

**ACTIONS**  
**THAT HELP THE**  
**DOING**

**2023  
SUSTAINABILITY  
REPORT**

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

The logo for Banco BPM Gruppo features a stylized blue and green arch above the text "BANCO BPM" in a bold, blue, sans-serif font, with "GRUPPO" in a smaller, blue, sans-serif font underneath.

**BANCO BPM**  
GRUPPO



ACTIONS  
THAT HELP THE  
DOING

[GRUPPO.BANCOBPM.IT](http://GRUPPO.BANCOBPM.IT)

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

Piazza F. Meda, 4

Milan





# Letter to our Stakeholders

Dear Readers,

in the past year, **the critical international context** burdened by old and new conflicts, a complex economic situation and closer climate-related emergencies have highlighted the fragile points of our systems, leading to a condition **of widespread uncertainty in the country**.

At the same time, however, we have **recorded the resilience and flexibility** of the economic and industrial fabric, the renewal of further recognised environmental demands and the commitment to extensive and lasting social development, capable of resisting, but above all **anticipating and governing the now constant changes**.

At Banco BPM, we too **feel a growing responsibility for the impact** of the tools and opportunities we can offer by **fully integrating ESG criteria** into our business and organisational model, and the contribution we can make to a **balanced ecological transition** that enables our customers to seize the best opportunities.

Thanks to the commitment of the entire Group, we ended the 2023 financial year with **extraordinary results**, meeting and **exceeding the targets of the 2021-2024 Plan one year ahead of schedule**. We want to continue in this direction in order to consolidate our **role as a leading bank** in offering services to private individuals, small and medium-sized enterprises and large Italian companies, thanks to new digital and technological tools and personalised, dedicated and proximity-based advice, as is in our DNA.

The **new 2023-2026 Strategic Plan** was built with a stand-alone logic. It was **well received and welcomed by investors** for its approach based on constant innovation, progressive risk reduction and the identification of new and challenging growth targets, to **create increasing value for all our stakeholders**.

As a **recognised and credible community bank**, we want to continue to work alongside our territories in both emergencies and in everyday life, intensifying, **thanks to the contribution of our foundations**, our actions aiding the weakest and most exposed groups and the younger generations, our support for schools and the effort dedicated to financial education and sustainability, as well as our attention to our people.

In fact, the **valorisation of female colleagues is an integral part of our strategy**, which we put into practice through personalised growth paths, training, female empowerment, generational change programmes and the introduction of new skills, work-life and parenthood balance, health protection and the implementation of increasingly inclusive policies.

The following pages present the details and results of this work we carry out to help **build the best possible future**. We have the strength, the skills and the right tools to do this and to **face and overcome, together with all of you, the great challenges ahead**.

Enjoy the report!

**Massimo Tononi**  
Chairman

**Giuseppe Castagna**  
Chief Executive Officer



# Towards the CSRD

The European Commission is once again urging us to live up to Europe's sustainability challenges and ambition through the introduction of the **Corporate Sustainability Reporting Directive (CSRD)**, an evolution of the Non-Financial Reporting Directive (NFRD) that had already revolutionised corporate reporting and beyond.

## Let us take a step back.

In 2016, Italian Legislative Decree 254 on non-financial reporting came into force. By transposing the **European NFRD**, the legislation required, for the first time, large public interest companies "account" for environmental, social, personnel, human rights and anti-corruption issues, and their organisation and management models, the policies practised, performance indicators, the risks incurred, but also, in an innovative approach, those generated.

It was soon clear that the legislator's intention went far beyond an objective of mere transparency.

Since then, **much has changed for the Banco BPM Group and its stakeholders** in terms of **governance** (from the Sustainability Committee at board level to the Managerial ESG Committee up to the operational functions such as Sustainability, Energy Management, Diversity & Inclusion, Sustainable Funding, etc.), **strategy** (with the 2021-2024 and then 2023-2026 Strategic Plans, which gradually expanded our sustainability ambition), **policies** (with the update of the Code of Ethics, the integration of ESG in lending policies and the adoption of guidelines on environmental issues, human rights, etc.) and **business** (with the ESG offer for clients and membership in the Net Zero Banking Alliance).

**This 2023 is the last edition of the Consolidated Non-Financial Statement as we have known it thus far, as starting next year the Sustainability Statement will become part of the Report on Operations.**

## In fact, as of 2024, companies subject to the NFRD, such as Banco BPM, will be required to comply with the CSRD

in order to provide solid and transparent information in relation to sustainability, both historical and prospective, according to common standards throughout Europe, concerning:

- organisational models, business strategies and objectives;
- roles, responsibilities, expertise and incentivisation of the administration, management and control bodies;
- company policies and due diligence processes (aimed at identifying, preventing and mitigating actual and potential negative impacts on sustainability issues and accounting for how problems are addressed);
- impacts, risks, opportunities and how to manage them.

Unlike the previous legislation, the main innovations include **planning sustainability goals** (prospective reporting and not just historical reporting), an **enlarged reporting scope** (not only consolidated companies, but also the upstream and downstream value chain where relevant), and the **definition of dual materiality** (which leads to reasoning about both the impact of business on sustainability issues and the impact of sustainability issues on business performance).

Furthermore, an **effective, consistent and robust process for the production, collection and consolidation of data**, including reporting by the relevant actors in the respective supply chains, must be ensured.

We are undoubtedly facing a **challenge of considerable dimensions**, but at the same time we realise how this legislation represents a further necessary step towards a more promising future for all, not only from an environmental and social point of view, but also from an economic one<sup>1</sup>.

<sup>1</sup> For more details on the Banco BPM Group's compliance with the CSRD, in particular on the project to incorporate the new sustainability requirements, prepare the connection with financial reporting and set up a consistent process for producing, collecting and consolidating sustainability data, please refer to the specific contents of the Group's Non-Financial Statement and Report on Operations.





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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 to 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. The risks represented and the relative management methods/policies employed have been identified with the contribution of the corporate departments that directly and indirectly manage such risks. Such 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, the Taxonomy Regulation and major financial market participants, the Task Force on Climate-related Financial Disclosures (TCFD) and the UN Global Compact.

*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 all the Group structures, the drafting of the contents and relations with the auditing firm PwC and with Message, the company responsible for the document's concept and graphic layout. In continuity with previous years, the 2023 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).*

The document is organised into **ten macro-chapters** and opens with a section dedicated to new challenges and opportunities.

In the first macro-chapter "**Identity**" we describe the Group and its mission, business model, governance and organisational model, risk management, business model, remuneration policies and business conduct.

Next, the second macro-chapter "**Strategy**" describes our Strategic Plan, listening to our stakeholders and materiality analysis.

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 2023 highlights, with a selection of particularly significant quantitative and qualitative indicators.

The final part of the document contains macro-chapter 8, which describes the "**Recognitions**" that the Banco BPM Group obtained in 2023; macro-chapter 9, which includes the "**Annexes**", in particular relating to the document's key indicators (three-year reporting) and an in-depth analysis of social and environmental 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.

Each macro-chapter starts with a "cover" highlighting our vision on the issues considered, the SDGs supported and the relevant stakeholders.

## BROWSING

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

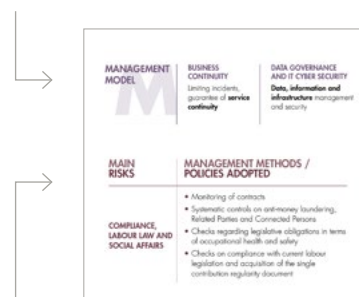


## TITLES

Shown in the contents

## DIAGRAM

Management model at the beginning of the chapters related to material topics



## TABLE

Risks and management methods/policies implemented at the end of chapters related to material topics

## COVERS

At the beginning of each macro-chapter, including our vision of the 2023 topics and KPIs



## INDICATORS

SDGs and stakeholders

# New Challenges and Opportunities

## SUSTAINABILITY: A LONG, COMPLEX PATH

We are facing **challenges that are slowly but profoundly changing the global economy, ways of working and doing business as well as lifestyles.**

Climate change, environmental degradation and the loss of biodiversity are certainly top priorities for action not only for the well-being of the planet and society, but also in relation to economic growth<sup>1</sup>. However, governments are also facing equally important and urgent social challenges such as inequality, ageing populations and declining birth rates, public health, migration, minority rights and human rights in general, and the new technological and digital revolution.

The ongoing wars and geopolitical tensions, the energy crisis and the rising cost of living have partially shifted the common short-term focus from climatic and environmental risk factors to **social, technological, geopolitical and economic risk factors that will dominate the scenario in the next two years:**

possible social unrest and distorted electoral outcomes due to misinformation and fraudulent use of information, inflation and economic slowdown, cybersecurity and armed conflicts, increased inequality and the erosion of social cohesion.

**Long-term concerns** instead **focus primarily on the climate and environmental crisis and secondarily on technological challenges and threats**, as well as **social inequalities and migration crises**.

In such a complex scenario in which global cooperation is crucial but protectionist public policies simultaneously flourish and technological progress does not generate equally distributed benefits, it is important to **keep Europe's ambitions high**, concentrating economic and intellectual resources in new technologies, new skills, new models of supply, production and consumption with the aim of consolidating its resilience and **fostering truly sustainable, fair and inclusive growth**.

Once again, **the banking sector can play an important role by directing financial resources to initiatives that can contribute to sustainable, just and inclusive growth**.

<sup>1</sup> According to the Bank of Italy, average temperatures have risen in Italy by about 2°C since the beginning of the last century, with a negative impact on per capita GDP growth, which became more pronounced at the end of the 20th century in parallel with the rise in temperatures. An emissions scenario with temperature increases of +1.5°C by 2100 could dampen the growth of GDP per capita to a level between 2.8 and 9.5% lower at the end of the century than if it grew at its historical trend.

## TOP 10 GLOBAL RISKS RANKED BY SEVERITY (PROBABLE IMPACT) IN THE SHORT AND LONG TERM

World Economic Forum Global Risks Perception Survey 2022-2023, conducted with the involvement of around 1,500 experts from the academic, corporate and governmental environments worldwide.

2 YEARS	10 YEARS
1 ● Disinformation and misinformation	● Extreme climatic events
2 ● Extreme climatic events	● Critical changes related to the Earth system
3 ● Polarisation of society	● Loss of biodiversity and ecosystem collapse
4 ● Cyber insecurity	● Shortage of natural resources
5 ● Armed conflicts	● Disinformation and misinformation
6 ● Loss of economic opportunities	● Adverse impacts of artificial intelligence technologies
7 ● Inflation	● Involuntary migration
8 ● Involuntary migration	● Cyber insecurity
9 ● Economic recession	● Polarisation of society
10 ● Pollution	● Pollution

**Risk categories** ● Environmental ● Geopolitical ● Social ● Technological ● Economic

## POSITIVES AND NEGATIVES OF COP 28

COP 28, which was widely attended but still saw major disagreements, closed with an agreement that marks **“the beginning of the end of the fossil fuel era”**, a gradual transition from fossil fuels in a “fair, orderly and equitable manner” to net-zero greenhouse gas emissions by 2050, but without setting targets for the phase-out of non-renewable sources. The agreement also includes a commitment to triple the world’s renewable energy generation capacity (to at least 11,000 GW by 2030) and to transform food systems as part of climate action.

Although the Loss and Damage Fund has become operational, the initial contributions of more than USD 700 million seem far insufficient for the needs of communities suffering from the effects of climate change.

## 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.

2018 - 2019	2020	2021	2022
<ul style="list-style-type: none"> <li>• EU Action Plan for Sustainable Finance<sup>2</sup>.</li> <li>• European Green Deal<sup>3</sup>.</li> <li>• EU Regulation 2019/2088 on Sustainability Disclosures in the financial services sector - SFDR<sup>4</sup>.</li> <li>• EU Regulation 2019/2089 on the EU Reference Indices of Climate Transition<sup>5</sup>.</li> <li>• EU Guidelines on Reporting Climate-Related Information<sup>6</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>• ECB: Guidance on climate and environmental risks. Supervisory expectations on risk management and disclosure<sup>7</sup>.</li> <li>• EBA Loan Origination and Monitoring Guidelines: Integration of ESG factors in credit origination and monitoring (integration of ESG dimensions into creditworthiness)<sup>8</sup>.</li> <li>• EU Regulation 2020/852 EU Taxonomy of Environmentally Sustainable Economic Activities<sup>9</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>• EU Strategy for financing the transition to a sustainable economy<sup>10</sup>.</li> <li>• Green Asset Ratio - GAR - indicator of the share of assets financing environmentally sustainable activities based on the EU Taxonomy<sup>11</sup>.</li> <li>• NextGenerationEU Programme - European Recovery Plan<sup>12</sup>.</li> <li>• New regulatory guidelines on disclosure: EBA Pillar 3, ESG risk disclosure, regular publication of qualitative and quantitative information on environmental, social and governance risks, including physical risks and transition risks<sup>13</sup>.</li> </ul>	<p>Two important supervisory activities by the ECB took place during the year:</p> <ul style="list-style-type: none"> <li>• <b>Prudential Stress Test on climate risk</b><sup>14</sup> to assess the preparedness and resilience of the financial sector and gather best practices to address it. The results of this first fact-finding exercise are considered for the supervisory review and assessment process and do not affect the capital requirements;</li> <li>• <b>thematic review</b><sup>15</sup> on how <b>climate and environmental risks are integrated</b> into the strategy, governance, business model, organisational set-up, operational processes and risk management framework of banks compared to the expectations of the European Central Bank.</li> </ul> <p><b>Integration of sustainability in investment services:</b> amendments to Delegated Regulation 2017/565 (MIFID) concerning the integration of sustainability factors in the detection of customer preferences, in the provision of investment services and in the classification methodology of ESG products, pursuant to MIFID 2.</p>

<sup>2</sup> eur-lex.europa.eu > Action Plan for financing sustainable growth.

<sup>3</sup> ec.europa.eu > European Green Deal.

<sup>4</sup> eur-lex.europa.eu > Sustainability reporting in the financial services sector.

<sup>5</sup> eur-lex.europa.eu > Climate transition reference indices.

<sup>6</sup> eur-lex.europa.eu > Guidelines on the disclosure of non-financial information: integration concerning climate-related reporting.

<sup>7</sup> bankingsupervision.europa.eu > Guidance on climate and environmental risks.

<sup>8</sup> eba.europa.eu > Final report on lending and monitoring guidelines.

<sup>9</sup> eur-lex.europa.eu > Establishing a framework for sustainable investment.

<sup>10</sup> eur-lex.europa.eu > Strategy for Financing the Transition to a Sustainable Economy.

