organisational structures, human and financial resources, training and awareness.	<b>GRI 418:</b> Customer Privacy 2016	Banco BPM Group	Customers

# TCFD recommendations

THEMATIC AREAS	TCFD RECOMMENDATIONS	REFERENCES
<b>GOVERNANCE</b>	a) Description of the Board of Directors' oversight of climate-related risks and opportunities.	Strategy. Financial and Non-financial Risk Management 27
	b) Description of management's role in assessing and managing climate-related risks and opportunities	Identity. Organisational and governance model 40 - 45
		Identity. Remuneration policies 47 - 50
		People. Management, Development, Diversity & Inclusion 107
<b>STRATEGY</b>	a) Description of climate-related risks and opportunities that the organisation has identified in the short, medium and long term.	Strategy. Our Strategic ESG Plan 13 - 17
	b) Description of the impact of climate-related risks and opportunities on the organisation's operations, strategy and financial planning.	Identity. Business conduct 52 - 53
		Customers. Finance for a sustainable transition 66 - 73
	c) Description of the resilience of the organisation's strategy, considering different climate scenarios , including those of 2°C or less	Environment. Climate change and green business 136; 150; 154-156
		Environment. Direct environmental mitigation 157 - 163
		Strategy. Financial and Non-financial Risk Management 29 - 31

THEMATIC AREAS	TCFD RECOMMENDATIONS	REFERENCES
<b>RISK MANAGEMENT</b>	a) Description of the processes implemented by the organisation for the identification and assessment of climate risks.	Strategy. Financial and Non-financial Risk Management 28; 31
	b) Description of the processes implemented by the organisation to manage climate risks.	Customers. Credit for recovery and resilience 76 - 77
	c) Description of how the processes for identifying, assessing and managing climate risks fit into overall risk management.	Environment. Climate change and green business 136 - 149
<b>METRICS AND TARGETS</b>	a) Disclosure of metrics the organisation uses to assess climate risks and opportunities in line with its strategy and risk management process.	Customers. Finance for a sustainable transition 66 - 73
	b) Disclosure of Scope 1, 2 and, where applicable, scope 3 greenhouse gas emissions and related risks.	Environment. Climate change and green business 136 - 156
	c) Description of the organisation's identified objectives for managing climate-related risks and opportunities and performance in respect of them.	Environment. Direct environmental mitigation 157 - 163
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# GRI

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\*In the context of the criminal proceedings related to what is called the 'Diamanti affair', Banco BPM and Banca Aletti were charged with an administrative offence under Italian Legislative Decree 231/2001 concerning the alleged offence of 'self money laundering' and Banco BPM for the alleged offence of 'obstructing the exercise of the functions of public supervisory authorities' concerning the activity of reporting to IDB S.p.A. customers interested in purchasing diamonds.

The judgement applied no disqualification sanctions. The Judge also acknowledged that the Bank had 'prepared and adopted an organisational and management model suitable to prevent the commission of offences of the same kind as those underlying the offences in dispute'. Please note that the former Banco Popolare group carried out the activity of reporting to IDB S.p.A. customers interested in purchasing diamonds before the incorporation of Banco BPM. This activity was discontinued in early 2017 (the year in which Banco BPM was established). Regarding the customers involved in the affair, the Bank carried out extensive customer care activities that led to the compensation the majority of its customers.

STANDARD DISCLOSURE	DISCLOSURE	GRI 2016	PAGE NUMBER (OR DIRECT REFERENCE)	OMISSIONS	GC PRINCIPLES
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# Independent Auditors' Report

## **Independent auditor's report on the consolidated non-financial statement**

*pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation no. 20267*

To the Board of Directors of Banco BPM SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Banco BPM SpA and its subsidiaries (hereafter the "Group" or "Banco BPM Group") for the year ended 31 December 2022 prepared in accordance with article 4 of the Decree, and approved by the Board of Directors on 7 March 2023 (the "NFS").

Our review does not extend to the information set out in the paragraph "EU TAXONOMY - ELIGIBILITY INDEX" of the NFS, required by article 8 of European Regulation 2020/852.

### **Responsibilities of the Directors and the board of statutory auditors for the NFS**

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 and updated versions, by the GRI – Global Reporting Initiative (the "GRI Standards"), disclosed within the paragraph "Note on Methodology" of the NFS, identified by them as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

### **PricewaterhouseCoopers SpA**

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### ***Auditor's Independence and Quality Control***

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

### ***Auditor's responsibilities***

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standards adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
  - a. business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
  - b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
  - c. key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;



5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of Banco BPM SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidences;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for the following companies, Banca Aletti SpA, Tecmarket Servizi SpA and Banco BPM Vita SpA, which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

### **Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Banco BPM Group for the year ended 31 December 2022 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusions on the NFS of Banco BPM Group do not extend to the information set out in the paragraph "EU TAXONOMY - ELIGIBILITY INDEX" of the NSF, required by article 8 of European Regulation 2020/852.

Milan, 21 March 2023

PricewaterhouseCoopers SpA

*Signed by*

Pierfrancesco Anglani  
(Partner)

*Signed by*

Paolo Bersani  
(Authorised signatory)

*This report has been translated from the Italian original solely for the convenience of international readers.*