<sup>11</sup> eba.europa.eu > Delegated Act on Taxonomy.

<sup>12</sup> ec.europa.eu > NextGenerationEU.

<sup>13</sup> eba.europa.eu > Binding standards on Pillar 3 disclosures on ESG risks.

<sup>14</sup> bankingsupervision.europa.eu > 2022 climate risk stress test.

<sup>15</sup> bankingsupervision.europa.eu > Thematic review on climate-related and environmental risks O22.

## 2023

During the year, the European Commission has:

- approved the **Taxonomy Environmental Delegated Act**<sup>16</sup> which defines the **technical screening criteria for the last four objectives** (sustainable use and protection of water and marine resources; transition to a circular economy; prevention and reduction of pollution; protection and restoration of biodiversity and ecosystems). In addition, with reference to the Climate Delegated Act, new economic activities were introduced in relation to the objectives of climate change mitigation and adaptation;
- the **proposal for a Regulation on ESG ratings**<sup>17</sup> was presented, which aims to improve their reliability and transparency and introduces new principles and rules on preventing conflicts of interest. There will be an obligation to disclose information on methodologies and models, and specific measures are envisaged for smaller ESG rating providers;
- the **Green Deal Industrial Plan**<sup>18</sup> was presented to strengthen Europe's net-zero industry and support its transition to climate neutrality by creating a more favourable environment for increasing the EU's production capacity of zero-emission technologies and products;

- with regard to corporate sustainability reporting (CSRD<sup>19</sup>), the **European Sustainability Reporting Standards - ESRS**<sup>20</sup> were adopted. They will come into force from the fiscal year 2024 for companies subject to the NFRD and subsequently for other companies involved, and are intended to ensure quality, reliability and completeness of information;
- the **Nature Restoration Law**<sup>21</sup> was proposed, which is part of the **European Biodiversity Strategy** and calls for the restoration of 20% of terrestrial and marine ecosystems by 2030 as well as restoration obligations for specific ecosystems. In particular, Member States will have to adopt national recovery plans detailing how they intend to achieve the EU objectives.

Furthermore, the EU Parliament and Council have:

- adopted the **EU Green Bond Standard (EUGBS) regulation**<sup>22</sup>, which introduces a system of shared criteria at European level for the issuance of green bonds and which, in particular, regulates the use of proceeds from such issues, which must be aligned with the EU Taxonomy, with flexibility (up to a maximum of 1.5% of the proceeds) for economic activities that are not yet covered by the same;
- reached a **provisional agreement on the Corporate Sustainability Due Diligence Directive - CSDD**<sup>23</sup> which has the aim of strengthening environmental and human rights protection in the EU and worldwide and will set obligations for large companies regarding actual and potential adverse effects on human rights and the environment from their operations and those of their business partners. According to the agreement reached, the financial sector will be temporarily excluded from the scope of the directive, but may be included on the basis of a future impact assessment.

<sup>16</sup> ec.europa.eu > EU Taxonomy for sustainable activities.

<sup>17</sup> Senato.it > Proposal for a regulation of the European Parliament and Council on the transparency and integrity of environmental, social and governance (ESG) rating activities.

<sup>18</sup> ec.europa.eu/ > The Green Deal Industrial Plan.

<sup>19</sup> ec.europa.eu > corporate sustainability information.

<sup>20</sup> eur-lex.europa.eu > Delegated Regulation (EU) supplementing Directive 2013/34/EU of the European Parliament and Council with regard to sustainability reporting standards.













<sup>21</sup> ec.europa.eu > Nature restoration law.

<sup>22</sup> consilium.europa.eu > new regulation to promote sustainable finance.

<sup>23</sup> consilium.europa.eu > corporate duty of care for sustainability.

## SUSTAINABLE DEVELOPMENT IN ITALY: ISTAT REPORT AND NRRP CONTRIBUTION

As every year, again in 2023 the ISTAT Report takes a snapshot of the latest available data on Italy's achievement of the Sustainable Development Goals<sup>24</sup>. As presented below, the snapshot remains "complex, multidimensional, articulated and sometimes contradictory".

 <p>In 2022, one fifth of the Italian population was at risk of poverty. This figure is above the European average and has remained more or less stable over the last five years.</p>	 <p>Female representation has decreased in the national parliament to 33.7% in 2022 (-1.7%), but grew by 1.2% in the regional councils renewed in 2023. The proportion of women on the boards of listed companies (42.9%; +1.7%) and in decision-making bodies (21%; +1.9%) was also on the rise.</p>	 <p>In 2022, the share of those employed in ICT-skilled positions grew to 3.9% of the employed, while the share of knowledge workers fell slightly to 17.8%. The % of households residing in an area served by a very high-capacity next-generation connection increased from 23.9% in 2018 to 53.7% in 2022.</p>
 <p>Households with signs of food insecurity slightly decreased in 2022, yet at the same time more children and adolescents were overweight (27% in the 3-17 age group), with the share of overweight adults stable (44.5%).</p>	 <p>In 2020, Italy ranked second among EU countries in per capita drinking water withdrawal (155 cubic metres per year) and critical conditions in the distribution networks were confirmed.</p>	 <p>Slight decrease in inequalities in income distribution (particularly in the South): between 2020 and 2021, the per capita household income of the poorest 40% of the population at national level increased more (+5.7%) than that of the total population (+3.6%).</p>
 <p>In 2022, the number of deaths in Italy was 713,499, about 12,000 more than in 2021, and even higher than the pre-pandemic average; however, there was a slow but steady decline in mortality for the most common causes of death (malignant tumours, diabetes mellitus, cardiovascular diseases and chronic respiratory diseases) from 2010 to 2020.</p>	 <p>In 2021, the total contribution from renewable sources to gross final energy consumption (19.0%) was down from the previous year. In 2022, the percentage of the population experiencing difficulties in adequately heating their homes increased slightly (8.8%) for the first time since 2012.</p>	 <p>The number of local public transport services and students habitually using public transport increased in 2021 (1 in 4), while PM2.5 pollution continued to fall (although it remained above WHO limit levels).</p>
 <p>In 2022, 11.5% of 18-24 year olds finished their education and training without a diploma and 25-34 year olds with a tertiary qualification are only 29.2% of the total; in 2021, slightly less than half of 16-74 year olds have at least basic digital skills.</p>	 <p>In 2022, GDP was +3.7% in volume and there was good recovery in the Italian labour market, where the employment rate of 20-64 year-olds rose to 64.8%, fully recovering to pre-pandemic levels (however, territorial, gender and generational differentials remain wide).</p>	 <p>Italy maintained a virtuous position in the European context with regard to recycling municipal waste (54.4% in 2020), separate collection of municipal waste (64% in 2021) and circular use of materials (although decreasing in 2021, Italy is fourth in Europe).</p>

<sup>24</sup> istat.it > 2023 SDG Report. Statistical Information for the 2030 Agenda in Italy.



**13** CLIMATE ACTION  
Greenhouse gas emissions - which fell sharply in 2020 due to the pandemic, rose again in 2021 (+6.2%); furthermore, the number of fires increased by 23.1% and the area of forest affected more than doubled between 2020 and 2021.

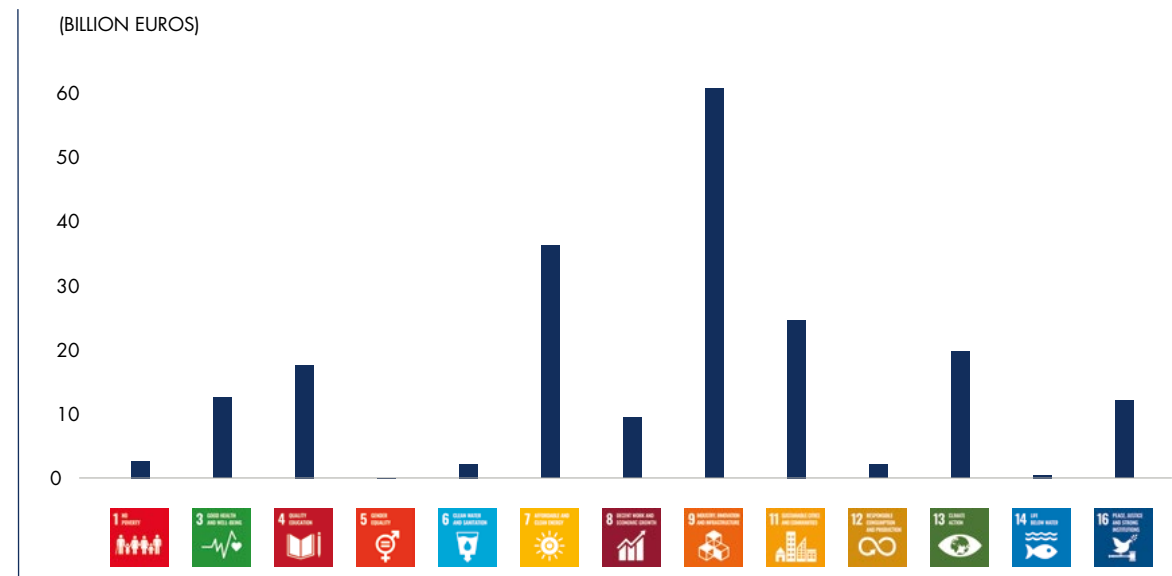
**14** LIFE BELOW WATER  
In 2022, 10.6% of marine areas were protected, in line with the SDG targets and the biodiversity conservation goals; in 2021, 88.1% of bathing waters were of excellent quality and beached marine litter decreased.

**15** LIFE ON LAND  
In 2022, protected areas covered 21.7% of the national territory; the spread of alien species - one of the main threats to biodiversity - in the last decade showed signs of slowing down for the first time.

**16** PEACE, JUSTICE AND STRONG INSTITUTIONS  
In 2022, overcrowding in Italian prisons increased slightly to 110 inmates per 100 available places, trust in the police and fire brigade decreased slightly (7.4 out of 10) and trust in the justice system remained stable - but low (4.8 out of 10).

**17** PARTNERSHIPS FOR GOALS  
Official Development Assistance (as a percentage of gross national income) in Italy grew in 2021, both overall (+0.7%) and as a share allocated to least developed countries (+0.2%).

Moreover, ISTAT uses a special dashboard<sup>25</sup> to show the **NRRP's economic contribution to the achievement of the UN Sustainable Development Goals**, highlighting how more than a quarter of the economic contribution relates to building resilient infrastructure and promoting innovation and fair, responsible and sustainable industry (SDG 9) and almost a fifth of the resources are invested in ensuring access to affordable, reliable, sustainable and modern energy systems for all (SDG 7).



<sup>25</sup> istat.it > NRRP, updated and extended ISTATRGS dashboard.

# IDENTITY AND GOVERNANCE

We are what we **do**, how we give life to our **values**.

Every day we accompany **people** and **companies**,  
a reference point for our **country**.

We are the **force** pushing the **idea** of a possible change.

## SDGs





Being us means **being there.**  
To do. To grow.  
To change.

Milan, Duomo Square

## Mission, identity and Group profile

We are an Italian banking group that cares for and respects the land, the environment and future generations. We are close to people every day, creating value for the whole community through our work. At a time of great change, we have decided to continue to operate with our tradition as a popular bank: 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 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 enhance the value of **people** who, through their work, are committed every day to achieving the Group's objectives.

## FOCUS ON THE TERRITORY

**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>)



\*Please refer to the chapter: "Strengthening customer relations and digitalisation" for more details on the Group's presence in the territory.

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

## SUSTAINABILITY AS A CHOICE

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.

The main stages of our identity journey are presented on the following pages.

### SUSTAINABILITY SECTION

With the aim of activating educational and good practices, we created the "Sustainability" section on the company intranet in 2019. The space publishes articles, information on initiatives, activities and projects dedicated to the topic.

# 73

total articles published since its creation



### 2018 - 2020

- **Internal Control and Risk Committee** mandated to oversee sustainability issues.
- Creation of the **Sustainability Department** and the **ESG Management Committee** chaired by the CEO.
- **Extraordinary measures for local communities** and social projects in **response to the Covid crisis**.
- **First ESG financing product** (Ceiling for ESG investments)
- **Confirmed 100% use of electricity from certified renewable sources**.
- **Obtained/confirmed** ISO 45001 certification related to **Occupational Health and Safety**, ISO 50001 related to **Energy** and ISO 14001 related to the **Environment**.
- Launch of the **financial awareness** project aimed at the community.
- Launch of an **internal ESG training** programme.
- **Activation of the corporate volunteering project "Volontariato"** to support non-profit organisations and associations in the territory.

### 2021

- Publication of the **2021-2024 Strategic Plan** with a focus on ESG issues.
- **Activation of seven workstreams** aimed at integrating ESG factors into our business model.
- One member of the Board is designated as ESG contact person.
- **ESG targets** integrated into the **short- and long-term incentive plans** for CEOs and top management.
- Establishment of the new departments "**Inclusion Diversity and Social**" and "**Key People and Talents**" and identification of **ESG Ambassadors** to support sustainability activities.
- Began **integrating ESG factors into credit policies and risk management**.
- **Expansion of the ESG product offering and integration of ESG risk into Advisory and Wealth Management activities**.
- First **Green, Social and Sustainability Bonds Framework** published.
- Membership in the **United Nations Global Compact** and in the **Task Force on Climate-related Financial Disclosures** (TCFD).
- 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.
- Definition of **#Respect** (respect for people, environment, community and territory).
- **Inclusion in the Euronext MIB ESG index**.

## 2022

- **Significant progress in integrating ESG factors into the strategy and business model:** solid results in key ESG KPIs and continued progress in all ESG Action Plan fields.
- **Revision of the Code of Ethics**, incorporating Territoriality and Sustainability as core values.
- Banco BPM ranked **first Green bond issuer among Italian banks**.
- **Fundraising and other support initiatives** for the Ukrainian population.
- Inclusion in the **Bloomberg Gender Equality Index**.

## 2023

- Membership in the **Net Zero Banking Alliance (NZBA)** and definition of priority areas.
- Published the **new Green, Social and Sustainability Bonds Framework**, aligned with the Taxonomy, and the new Green Social Sustainability Bonds Report 2023.
- Established the **Sustainability Internal Board Committee**, further strengthening ESG governance.
- **Published the new 2023-2026 Strategic Plan** with full integration of ESG factors.
- Launched a new **ESG Action Plan**, streamlining the previous seven workstreams (fields) into **four interconnected ESG working groups** (Risk Management; Credit; Finance and Wealth Management; and Disclosure, Community and Inclusion), supported by the control, data governance and IT departments and overseen by the ESG Committee and the CEO.
- Issued **human rights guidelines** and **updated those on weapons and the environment**.
- **Fundraising** for the population of Emilia-Romagna.



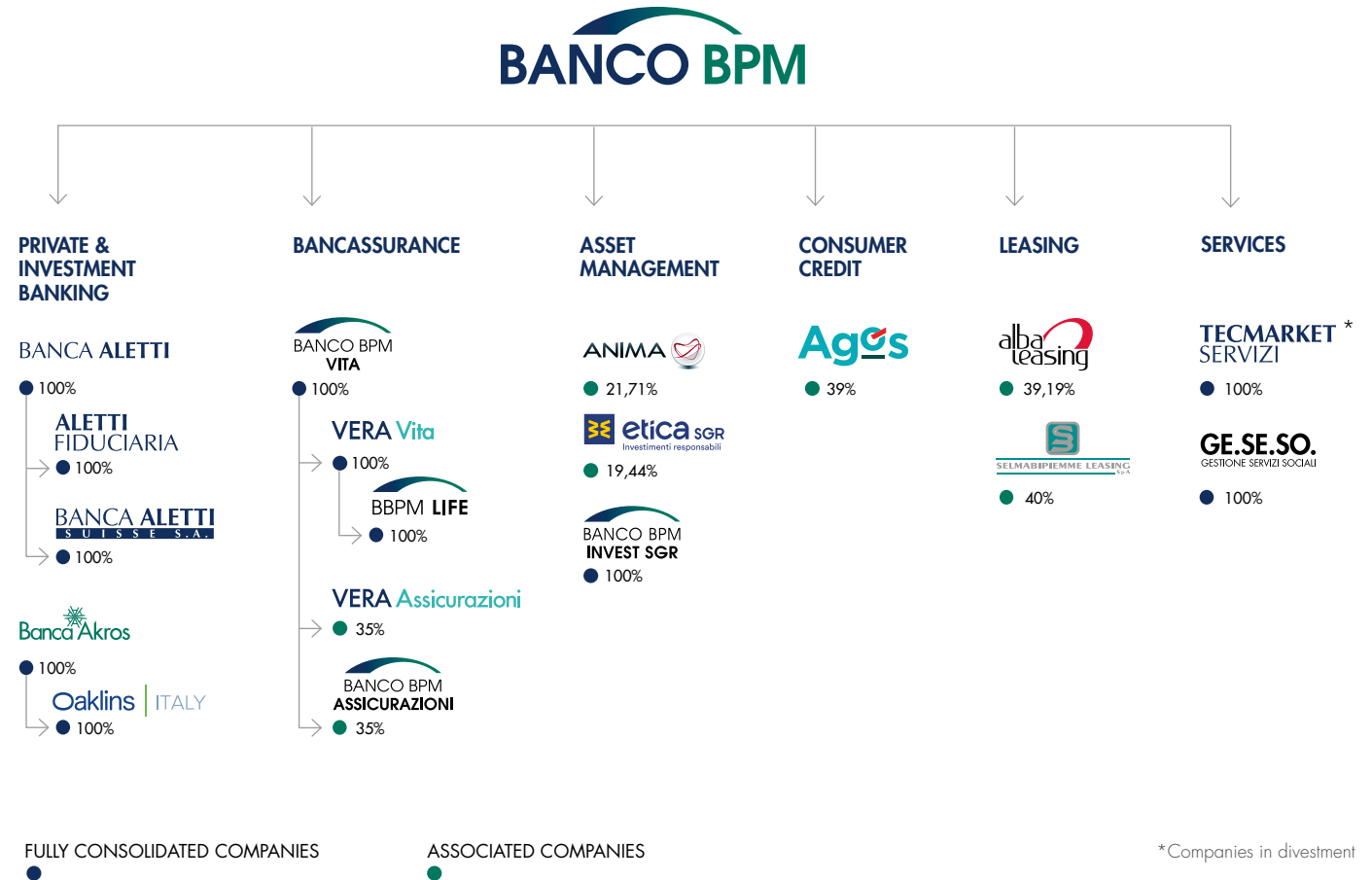
The **Group's communication** also confirmed the centrality of **ESG factors** and territoriality as a mark of appreciation for our stakeholders.

The new campaign dedicated to businesses has the **concept encouragement to do**; an exhortation that also expresses Banco BPM's calling to help individual companies grow and, with them, the whole of Italy.

## GROUP PROFILE

Banco BPM operates directly in commercial banking, also through eight Regional Departments, and through 1,358 retail branches<sup>2</sup>. Furthermore, it is active in all major market segments through specialised companies, subsidiaries and associates: private and investment banking, bancassurance, asset management, consumer credit and leasing.

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



<sup>2</sup> Please refer to the chapter: "Strengthening customer relations and digitalisation" for more details on the Group's presence in the territory.



During 2023, the rationalisation of the Banco BPM Group's corporate and operational structure continued.

**In the area of payments**, a binding agreement was signed for the establishment of a strategic partnership between Banco BPM, Gruppo BCC Iccrea and FSI aimed at the **development of a new, independent Italian company in the field of digital payments**. The agreement envisages the transfer of Banco BPM's e-money business to the joint venture BCC Pay S.p.A., a subsidiary of Pay Holding, which will hold 28.6% of the capital upon completion of the transaction. The Agreement also calls for the signing of a multi-year distribution contract for the company's services on the Banco BPM network as well. The transaction is expected to be finalised during 2024.

**In the Private & Investment Banking sector**, the simplified partial demerger plan was approved, which calls for the assignment by Banca Akros to Banco BPM of the business unit consisting of the set of assets and resources organised for the performance of the "Proprietary Finance" activities, effective as of 1 January 2024.

**In the bancassurance sector**, the Group continued with the process of integrating the insurance business started last year with the acquisition of control of the companies Banco BPM Vita and Banco BPM Assicurazioni, and with the finalisation of an agreement with Crédit Agricole Assurances for the launch of a commercial partnership in the Non-Life/Protection business segment. In particular, in May Banco BPM exercised its call option vis-a-vis Generali Italia for 65% of the share capital of Vera Vita S.p.A. and Vera Assicurazioni S.p.A., companies in which Banco BPM already held a 35% stake.

As a result of the bancassurance transactions carried out, as of December 2023, Banco BPM Vita S.p.A. holds:

- 100% of the share capital of Vera Vita S.p.A., which in turn holds 100% of the capital of Banco BPM Life Dac (new name of Vera Financial Dac effective from 14 December 2023);
- 35% of the share capital of Vera Assicurazioni S.p.A. (which in turn holds 100% of the share capital of Vera Protezione S.p.A.);
- 35% of the share capital of Banco BPM Assicurazioni S.p.A.

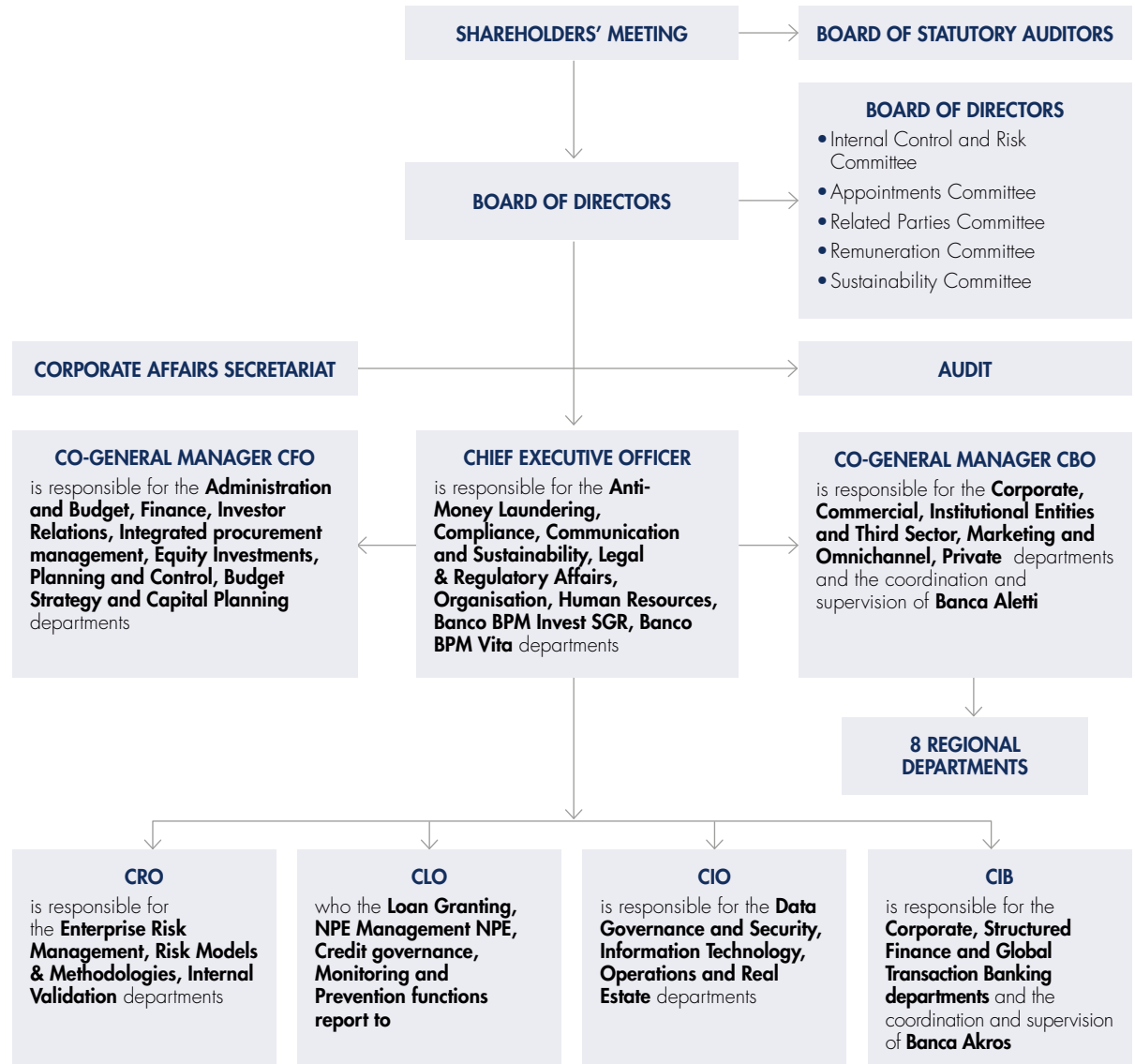
It should be noted that on 7 March 2023, the European Central Bank **recognised Banco BPM Group's status as a financial conglomerate**, on the same basis as the main Italian and European groups operating in both the banking/investment services and insurance sectors.

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.



# Organisational and Governance Model

We adopt a **traditional corporate governance model**<sup>3</sup>.  
**The shareholders' meeting** represents all shareholders, appoints the **Board of Directors (BoD)** and the **Board of Statutory Auditors** and determines their remuneration; it is convened at least once a year and resolves on the approval of the annual Financial Statements and the allocation and distribution of profits.



<sup>3</sup> On the corporate governance system, please refer to gruppo.bancobpm > Corporate governance > Corporate Governance and Ownership Structure Report - financial year 2023, 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 functions of the CEO and the Chairman and the relationship between the two offices, 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.

- The **Board of Directors** exercises the functions of strategic supervision and management of the company, to be conducted also with a view to **sustainable success**, understood as the creation of value in the long term for the benefit of the shareholders, taking into account the interests of other relevant stakeholders, also with the support of the Chief Executive Officer and General Management.
- The **Board of Statutory Auditors** performs the control function, monitoring, among other things, compliance with the law, regulations and articles of association, as well as observance of the principles of proper administration; the adequacy of the company's organisational and administrative-accounting structure and the financial reporting process; the effectiveness and adequacy of the risk management and control system, internal auditing and the operation and adequacy of the overall internal control system.

**€7.1 BILLION\***  
Share Capital

**~240,000\*\***  
shareholders

Banco BPM shares are listed on the  
**Euronext Milan market**

organised and managed by **Borsa Italiana S.p.A.**

\*Represented by 1,515,182,126 ordinary shares.

\*\*Approximately 160,000 depositors with the Banco BPM Group and approximately 80,000 with other intermediaries. This figure represents the situation as at the dividend distribution date (26 April 2023 - payment date), as no accounting transactions regarding the entire share capital were subsequently recorded.

#### MAJOR PUBLICLY KNOWN SHAREHOLDERS

- **9.90%** Crédit Agricole<sup>4</sup>
- **4.99%** Capital Research and Management Company<sup>5</sup>
- **4.70%** Davide Leone & Partners<sup>3</sup>
- **3.01%** Fondazione ENASARCO<sup>4</sup>
- **3.00%** Norges Bank<sup>4</sup>
- **8.30%** Consultation Agreement<sup>6</sup>

<sup>4</sup> Source: minutes of Banco BPM Shareholders' Meeting - 20 April 2023 [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Shareholders' Meeting

<sup>5</sup> Source: Consob - Relevant shareholding pursuant to Art. 120 Italian Legislative Decree 58/98 (Norges Bank: 2.997%).

<sup>6</sup> Stipulated on 21 December 2020, updated on 20 July 2021, 18 October 2022, 2 January 2023, 27 March 2023 and 21 December 2023. For the sake of completeness, it should be noted that the Consultation Agreement was updated on 16 February 2024, bringing the total share capital of Banco BPM held by the parties in the Agreement to 6.50%. For further details: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Investor Relations > Stock, shareholding and dividends.

## SHAREHOLDING COMPOSITION

Based on internal information<sup>7</sup>, the identified shareholding totals **97%**. The analysis shows that the “**institutional**” component accounts for about **55%** of the capital, while the “**retail**” component accounts for about **26%** of the capital. The remaining **16%** is represented by the **Corporate, Entities/Associations/ Foundations, Domestic Credit Institutions and SIM/Fiduciary** segments.

Banco BPM's **Board of Directors**, renewed by the General Meeting of 20 April 2023, is made up of **15 Directors** whose characteristics guarantee adequate **diversification**<sup>8</sup> - in terms of skills and experience, age, gender and length of tenure - so as to ensure effective and internal dialogue that favours the emergence of a plurality of approaches and perspectives in analysing issues and making decisions.

In particular, again with regard to **diversity** within the **Board of Directors**, as set out in the Articles of Association<sup>9</sup> and in compliance with the legal and regulatory provisions governing equal access to the Boards of Directors of companies listed on regulated markets, the current composition of Banco BPM's Board of Directors ensures **gender balance** and has six out of the 15 Directors belonging to the least represented gender.

Taking into account the outcome of the periodic self-assessment exercise conducted with the contribution of the Appointments Committee, and in accordance with the Supervisory Provisions, the outgoing Board of Directors, upon its renewal, identifies in advance the **qualitative and quantitative composition** deemed optimal for the effective performance of the tasks and responsibilities entrusted to the administrative body. To this end, a document is prepared on the **Qualitative and Quantitative Composition of the Board** of Directors containing, inter alia, the expected profiles of the members of the Board of Directors and of the Internal Board Committees, including particularly relevant roles (Chair, Vice-Chair, Chief Executive Officer and Chairs of the Internal Board Committees), which is made available to Shareholders and which provides indications and recommendations aimed at facilitating the identification of suitable candidates.<sup>10</sup>

The **Chair 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. He ensures that the corporate governance system functions properly, guaranteeing the balance of powers with respect to the Chief Executive Officer, acting as a liaison for the internal control bodies and internal committees. Furthermore, he performs all the activities envisaged in the current Articles of Association and is qualified as “**non-executive**”, meaning no management powers.<sup>11</sup>

<sup>7</sup> Source: values calculated on total shareholding identified on record of ex-dividend flows April 2023.

<sup>8</sup> According to the provisions of 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 further information, please refer to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Corporate Documents > Banco BPM S.p.A. Articles of Association and to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Corporate Governance and Ownership Structure Report - Financial Year 2023.

<sup>9</sup> [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Corporate documents > Banco BPM S.p.A. Articles of Association.

<sup>10</sup> For further information please refer to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Corporate Documents > Qualitative and Quantitative Composition of the Board of Directors.

<sup>11</sup> For further information please refer to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Corporate Governance and Ownership Structure Report - Financial Year 2023.

The Board of Directors appoints a **Chief Executive Officer**, a single **executive member** 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. In order to ensure continuity and safeguard the experience gained over the years by Banco BPM's corporate bodies, we promote the participation of Directors, Statutory Auditors and members of General Management in **training initiatives** aimed at providing a clear understanding of the Group's structure, business model, corporate dynamics and their evolution, also with a view to sustainable success, profiles of proper risk management, the legal and regulatory framework, as well as to allow for an in-depth examination of issues of a strategic nature.

In continuity and as a further exploration of the topics covered in previous years, meetings were held for the Board of Directors in 2023 to discuss ongoing project activities for integrating sustainability dimensions into the business model and initiatives aimed at promoting the bank's role as an accelerator, as well as support for the sustainable transaction of small and medium-sized enterprises. It should also be noted that the Banco BPM Group's **2023-2024 Training and Induction Plan** includes a further initiative on the "Evolutionary lines of the ESG strategy and climate and environmental risk safeguards. Evolution of non-financial reporting regulations to support the preparation of the 2023 CNFS and first analysis of the Corporate Sustainability Due Diligence Directive".

Consistent with our Code of Ethics, we adopt specific measures in the performance of each activity that are aimed at preventing and mitigating possible situations of **conflict of interest**, real or even only potential, and ensuring adequate **transparency**. In compliance with the relevant regulations in force, we have adopted a complete and accurate internal regulation in order to exclude the risk of satisfying, potentially or otherwise, interests that are different from or detrimental to those of the company and its stakeholders. In particular, we have adopted the "Regulation on the management of transactions with parties in conflict of interest", in order to have a greater organic unity to what was already governed by the regulations previously in force (Regulation on the obligations of bank officers pursuant to Article 136 of Italian Legislative Decree 385/1993 "Consolidated Banking Law"), Regulation of procedures governing transactions with related parties pursuant to Consob Resolution No. 17221/2010 and Regulation of procedures and policies for controls on risk activities and conflicts of interest with related parties pursuant to Bank of Italy Circular No. 285/2013).

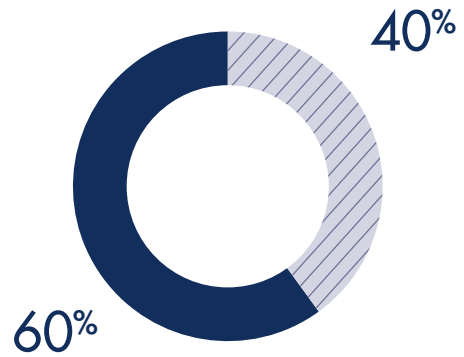
The Code of Ethics and the regulations are available on the Group's institutional website, in the Corporate Governance - Corporate Documents section.

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.

<sup>12</sup> For further information please refer to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Corporate Governance and Ownership Structure Report - Financial Year 2023.

DIRECTORS BY GENDER



● MEN  
▨ WOMEN



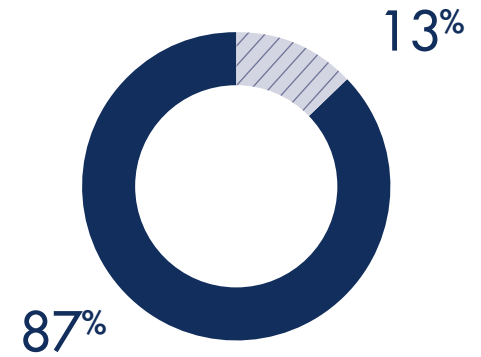
DIRECTORS BY AGE



● > 50



DIRECTORS BY INDEPENDENCE



● INDEPENDENT PURSUANT TO ARTICLE 20.1.6 OF THE ARTICLES OF ASSOCIATION  
▨ NON-INDEPENDENT



## COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

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

<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 the provisions of Article 148, paragraph 3 of the Consolidated Law on Finance and the recommendations contained in the Corporate Governance Code of Borsa Italiana and, on the other, fulfils the requirement to enable the straightforward certification of relevant situations (relating to decree 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 08 April 2021 and 26 April 2023.



## DIRECTORS DIVIDED BY EXPERTISE<sup>14</sup>

EXPERTISE	NUMBER OF DIRECTORS
Financial and/or banking markets	15
Banking and financial activities and products	13
Global dynamics of the domestic and international economic and financial system and of the trends and prospects in the reference sector	15
Internal control systems and other operational mechanisms	11
Risk management	13
Accounting and financial information	15
Guidelines and strategic planning	14
ICT systems and new technology applicable to the banking and finance sector	5
Regulations in the banking, financial and insurance sector	15
Organisational and corporate governance structures	15
Human resources, remuneration systems and policies	9
ESG/social and environmental sustainability	10



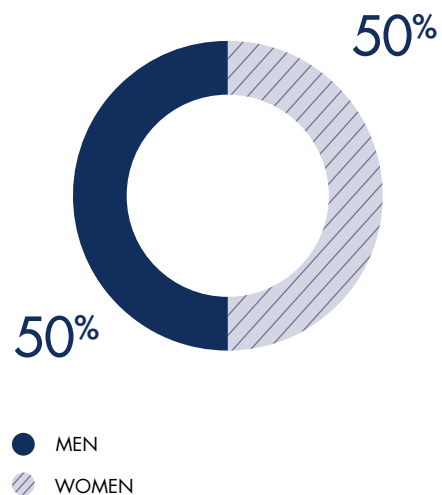
<sup>14</sup> For more details on the names and specific responsibilities of the members of the Board of Directors, please refer to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate governance > Corporate bodies.



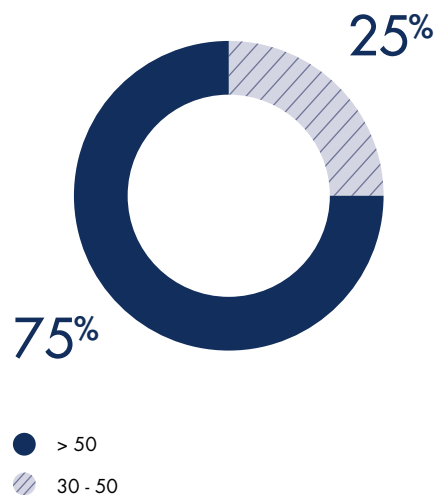
COMPOSITION OF THE BOARD OF STATUTORY AUDITORS

	NUMBER			PERCENTAGE		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
<b>No. of Auditors</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>50</b>	<b>50</b>	<b>100</b>
Of which standing	2	3	5	40	60	100
Of which substitutes	2	1	3	67	33	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	2	4	6	33	67	100

STATUTORY AUDITORS BY GENDER



STATUTORY AUDITORS BY AGE



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**. In addition to 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. The gap scoring detected by the corporate control functions (residual risk and consequent level of resolution urgency<sup>15</sup>) is established based on a common methodology among the aforementioned functions that considers, among other things, reputational aspects, compliance aspects, economic impact and impact on risk parameter calculation models. At the end of December 2023<sup>16</sup>, based on the Integrated Tableau de Bord, **none of the corporate control functions to be resolved had a high level of urgency**, 8% had a medium-high level, 53% a medium level and 39% a low level.

<sup>15</sup> The urgency levels are low, medium, medium-high and high. A number of factors (economic, risk, regulatory, reputational) are taken into account to define the level of urgency, on the basis of which the residual risk being controlled for which remedial action is required is assessed. The urgency level is considered “high”, in particular, when the expected credit loss is greater than €50 million (including any administrative sanctions for non-compliance); significant 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).

<sup>16</sup> Due to the date on which the acquisition of Vera Vita and the subsidiary Banco BPM Life was finalised, the gaps recognised by the core functions of these companies are not included in the Tableau de Bord reporting perimeter as at 31 December 2023.

## SUSTAINABILITY GOVERNANCE

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

Below is a summary of its articulation, responsibilities and the tasks assigned to the bodies and structures.

# 79

**ESG\*** topics covered at 17 Board meetings

# 56

**ESG\*\*** topics discussed at Internal Control and Risk Committee meetings (Internal Control, Risk and Sustainability Committee until April)

# 9

meetings of the Sustainability Committee, as well as the participation of the Chairman in the meetings of the Internal Control and Risk Committee when topics with sustainability implications are discussed

# 4

number of ESG Committee meetings

### BOARD OF DIRECTORS

Defines the Group's socio-environmental policies. The Board of Directors is responsible for the strategic supervision and management of the company, to be conducted also with a view to "**sustainable success**".

The BoD also defines the management and coordination policies regarding non-financial disclosure, 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 has the fundamental role of managing and controlling risks, including those pertaining to ESG dimensions, establishing strategic guidelines, approving risk management policies, assessing the degree of efficiency and adequacy of the internal control system, drafting remuneration and incentive policies (including ESG performance targets), to be submitted to the Shareholders' Meeting for approval, reviewing them at least once a year, and is responsible for their proper implementation.

### SUSTAINABILITY COMMITTEE

Established by the Board of Directors in April 2023 in order to further develop what had been ensured until then by the Internal Control, Risk and Sustainability Committee (renamed the Internal Control and Risk Committee).

It supports the Board of Directors in defining and approving strategic guidelines on sustainability. In addition, the Committee supports the Board of Directors in:

- evaluating project initiatives for integrating ESG dimensions into business processes and for the development and promotion of the Group's territories and root communities;
- supervising the preparation of the Consolidated Non-Financial Statement;
- assessing the contribution of ESG dimensions within the scope of the Pillar 3 Disclosures on credit and remuneration policies.

### INTERNAL CONTROL AND RISK COMMITTEE

Following the establishment of the Sustainability Committee, the Internal Control and Risk Committee nevertheless retained specific expertise in supporting the Board of Directors in the:

- definition of guidelines for the internal control and risk management system (including climate/environmental risks);
- determination of the level of compatibility of risks related to the Group with sound and prudent management, consistent with the strategic objectives identified and the pursuit of sustainable success.

### ESG COMMITTEE

Chaired by the Chief Executive Officer, its members include the two Co-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 DEPARTMENT

The department's objective is to oversee social, environmental and, in a broader sense, other initiatives related to business sustainability. The sustainability department conducts the materiality analysis and related stakeholder engagement activities as well as prepares the Consolidated Non-Financial Statement.

### ESG AMBASSADORS

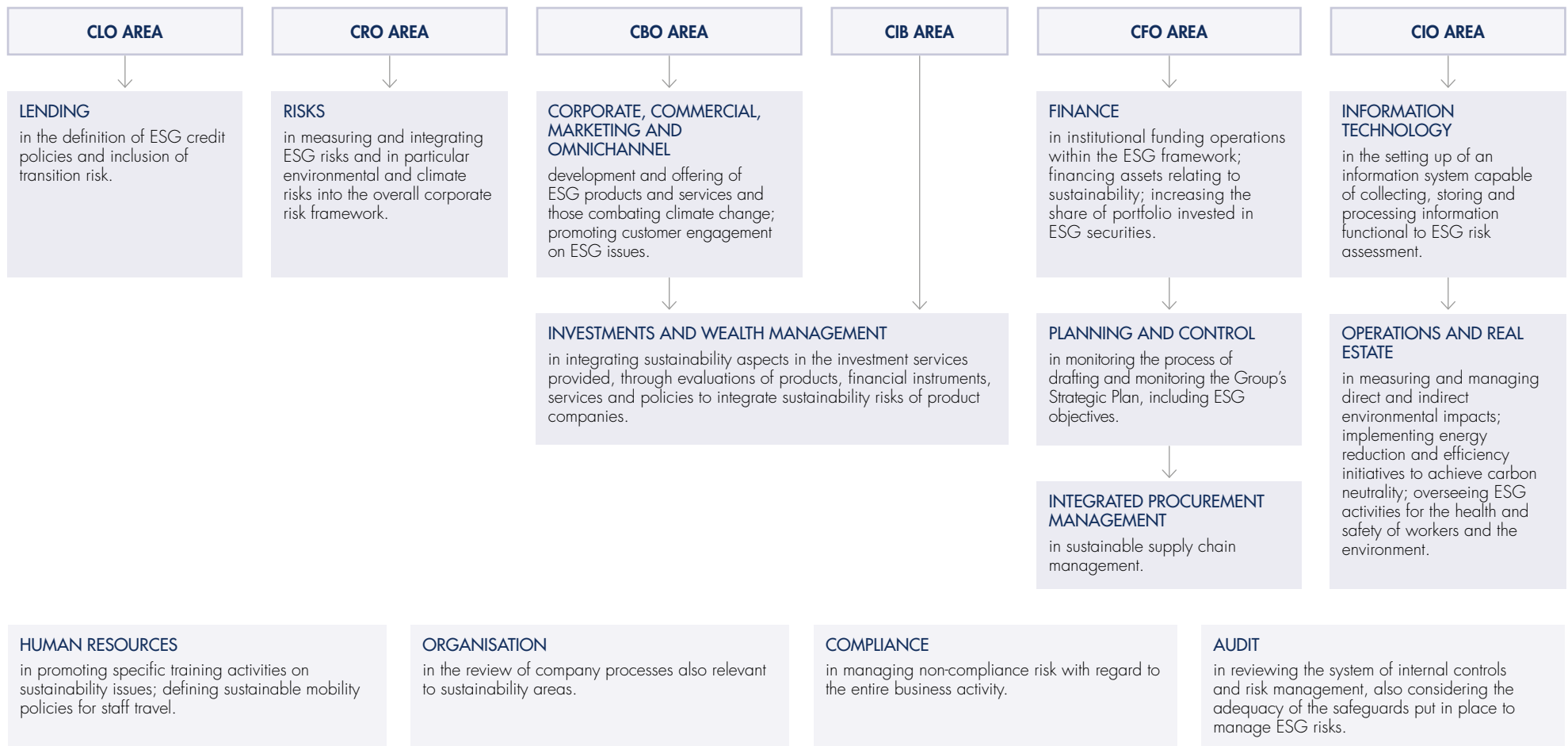
They are the main contact persons on sustainability issues within their company departments and share the issues to be addressed with the Sustainability Department.

\*Of these, 43 with specific reference to climate and environmental risks.

\*\*Of these, 52 with specific reference to climate and environmental risks.

The **Credit Committee**, the **Risk Committee**, the **Finance Committee**, the **Investment Committee** and the **New Products and Markets Committee** also address sustainability issues.

Below is a summary representation of the other main company areas/functions that are involved in the ESG field:



## 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 results and Group strategies.

### ORDINARY ENGAGEMENT ACTIVITIES

As part of its ordinary relations with institutional stakeholders in the financial market, in 2023 the Investor Relations team managed 163 events or meetings, in some cases including the involvement of the Group's top management, in order to maintain constant and profitable dialogue with the stakeholders. Moreover, five telephone conferences with audio webcasts took place over the year, during which top management presented the Group's financial performance to the market, and the new 2023-2026 Strategic Plan.

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

Dialogue between 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 2023, 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, 11 had a specific focus exclusively on ESG issues, with 25 investors/analysts met overall<sup>18</sup>. In detail, Banco BPM participated in two ESG banking conferences, had three meetings with investors and one with a credit rating agency on ESG issues, as well as five meetings with ESG rating companies.

<sup>18</sup>Includes meetings with exclusively ESG-focused subjects or exclusively ESG-focused meetings with "mixed" focus subjects 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 and timely communication of results and strategies.

Themes addressed in 2023

- Economic and financial results
- Commercial performance
- Macroeconomic context
- Strategic Plan and target achievement status
- ESG results and strategy

# 163

total events/meetings/  
calls with institutional  
investors, rating agencies  
and analysts  
of which

# 11

events/meetings  
with ESG focus

# 718

investment companies,  
analysts and other  
institutional financial  
entities met by IR teams  
and top management

# 1

presentation event of  
the new Strategic Plan  
2023-2026

# 4

conference calls/  
webcasts to present  
periodic results

# Risk management

We continue to work to prevent and manage risks<sup>19</sup> with a “rigorous and punctual” approach, implementing strategies to pursue challenging business objectives while maintaining a low and appropriate risk profile.

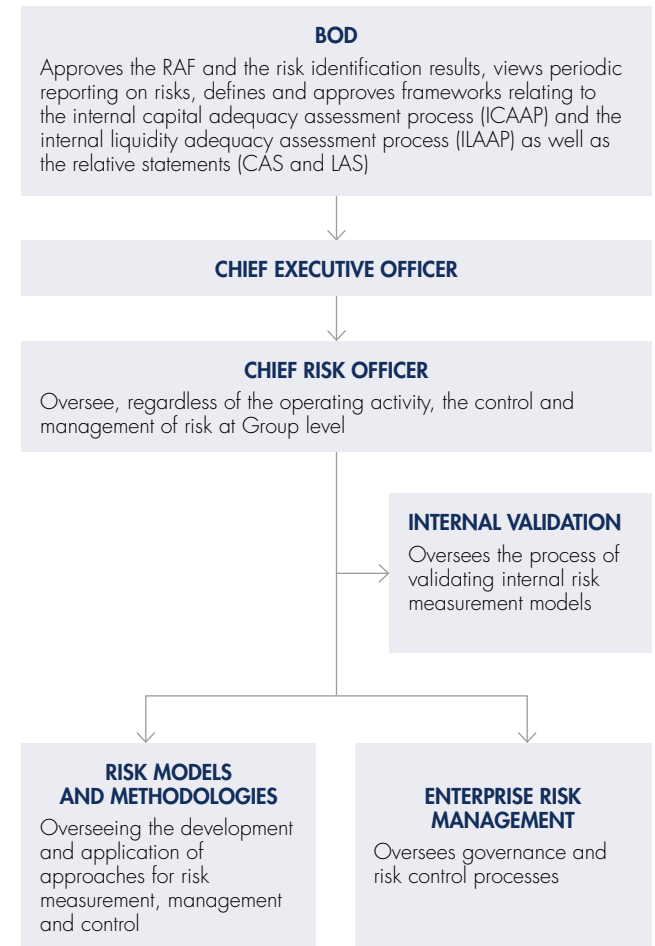
The Risk Department reports directly to the CEO and is independent of operating departments and activities. It ensures the timely **identification of risks** and their updating, and the **functional coordination of the Group companies’ risk control systems**; it **oversees governance processes**, including through the development and validation of internal risk measurement models; it **also guarantees the correct implementation of the risk management process and compliance with the operational limits assigned to the various departments** (second-level control); **lastly, it ensures the quality of the data and information used for the purposes of measuring, monitoring and reporting risks** (including ICT and security risks).

<sup>19</sup> For a broader and more detailed view on risk management, please refer to the Banco BPM Group’s 2023 Annual Financial Report, in particular to the “Risk Management” section of the Group’s Report on Operations as well as to Part E of the Consolidated Notes to the Financial Statements. Furthermore, for more details on ESG risk management, please refer both to the contents of the chapters of this document (Climate Change and the tables of generated and incurred risks in the chapters related to the material topics) and to the document Pillar 3 as at 31/12/23 on <https://gruppo.bancobpm.it/investor-relations/pillar-3/>, which presents a qualitative and quantitative disclosure of ESG risks in light of the relevant regulations drawn up by the EBA and ECB.

## 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.



## INTEGRATING ESG INTO THE RISK APPETITE FRAMEWORK

### We further strengthened our Risk Appetite Framework

(RAF) in 2023<sup>20</sup> by introducing new specific KPIs in the various areas of analysis to oversee the governance and control of key ESG risk factors. This framework has been extended to the Group's insurance companies, with specific indicators related to their respective risk areas, and it also contains long-term thresholds both to consider the Group's long-term risk appetite and to align with the long-term incentive policies of top management and key management figures.

In 2023, we identified new RAF ESG indicators (related to energy consumption, CO<sub>2</sub> emissions and gender equality) in addition to those introduced in 2022.

### DISCLOSURE OF ESG RISKS

Consistent with the requirements of EU regulations and the EBA, Banco BPM has published information on environmental risks since 31/12/2022 (including physical risks and transition risks), social risks and governance risks in its document Pillar 3 (every six months starting in 2023). This document includes three qualitative sections on E, S and G risks and ten quantitative tables (which in some cases require time-delayed disclosure) on physical and transition risk related to climate change and key performance indicators on mitigation measures<sup>21</sup>.

<sup>20</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>21</sup> More details can be found on the website <https://gruppo.bancobpm.it/investor-relations/pillar-3/>.

RAF	REFERENCE AREA	DESCRIPTION	TARGET '24
STRATEGIC	CREDIT	New lending to corporate clients in green or low transition risk sectors and green financing products to corporate clients compared to total new lending to corporate clients	> 65%
	FINANCE	Cumulative amount of Green and Social Bond issues	€2.5 billion
MANAGEMENT	INVESTMENTS (ownership portfolio)	ESG Corporate Bonds in ownership portfolio vs total nominal value of Corporate Bonds in portfolio	> 30%
	CORPORATE & INVESTMENT BANKING	Notional amount of ESG bond issues by third-party issuers and parent company for which Banca Akros acts as at least co-lead manager within the Debt Capital Market (DCM) activity	€12.5 billion
EARLY WARNING	NON-PROFIT ORGANISATIONS	Cumulative amount of loans to counterparties operating in non-profit activities identified on the basis of the relevant business segmentation	> €700 million
	CREDIT	Cumulative amount of tax credit purchases resulting from government manoeuvres to support the economy	€3.5 billion (target 2023)
	TRAINING	Cumulative training hours on ESG topics dedicated to employees	400,000 hours
	HUMAN RESOURCES	Proportion of women in managerial positions in relation to total managerial positions	> 30%
	OPERATIONAL/CONDUCT	Total energy consumption (Scope 1 and Scope 2)	588K Giga Joules
	OPERATIONAL/CONDUCT	Gross Scope 1 and 2 CO <sub>2</sub> emissions (market based)	<sup>22</sup>
	OPERATIONAL/CONDUCT	Natural events (physical risk) and any cases of pollution to the eco-system that have occurred	<sup>22</sup>

Most of the indicators considered in the RAF are aligned with those of the Strategic Plan, which at the end of 2023 generally show results in line with expectations<sup>23</sup>.

<sup>22</sup> Regarding the ESG targets to 2024 of the RAF, with reference to Scope 1 and 2 emissions (market based) within the Strategic Plan, a carbon neutrality target was included in the plan arc (thus linked to net emissions). In 2023, a reduction in gross emissions (see the chapter "Reducing Environmental Impact" for further details) and the achievement of carbon neutrality is noted. In addition, the nature of the KPI relating to natural events and eco-system pollution cases is not compatible with the assignment of a target but, given its importance, is nevertheless monitored within the RAF.

<sup>23</sup> More details on the 2023 results can be found in the chapter "The New Strategic Plan".

## THE PROCESS OF IDENTIFYING RELEVANT RISKS

The **risk identification**<sup>24</sup> constitutes one of the fundamental sources of information to feed all the Group's main strategic processes, including the Business Plan, Budget, RAF, ICAAP and ILAAP, and the Recovery Plan. At least once a year, it involves important figures in the Group (39 people interviewed<sup>25</sup> and 23 meetings held) and mainly has the following goal:

- **identifying 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);
- **identifying possible levers to mitigate risk factors**, enabling their active management;
- **updating the Risk Inventory**, i.e. the list of internally identified relevant risks, **verifying the adequacy of existing safeguards** (RAF indicators, processes, stress test scenarios) and **defining the Risk Map** containing risks identified as "material".

Following the 2023 risk identification process, in addition to the traditional risk/risk factors associated with the banking business, the Group faces new potential risks related in particular to **new technologies and social and environmental challenges that will increasingly impact business development**. In this regard, we have implemented and strengthened several mitigation actions, including:

- strengthening cybersecurity protections (new ICT & Security Risk structure)<sup>26</sup> and related awareness and training initiatives, as well as the establishment of new "innovation" garrisons and the revision of the related strategy, the development of the DOT project and the extension of artificial intelligence and machine learning techniques;
- the evolution of the ESG Programme, people training and retraining, work-life balance initiatives, NZBA membership and the related identification of priority sectors for CO<sub>2</sub> reduction targets, physical and transition risk management initiatives.

The **list of risk factors that emerged is confirmed to be in line with those of 2022**, albeit sometimes with a different assessment (e.g., greater awareness of the impact of ESG issues and the related initiatives introduced led to a lower perceived riskiness on the climate change issue).



<sup>24</sup> With regard to the non-financial/ESG risks associated with material topics and the related management methods/policies practised, please refer to the individual chapters of the 2023 Non-Financial Statement. Please also refer to the materiality analysis section for the material negative impacts identified (inside-out perspective) and related mitigation actions.

<sup>25</sup> Chairman of the Board of Directors, Board of Statutory Auditors, CCIR, Sustainability Committee; the CEO and top management of Banco BPM and the main Group companies.

<sup>26</sup> The Banco BPM Group has an ICT and security risk monitoring model that is supported by the use of IT tools. It identifies the key elements and scenarios on which to base the analysis, assessment and management of ICT and security risk, in a manner consistent with the existing methodologies relating to operational, reputational and strategic risks.

## RISK MANAGEMENT IN BUSINESS

The Risk Department is a permanent member of the **New Products and Markets Committee**<sup>27</sup> and expresses prior technical opinions on the new products presented to the Committee, also evaluating the reputational risks<sup>28</sup>. As of 2022, guidelines on the **integration of sustainability risks in the provision of investment services** are in force, regulating the relevant principles, roles and responsibilities, especially in investment advice and portfolio management<sup>29</sup>.

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.

## 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 and by the continuous improvement of risk measurement models.

In order to **disseminate and promote a strong and robust risk culture**, we support employees' active participation in the identification and mitigation of risks and implement training activities for the Board of Directors and Group employees such as, for example, emerging risks and impacts on credit policies and credit processes integrated with ESG factors, as well as specific training courses for control structures. Programmes have been implemented to support the evolution of regulations and legislation to ensure compliance and promote a healthy way of working, addressing topics such as anti-money laundering, criminal offences under Italian Legislative Decree 231/01, occupational health and safety, GDPR, cyber security and business continuity, Bankitalia, IVASS and ESMA-MIFID II transparency.

Also in 2023, specific **risk training sessions were held for the Board of Directors** on, among other things, money laundering risk as well as the assessment, management and control of risks related to the bancassurance, private banking and investment banking business lines.

<sup>27</sup> In addition to the Chief Risk Officer, the Committee includes the CBO Co-General Manager; the Chief Lending Officer; the Head of Corporate & Investment Banking; the Head of Commercial Operations; the Chief Innovation Officer; the Head of Legal Advice; the Head of Marketing and Omnichannel; the Head of Administration and Financial Statements - Manager in Charge; the Head of Planning and Control; the General Manager of Banca Aletti; the Head of Investments and Wealth Management of Banca Aletti; the General Manager of Banca Akros; the Managing Director of Banco BPM Vita; the Head of Audit; and the Head of Compliance.

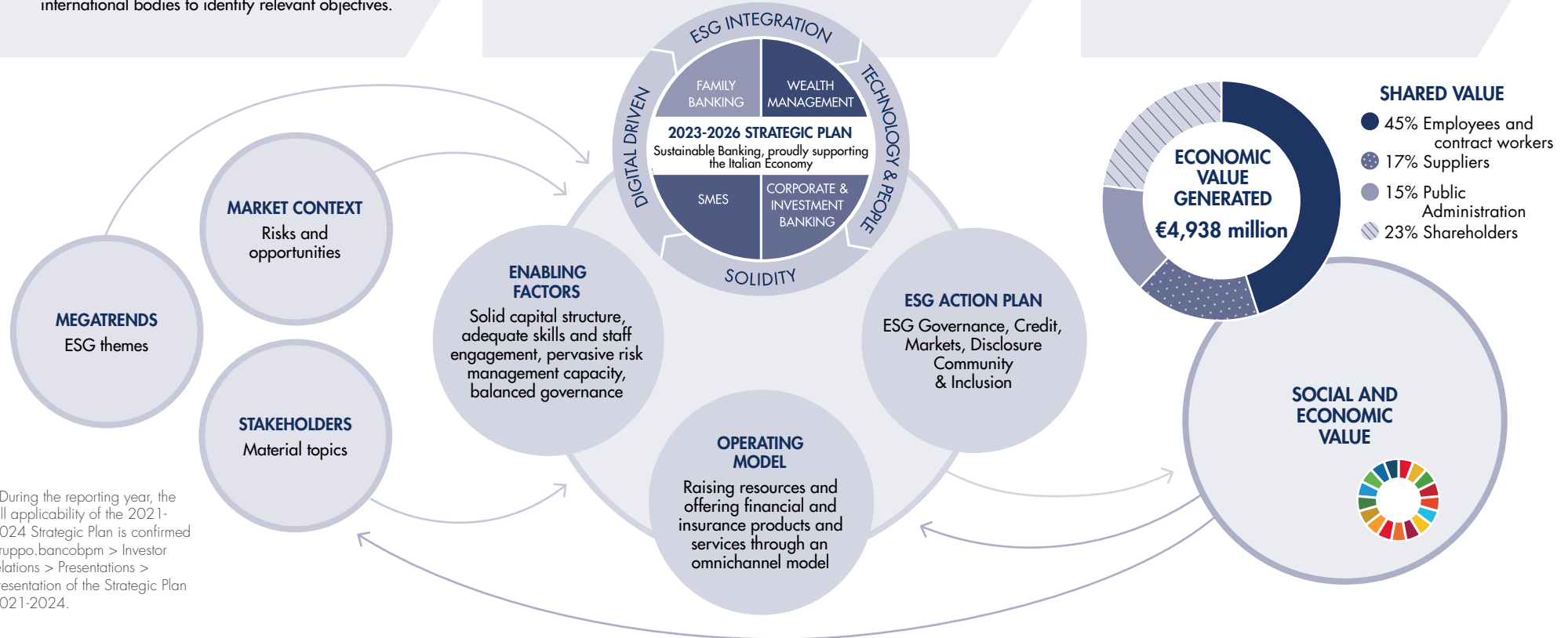
<sup>28</sup> The assessment of reputational risk is carried out through a specific model which, monitoring qualitative/quantitative parameters, integrated with the "sentiment" component collected from digital channels (social and web) developed through the use of "Artificial Intelligence" and "Machine 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>29</sup> [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Guidelines on the integration of sustainability risks in the provision of investment services.



# 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.



\*During the reporting year, the full applicability of the 2021-2024 Strategic Plan is confirmed [gruppo.bancobpm > Investor relations > Presentations > Presentation of the Strategic Plan 2021-2024](#).

## Remuneration policies

One of the pivotal elements of the **Policy 2023** is the increasingly close correlation between variable staff remuneration and strategic actions concerning environmental, health and safety issues and human resources management, with a focus on inclusiveness and gender neutrality.

The combination of objectives relating to the banking business, such as profitability, credit and asset quality, capital adequacy and liquidity, along with ESG metrics is considered a key factor in strengthening the Group's results in the medium term, as it allows to combine personal satisfaction and socio-environmental sustainability.

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<sup>30</sup>

GOVERNANCE	OBJECTIVES
<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> Shareholders' Meeting</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> <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>

<sup>30</sup> For more information, please refer to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Remuneration Policies > Remuneration Policy (section I).

## THE VARIABLE PART OF REMUNERATION: INCENTIVE SYSTEMS

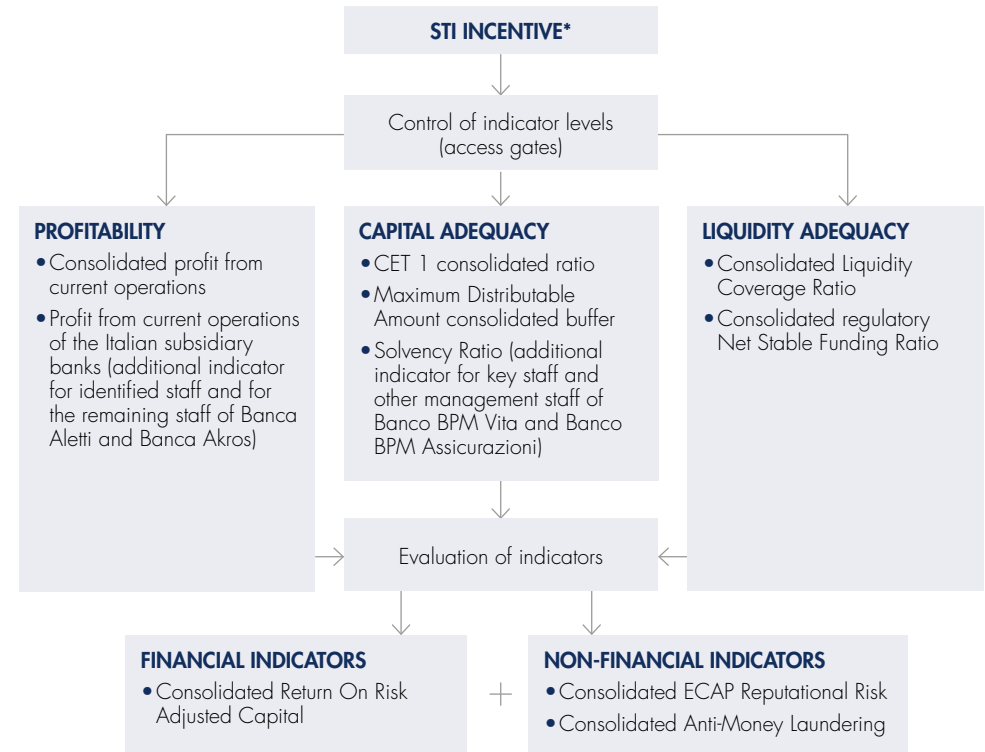
Staff development is also realised through an **incentive system** as an integral part of remuneration<sup>31</sup>.

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>32</sup>, and is recognised if the profitability and capital and liquidity levels (known as **access gates**) are met. Following the acquisition of the insurance companies Banco BPM Vita and Banco BPM Assicurazioni, the **Solvency Ratio** assessed at company level was introduced in 2023 as one of the capital adequacy conditions for access to the Short Term Incentive Plan. 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>33</sup>.

The STI Plan is intended for both identified staff<sup>34</sup> and other staff.



<sup>32</sup> For more information, please refer to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Remuneration Policies > Remuneration policy (section I) paragraph 6.5.

<sup>33</sup> For more information, please refer to Remuneration Policy (Section I), paragraphs 6.4.1 and 6.4.2.

<sup>34</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, Chief Risk Officer 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, the Chief Executive Officer of Banco BPM Vita and of Banco BPM Assicurazioni.

<sup>31</sup> For more information, please refer to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Remuneration Policies > Remuneration policy (section I).

\*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 recognition 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, nor to the Solvency Ratio. For more information, please refer to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Remuneration Policies > Remuneration policy (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>35</sup>.

In order to support the spread of a corporate culture on **ESG issues**, the incentive system envisages a widespread assignment of different KPIs related to these areas.

In particular:

#### FOR THE CHIEF EXECUTIVE OFFICER

the target sheet calls for the assessment of ESG financial indicators in the annual performance horizon, related to the annual articulation of ESG objectives of the Strategic Plan, with a **weight of 10%**. In particular, they include:

- the percentage of new loans in green and low-transition risk sectors;
- the share of ESG bonds in corporate bond ownership portfolio;
- green or social bond issues.

In addition, there is a further sustainability target related to the Thematic Review, operational and reputational risk and the promotion of corporate culture, with a **weight of 10%**.

#### FOR EXECUTIVES WITH STRATEGIC RESPONSIBILITY

- Possible quantitatively measurable ESG indicators, with a minimum **weight of 10%**, are envisaged, which may, merely by way of non-limiting example, be related to the priority execution of ESG-related activities envisaged in the annual plans or to the conclusion of project actions related to the Thematic Review.
- **Other executives** envisages quantitatively measurable ESG indicators, with a **weight of 10%**, which refer to the annual definition of the ESG objectives of the Strategic Plan, by way of example, those related to shares of new disbursements in green and low-risk transition sectors, corporate bond share of ESG bonds in the proprietary portfolio, green and social bond issues, People Strategy objectives, conclusion of strategic actions related to the Thematic Review, added to the further qualitative objective also related to the issue of sustainability with a **weight of 10%**.

#### FOR THE REMAINING MOST RELEVANT STAFF

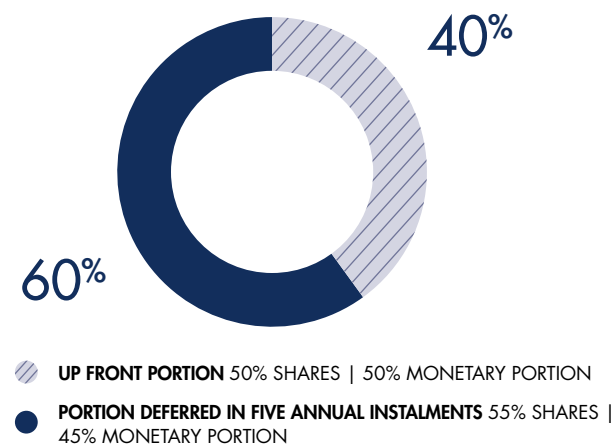
- Quantitatively measurable ESG indicators are foreseen for the **retail and corporate commercial network**, with a **weight of 10%**, broken down into individual perimeters, which incentivise the share of new disbursements in green and low-risk sectors.
- **Of the remaining identified staff**, it may envisage the assignment of quantitatively measurable ESG indicators, with a weight of 10%, by way of example, those related to the implementation of projects aimed at supporting the ESG strategy set out in the 2021-2024 Strategic Plan, the annual declination of ESG objectives of said plan and the conclusion of strategic actions related to the Thematic Review.

<sup>35</sup> For more information, please refer to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate Governance > Remuneration Policies > Remuneration policy (section I), paragraph 6.5.

The objective related to the share of new disbursements in **green** and low transition risk sectors, the annual definition of the objective of the Strategic Plan, is also assigned to the managers and staff of the commercial functions and to all the roles of the **retail** and corporate networks that coordinate, manage or support customers belonging to the assigned segment (corporate, companies).

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>36</sup>.

#### CEO STI INCENTIVE



For the vested shares, a one-year **retention period** (selling restriction) is envisaged for both upfront and deferred portions.

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>36</sup> For more information: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate governance > Remuneration policies > Remuneration policy (section I) in compliance with current regulations, paragraph 6.6.2.

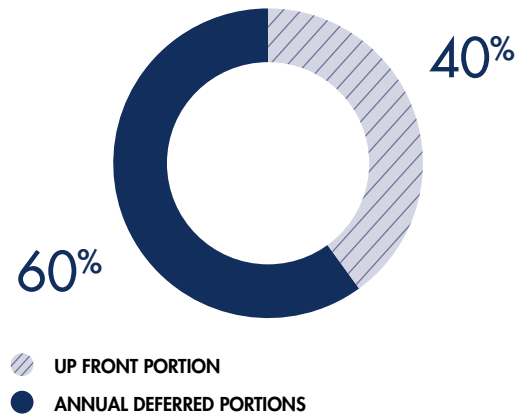
### LONG TERM INCENTIVE (LTI)

The long-term incentive plan supports the 2021-2024 Strategic Plan, to pursue results that create long-term value for shareholders and all relevant stakeholders, and provides for two assessment periods (2021-2023 LTI Plan and 2022-2024 LTI Plan<sup>37</sup>).

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>38</sup>

### LTI 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), 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>39</sup>

<sup>37</sup>The Shareholders' Meeting approved the LTI plan on 15 April 2021 and 7 April 2022. On 12 March 2024, the BoD of Banco BPM approved the key terms of Banco BPM's share-based compensation plans. The Plans will be part of the Remuneration Policy that the Group will adopt for 2024 (subject to approval by the Shareholders' Meeting of 18 April 2024), to support the 2023-2026 Strategic Plan and align the interests of management and shareholders, remunerating the Group's strategic resources according to value creation in the medium-long term. With specific reference to long-term incentives, the 2024-2026 LTI plan is aligned with the time horizon and objectives of the 2023-2026 Strategic Plan.

<sup>38</sup> For more information, please refer to Remuneration Policy (section I), paragraphs 6.8.1.3.

### 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>40</sup>.

<sup>40</sup> For more information, please refer to Remuneration Policy (section I), paragraphs 6.7 and 6.8.1.4.

<sup>39</sup> For more information, please refer to Remuneration Policy (section I), paragraphs 6.8.1.2.

## Business Conduct

We believe that respect for rules is the very foundation of a society oriented towards a sustainable and fair development model.

This is why we act according to principles of conduct based on the observance of rules, respect for human rights, protection of the environment, and combating and mitigating climate change.

We strive to ensure transparency in ownership structures and customer relations, to contribute to market efficiency and the promotion of competition, to promote fair conduct and the effectiveness of organisational structures and internal controls.

We prevent, also through prevention processes, the use of financial mechanisms for money laundering and terrorist financing operations.

We are aware of how **corruption and money laundering damage the economic development of territories**, violate people's human rights and limit the growth of the entire social and productive fabric of the country. That is why **we act with determination to prevent and counter these illegal phenomena**, using all the tools available to operators in the financial system. Moreover, 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

**46,905  
HOURS**

of training

for

**17,166**

colleagues

**0**

episodes of dismissal  
related to corruption

To combat money laundering and terrorist financing, the Group is investing in an extensive project plan with a high technical component, including through the use of artificial intelligence tools.

## ANTI-MONEY

LAUNDERING  
**27,446 HOURS**

of training

for

**6,799**

colleagues

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

## GUIDELINES

on respecting and safeguarding **human rights**

## REGULATION

on the management of transactions with **parties  
in conflict of interest**

## REGULATION

**anti-corruption**

## REGULATION

**anti-money laundering**

## GUIDELINES

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

## GUIDELINES

regarding operations in the **weapon materials  
and systems industry**

## GUIDELINES

on the **integration of sustainability risks** in the  
provision of **investment services**

## REGULATION

relating to **taxation**

\*For further details: gruppo.  
bancobpm.it > Corporate  
Governance > Corporate  
Documents.

For the Anti-Money Laundering  
Regulations: 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 Regulations  
on taxation, the Guidelines on  
respect for and protection of human  
rights, the Guidelines on operations  
in the field of materials and  
weapons systems and our position  
on "Cybersecurity and Privacy"  
and "Whistleblowing": gruppo.  
bancobpm.it > Sustainability >  
Code of Ethics and Governance.

## OUR CODE OF ETHICS AND OUR POLICIES

The Group Code of Ethics represents the full expression of all the values that guide us and characterise our identity.

Over the past few years, we have accelerated and reinforced the integration of ESG issues into our strategy and management model through policies, principals and processes that now clearly represent the role of sustainability in our identity. The integration of these aspects is particularly relevant in the Group's Code of Ethics, especially in its dual value

**as a distinctive element of our value positioning and as a governance tool**, which guides the daily actions of those who work with us, our practices and our processes.

The 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.

Another important commitment defined in the Code of Ethics is the one we make with respect to combating and mitigating climate change. As financial intermediaries, we have the **opportunity to support the transition of our clients** in what is one of the major challenges of our time. At the same time, as a large company, we want 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**, also ensuring the protection of **health at work**, as well as **fighting corruption, organised crime and terrorism**.

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

**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 certain offences are committed by their staff or collaborators in the interest or to the advantage of the company.

For some time now, the principles of conduct and controls that must be implemented in order to prevent the risk of incurring the offences envisaged in the decree have been defined for each Group company, both with regard to 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**.

The principles expressed in the Code of Ethics are then translated into internal regulations, to be a concrete guide in our choices and actions. This is why we have drafted the **Policy on Respect for and Protection of Human Rights**, a document that places particular emphasis **on respect for human dignity, fairness, inclusiveness and valuing diversity, combating all forms of discrimination and harassment, and protecting personal data**.



We have also updated our operations with respect to the **weapons systems** industry. In particular, we called for the Sustainability Committee, ESG Committee and sustainability structure to be involved in the authorisation process to which transactions are subject, so that **non-financial impacts would be assessed and verified before the actual decision was made**. The BoD authorises transactions in which the use of a credit line is envisaged, subject to the non-binding opinion of the ESG Committee, and defines and limits the countries, in particular non-NATO and non-EU countries, with which it is possible to operate. The ESG Committee also decides on transactions that do not involve the use of any credit lines.

Lastly, we updated our guidelines on **managing environmental, energy and climate change issues**, integrating roles and responsibilities to more effectively ground our strategies, and updating our policies for managing indirect and direct impacts.

As stated in the Code of Ethics and internal regulations on sponsorships, we pay great attention when evaluating the initiatives we support, and in particular a priori we exclude initiatives presented by political parties (or those with a predominantly political purpose) and those that imply any form of discrimination.

## 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</b> including 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 the performance of their professional roles that contrasts with said provisions, shall be considered a violation of the Code of Ethics and may be punished internally. All Group 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.** ESG issues were therefore further integrated into the internal control system in 2023, making **explicit and expanding the responsibilities of corporate bodies and functions with regard to the integration and dissemination of ESG factors in operational processes and the assessment and monitoring of inherent risks.**

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, facts, or actions/behaviour that is not in line with the Code of Ethics, the organisational model and the underlying rules<sup>41</sup>.

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.

<sup>41</sup> Also pursuant to Italian Legislative Decree 24/2023, enacted to implement Directive (EU) 2019/1937 of the European Parliament and Council of 23 October 2019 on the protection of whistleblowers of breaches of Union law and laying down provisions for the protection of persons who report breaches of national laws.

**WHISTLEBLOWING SYSTEMS**



The reporting of any conduct that does not comply with the rules can be carried out as a matter of priority through the Internal Whistleblowing System, which operates through a web-based platform, EQS Integrity, or through the email addresses of the Supervisory Bodies.

The internal reporting channel was revised in 2023 in order to allow all users, inside and outside the organisation, to report any violations of national or European Union regulations which have come to their attention in the work context, and which harm the public interest or the integrity of the organisation. The platform ensures the confidentiality and protection of the personal data of the reporter, the reported person and all persons involved.

Eleven reports were received in 2023, which resulted in audits by the Audit Department (except for six which did not fall within the scope of the reports of violations as they were mere complaints).

After due investigation, it was found that **one report related to sustainability issues in the area of "Personnel"** without 231/01 repercussions.

The SB received a total of 16 reports in 2023, all via the SB e-mail address. Three were forwarded to the Human Resources Department for the start of the relevant checks. No elements were found to corroborate the reports for two of them, and the relevant activities are ongoing for the third. For all the reports received, it was ascertained that they were not related to the 231 sphere. 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
 <p><b>Whistleblowing Platform</b></p>	<p><b>11</b></p>	<p><b>6</b> do not detect potentially relevant aspects</p> <p><b>4</b> do not relate to sustainability issues</p> <p><b>1</b> relates to sustainability issues in the area of "Personnel" without 231/01 implications</p>
 <p><b>SB mailbox</b></p>	<p><b>16</b></p>	<p><b>Investigations requested from specific departments</b></p>

## 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**;
- the **payment of all taxes due and the timely fulfilment of the obligations** required by tax regulations;
- the adoption of adequate organisational safeguards and an internal control system to verify the timeliness and formal and substantive correctness of tax compliance.

## TAX RISK

In the development of new products and services and in the corporate approval processes for extraordinary transactions, **we assess the tax impacts and risks associated with** such proposals.

We promptly manage any issues of particular relevance to eliminate or minimise the resulting economic and reputational risk. To this end, the tax authorities may be approached through the discussion procedures established by law (e.g. appeals) or the opinion of external experts 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.

During the financial year 2023, the activities envisaged in the Group's **Tax Control Framework**, which represents an **efficient system for recognising, measuring, managing and controlling tax risk**, were planned and completed.

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 2023 amounted to roughly €560 million**.

## DISPUTES AND SANCTIONS

There were **no significant tax disputes with the tax authorities** in 2023.

With reference to audit activities, as reported last year, in January 2023, the Revenue Agency initiated **a tax audit against the Parent Company** covering the tax years 2017 and 2018. The audit was concluded in September with the delivery of the audit report in which **no substantive findings were made** against the Bank, with the exception of a finding regarding the tax treatment of a dividend received, against which the Agency will directly adjust the Bank's 2018 tax loss without applying penalties.

With reference to the dispute of Banca Akros highlighted last year and relating to an imposition of sanctions for fiscal monitoring in the amount of €2.3 mln, it should be noted that with a ruling filed in January 2024, the Tax Court of Milan confirmed the act of imposing sanctions. Convinced of its motives, the Bank will ask for the judgement to be set aside before the competent Lombardy Tax Court.

In June and July, the Revenue Agency initiated a tax audit against the subsidiary Banca Akros (relating to tax year 2018) and one against Tecmarket (tax year 2020). Both ended without any findings against us.

Regarding minor taxes, and in particular IMU and local taxes, it should be noted that the number of disputes notified in the year 2023 is 304 and the total amount paid in 2023 for taxes and penalties under IMU and TASI amounts to €2.9 million.

In relation to the diamond affair, which has already been addressed in detail in past years' reports, it should be noted that in 2023 the Verona and Rome Public

Prosecutors' Offices, having taken note of the restitution activities implemented by the Bank, ordered the release of the entire sum still under restriction, amounting to 83.8 million.

For all further details, please refer to the Annual Report in Section 10 - Provisions for risks and charges - Item 100.

MAIN RISKS	MANAGEMENT METHODS / POLICIES ADOPTED
<p><b>NON-COMPLIANCE WITH LEGISLATIVE AND REGULATORY PROVISIONS</b></p>	<ul style="list-style-type: none"> <li>• Organisational measures to monitor external legislation and update/adapt internal regulations</li> <li>• Strengthening and evolution of the management model pursuant to Italian Legislative Decree 231/01</li> <li>• Organisational measures to monitor the correct application of legislation</li> <li>• Personnel training and information</li> <li>• Internal disciplinary and sanctioning system</li> <li>• Internal whistleblowing system</li> </ul>
<p><b>NON-COMPLIANCE WITH COMPANY VALUES AND RELATIVE SELF-REGULATION RULES</b></p>	<ul style="list-style-type: none"> <li>• Organisational measures to update the regulations</li> <li>• Personnel training and information</li> <li>• Monitoring the correct application of the regulations and the disciplinary and sanctioning system</li> <li>• Internal whistleblowing system</li> </ul>
<p><b>RISK OF MISCONDUCT TOWARDS CUSTOMERS</b></p>	<ul style="list-style-type: none"> <li>• Structured product governance process with decision-making restricted to a specific management committee (New Products and Markets Committee)</li> <li>• Personnel training and information</li> <li>• Internal whistleblowing system</li> </ul>

# STRATEGY

We have wholeheartedly **embraced sustainability**.

**We have integrated it** into our development strategy, determined to create value that lasts, that is shared and that generates widespread prosperity.

**We believe** in the opportunity to create a greener, more inclusive and fairer economic model, owing it above all to the new generations.

**We listen** carefully to society, observing its constant changes and evolving needs, to support the territories and facilitate their growth and change.

**We study** and **update** our skills to offer efficient responses to changing scenarios.

## SDGs





**We know that what  
we do has an impact. We  
intend to leave a mark as  
positive as possible.**

Verona, Pietra Bridge

# Our Strategic ESG Plan

## THE 2023-2026 STRATEGIC PLAN: "SUSTAINABLE BANKING, PROUDLY SUPPORTING THE ITALIAN ECONOMY"

Thanks to the work of our colleagues in the Group, **we achieved and sometimes even exceeded the targets of the 2021-2024 Plan a year in advance.**

The **new Strategic Plan** is based on solid pillars and intends to clearly define strategies, **actions and instruments that focus on sustainable growth and value creation for all stakeholders.**

## A CONTINUOUS GROWTH PATH

The new plan continues a path of growth and innovation undertaken in recent years: it strengthens profitability and consolidates our capital position, improves our risk profile, enhances the business model and develops commercial operations through a wider adoption of digital channels.

It fully integrates sustainability issues into the Group's strategy, business and activities.

### 2017-2019

#### RESTRUCTURING AND TRANSFORMATION

- Organisational, commercial and IT integration.
- Network rationalisation and product factories.
- Massive derisking.

### 2020-2021

#### CONSOLIDATION OF THE BUSINESS MODEL AND CAPITAL PROFILE

- Digital and multi-channel business model.
- Improving the risk profile.
- Strengthening profitability.

### 2022-2023

#### PROFITABILITY AND VALUE CREATION

- Enhancing strategic ambitions.
- Constant increase in profitability.
- Strengthening governance and risk management.
- Reshaping the bancassurance and payments model.
- Obtaining "Investment Grade" for Credit Ratings on Senior Debt by S&P, Moody's, Fitch and DBRS.

### 2023-2026

#### SUSTAINABLE BANKING

- Consolidating leadership in the corporate and CIB segment and supporting the green transition.
- Strengthening wealth management and life insurance.
- More value from recent deals in non-life insurance and e-money.
- Further omni-channel development.
- Strengthening tech innovation, lean banking and cybersecurity.
- Further strengthening the capital profile.
- Empowerment of employees and communities.

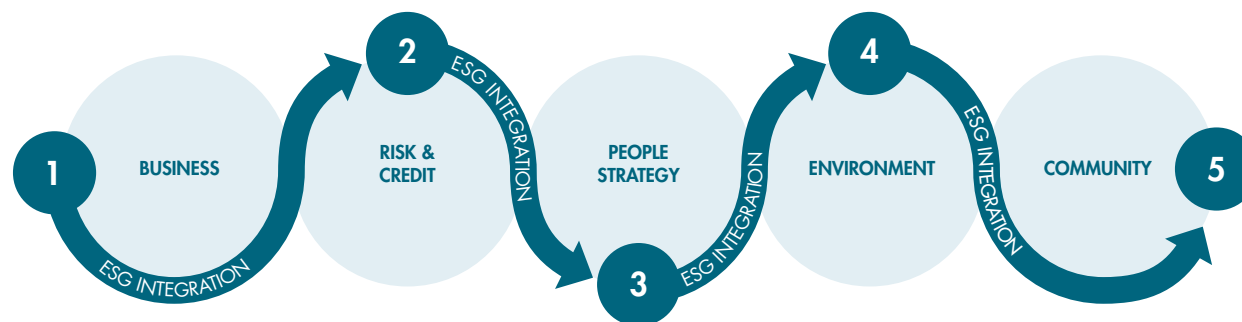


## FURTHER ESG INTEGRATION IN THE GROUP'S STRATEGY, BUSINESS AND ACTIVITIES

	STRATEGIC AMBITIONS	2023-2026 STRATEGIC PLAN OBJECTIVES
E	Supporting customers along the transition path through consultancy activities and commercial offers, paving the way for a Net Zero strategy	<ul style="list-style-type: none"> <li>• Over €10 billion average new lending to corporate clients in green or low transition risk sectors and green financing products to corporate clients.</li> <li>• The run-off for coal-related sectors heavily impacted by the climate transition is confirmed.</li> <li>• Definition of NZBA targets on priority sectors by Q3 2024 and on the remaining sectors by 2026.</li> <li>• Over 3,000 hours of ESG training to corporate clients over the three-year period.</li> </ul>
	Strengthening the management and monitoring of climate and environmental risk	<ul style="list-style-type: none"> <li>• By 2026, 100% per cent of credit resolutions of large corporations and all companies operating in highly emissive sectors will be subject to ESG assessments.</li> </ul>
	Continuing to reduce environmental impact	<ul style="list-style-type: none"> <li>• Carbon neutrality on net Scope 1 and 2 emissions (including through the purchase of carbon credits) to 2024 and reduction of Scope 3 commuter emissions by 40% to 2026 vs 2019.</li> <li>• Reduction of Scope 1 and 2 energy consumption by 20% in 2026 compared to 2022 (&lt; 480K GJ in 2026 and further reduction to about 440K GJ in 2030) and confirmation of the use of 100% electricity from renewable sources.</li> </ul>
S	Further improving our people strategy, generation turnover, women's empowerment and work-life balance	<ul style="list-style-type: none"> <li>• Approximately 800 new young people hired over the three-year period, of which about 200 IT-tech specialists.</li> <li>• New "Academy" training structure to support a new standard in skills development.</li> <li>• Retraining initiatives with a specific focus on about 500 branch operators over the three-year period.</li> <li>• Approximately 140,000 training days per year (by 2026, approximately 200,000 training hours planned on ESG issues).</li> <li>• 20% increase of women in managerial positions by 2026 compared to 2023.</li> <li>• Evolution of remote work: 40% of days worked remotely by 2026 for head office employees (vs 30% in 2023) and 20% of days worked remotely for sales network managers with customer portfolios with remote offerings &gt; 30%.</li> </ul>
	Strengthening our leadership position as a third sector lender	<ul style="list-style-type: none"> <li>• Approximately €200 million of new funding to the third sector in 2026.</li> </ul>
	Confirming itself as a top Community Bank, with a strong impact on our local communities (with a focus on school and education)	<ul style="list-style-type: none"> <li>• Over 100 initiatives per year for local communities and schools.</li> <li>• Approximately €5 million per year in donations and sponsorships for social and environmental initiatives (also through our foundations).</li> <li>• Over 4,000 hours per year of financial education and ESG awareness and over 2,000 hours per year of corporate volunteering.</li> </ul>
G	Confirmation of short and long-term incentive plans for managers and employees in line with ESG objectives	<ul style="list-style-type: none"> <li>• In the span of the Plan, work will be done to further strengthen ESG incentives also by identifying and monitoring new KPIs.</li> </ul>
	Supporting our digital transformation, with a strong focus on privacy and cybersecurity	<ul style="list-style-type: none"> <li>• Recruitment of more than 200 IT professionals over the three-year period (solution architect, data scientist, cloud and cybersecurity specialist, IT project manager) of which about 15% are cybersecurity experts.</li> <li>• 20% increase in IT investments in the three-year plan period 24-26 compared to the previous three-year period (€600 million vs €500 million).</li> <li>• 20% increase in cyber investments in the three-year plan period 24-26 compared to the previous three-year period.</li> </ul>
	Further improvement of ESG risk measurement systems, consistent with developments in external regulations and risk materiality	<ul style="list-style-type: none"> <li>• ESG risk measurement systems will be strengthened during the three-year plan period, with a focus on climate and environmental risks, also related to the NZBA targets to be defined by 2026.</li> </ul>
	Defining sustainable finance policies related to proprietary investments and funding	<ul style="list-style-type: none"> <li>• New "policy" on sustainable investments by 2024.</li> </ul>
E + S + G	Directing financial resources towards sustainable companies and initiatives	<ul style="list-style-type: none"> <li>• €5 billion of new green, social &amp; sustainable bond issues and increase of ESG corporate bond share in total corporate bonds to 40%.</li> <li>• Enhancing the ESG product range and strengthening ESG consulting in wealth management and life bancassurance.</li> </ul>

## ESG RESULTS OF THE PREVIOUS 2021-2024 STRATEGIC PLAN

The ESG issues of the previous 2021-2024 Strategic Plan guided the Group's development activities through the five pillars: Business, Risk&Credit, People Strategy, Environment, Community.



### BUSINESS

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

#### KEY OBJECTIVES

	CUMULATIVE TARGET 2021-2024	31/12/2023
Percentage of new loans in green and low-transition risk sectors <sup>1</sup>	> 65%	> 54%
Green residential mortgages (cumulated new disbursements) <sup>2</sup>	€4 BILLION	€1.8 BILLION (of which €0.48 BILLION in 2023)
Purchases of property tax credits (cumulative) <sup>3</sup>	€3 BILLION	€4.1 BILLION (of which €1.7 BILLION in 2023)
Akros Lead Manager/Bookrunner of ESG Bonds (cumulative)	€12.5 BILLION	€24.2 BILLION (of which €8.1 BILLION in 2023)
Corporate Bond Ownership Portfolio: share of ESG bonds	2020 8% TARGET 2024 > 30%	29.1%
Issue of Green & Social Bonds (cumulative)	€2.5 BILLION	€4.55 BILLION (of which €2 BILLION in 2023)

<sup>1</sup> New lending to corporate clients in green or low transition risk sectors and green financing products to corporate clients.

<sup>2</sup> Loans granted to customers for class A-BC buildings or those renovated for better energy efficiency.

<sup>3</sup> Purchases of property tax credits related to tax incentives for energy upgrading and seismic risk reduction.

### 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

	DURING THE PLAN HORIZON	31/12/2023
Stop to new disbursements related to coal in sectors heavily impacted by the climate transition:	RUN-OFF	€1.8 million (stock at end of 2023, -93% compared to end of 2022)
New lending to the fossil fuel sector dedicated to transition projects	>80%	/ <sup>4</sup>

<sup>4</sup> Despite the fact that the road to the green transition in Italy and Europe seems to be clear and well mapped out in the medium to long term, already in 2022 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 revise their energy diversification strategy, taking into account also highly impactful energy sources in order to secure the necessary energy supply. This change of action has therefore slowed down the adoption of measures to reduce the use of fossil fuel products and energy in the short term.

## PEOPLE STRATEGY

**People-oriented** approach with 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		
	TARGET TO 2024	31/12/2023 <sup>5</sup>
Share of women in managerial positions	> 30%	<b>29.7%</b>
Share of new hires young people aged 20-30	> 90%	<b>96.5%</b>
Annual remote work days	500,000	<b>363,558</b>
ESG Ambassadors	> 100	<b>98</b>
Training hours for employees on ESG issues (cumulative)	400,000	<b>443,750</b> (of which 164,205 in 2023)

## ENVIRONMENT

**Reduced consumption and CO<sub>2</sub> emissions** to achieve **carbon neutrality (Scope 1 + Scope 2)**.

KEY OBJECTIVES			
	2019	TARGET TO 2024	31/12/2023
Total direct and indirect energy consumption (Giga Joule)	732K	588K	<b>498K</b>
		-20%	
	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 T-CO <sub>2</sub> equivalent)	17.5K	<b>CARBON NEUTRALITY DURING THE PLAN HORIZON</b>	<b>CARBON NEUTRALITY</b>
Indirect commuting emissions (Scope 3 T-CO <sub>2</sub> equivalent)	16.6K	13.1K	<b>11.1K</b>
		-21%	
CDP Rating	B	A	<b>S</b>

## COMMUNITY

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

KEY OBJECTIVES		
	DURING THE PLAN HORIZON	31/12/2023
Donations and sponsorships for social and environmental projects (cumulative)	~€10 million	<b>€14.1 million</b> (of which €5.8 million in 2023)
Institutional Partner AIRC (Italian Association for Cancer Research)	5,000 researchers & 660 projects	<b>Continuous support of 5,000 researchers and 660 projects</b>
Social initiatives for local communities, schools and students (cumulative)	> 300 initiatives	<b>432 initiatives</b> (of which 166 in 2023)
New disbursements to the third sector (cumulative)	> €700 million	<b>€525 million</b> (of which €169 million in 2023)
Corporate volunteering, ESG awareness and financial education (cumulative)	> 10,000 hours	<b>33,592 hours</b> (of which 9,402 in 2022)

<sup>5</sup> The data on new hires of young people take into account the last three years. Throughout the document, ESG training hours consider the training actually provided during 2023, even though some employees are no longer on the job as at 31/12/2023. The share of women in managerial positions takes the insurance companies into account.

## PARTNERSHIPS AND COMMITMENTS

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

### MEMBERSHIP IN 2021

#### UN GLOBAL COMPACT

Launched in 2000, it is an initiative of the United Nations that is 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 structuring environmental disclosure in an effective and transparent manner.

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 IN 2023

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

Launched in 2021 per the initiative of the United Nations, it aims to accelerate sustainable transition through the involvement of the banking sector.

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>6</sup>.

In particular, in the new 23-26 Strategic Plan, Banco BPM has committed to defining its targets on priority sectors by Q3 2024 and on all other sectors by 2026.

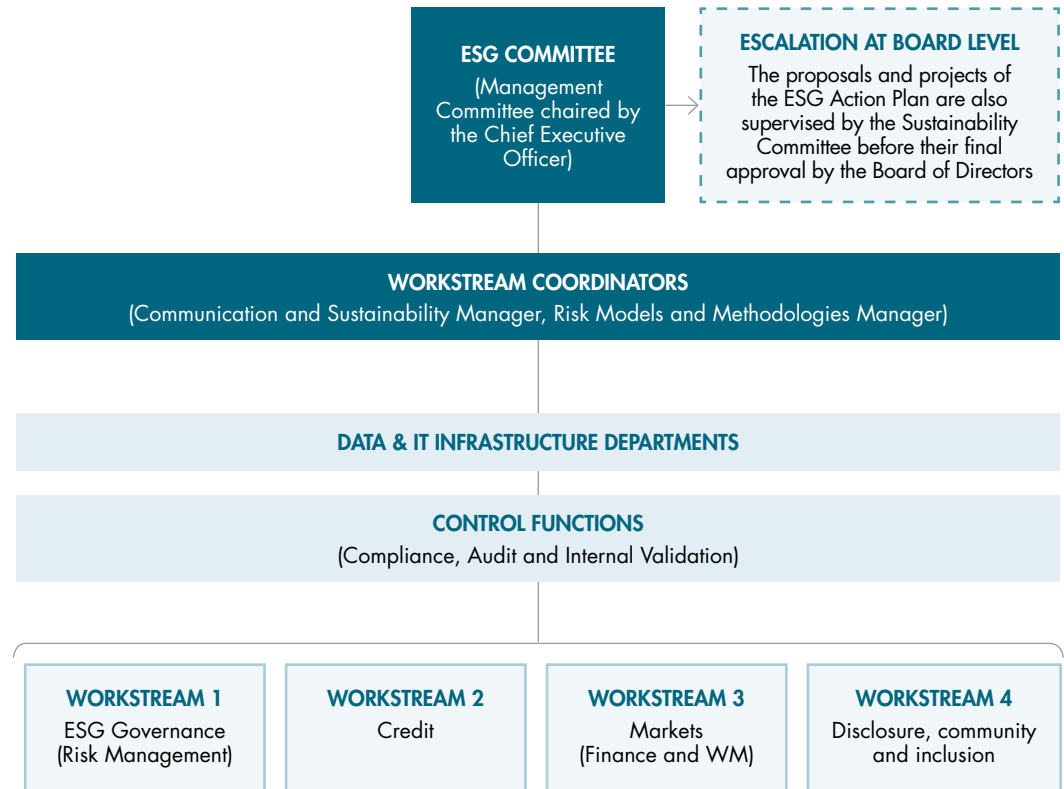
<sup>6</sup> It should be noted that, again as part of the 2021-2024 Strategic Plan, Banco BPM has already committed to a progressive run-off of existing exposures in coal-related sectors strongly impacted by the climate transition.

## OUR ESG ACTION PLAN

As also highlighted in the 2023-2026 Strategic Plan, Banco BPM launched a new ESG Action Plan at the end of 2023 in order to further strengthen sustainability, streamlining the previous seven workstreams (fields) into four interconnected ESG working groups (WS 1- Risk Management; WS 2- Credit; WS3 Finance and Wealth Management; WS 4- Disclosure, Community and Inclusion), supported by the control, data governance and IT departments and overseen by the ESG Committee and the CEO.

### KEY INITIATIVES

- Further consolidation of internal climate risk measurement, scenario analysis, stress testing and risk reporting, including public disclosure.
- Improved coverage of social and governance risks.
- Development of credit policies for the Net Zero strategy.
- ESG strategy development at the finance and Wealth Management level.
- Strengthening ESG organisational controls, processes and policies in line with the new Corporate Sustainability Reporting Directive (CSRD).
- Internal and external reinforcement of ESG and financial awareness.



**15**  
units

**> 50**  
people involved

## 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 annual and interim results.
- **Presentation of the 2023-2026 Strategic Plan.**
- **Shareholders' Meeting.**
- **Events** (banking conferences, Roadshows and Reverse roadshows) and other **meetings/calls** organised to relate with the institutional financial community.

### EVENTS, MEETINGS AND CALLS

# 163

meetings with the financial market

Comparing and measuring against the **expectations of shareholders and the national and international financial community** is crucial for Banco BPM, thereby establishing transparent and timely communication of information and Group strategies.



### CUSTOMERS

- **Customer Satisfaction Surveys** to measure overall customer satisfaction and the propensity to recommend Banco BPM.
- **Ad hoc research projects** to investigate services/products and new ways of using them.
- **Customer Feedback Management (CFM) platform** for collecting instant feedback on customer experience, regarding channel usage, digital interactions and the purchase of products and services.
- **Survey on sustainability issues**, aimed at companies to understand levels of awareness, needs and expectations concerning ESG areas.

### INVESTIGATIONS

# ~320,000\*

feedback from customers

Listening to customers is a key action that allows us to understand needs and future perspectives.

~320,000 pieces of feedback were collected through:

- **Customer Satisfaction survey** in which an internationally recognised indicator is used to measure the customer's degree of recommendability of Banco BPM;
- **other surveys**, mainly conducted through dedicated platforms, which focus on customer experience in various areas: channels, transactional activities, customer lifecycle highlights.

\*Data as at 31 December 2023. The figures refer to the feedback collected by the CFM platform.



## PEOPLE

- **Staff Managers and Facility/Branch Managers** oriented towards actively listening to people and their professional development.
- **A listening channel for collecting professional aspirations** that allows people to communicate their career growth and development goals to the company.
- **Listening spaces aimed at fostering the development of an inclusive culture and physical and mental well-being in the company.**
- **Road shows**, live meetings with the CEO, with nine stops throughout the country in 2023, attended by 3,500 colleagues from the Sales Network.
- **Investigations** aimed at exploring issues of shared interest.

## CORPORATE CLIMATE SURVEY

People involved  
**20,068**  
 55% membership

With the aim of perceiving the experience of colleagues, **listening to their needs** and promoting actions to involve and share the organisational culture, a Banco BPM Group climate survey was carried out through a questionnaire distributed to the entire corporate population.



## 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 territory

**47**

meetings

The **Local Committees** consist of representatives from the economic, professional and associative worlds. Listening to them is a tool for maintaining continuous dialogue with the areas where they are rooted, to welcome and understand the needs of the community, cementing initiatives and projects.



## 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.

## ESG RATING

**1,012**

Reference  
perimeter

**98%**

Responses  
received

Using an analysis methodology, the **ESG questionnaire** allows to assess the sustainability performance of suppliers in order to certify their soundness. This assessment creates an opportunity for dialogue that fosters awareness among suppliers, both in ESG terms and in the advancement of their business practices.



## PUBLIC ADMINISTRATION

- **Responding to questionnaires concerning** information on customers/suppliers to support Tax Administration controls and other explicit requests.
- **Interaction** with the Revenue Agency for requests for clarification on relevant transactions, concerning the interpretation, application or removal of various legal provisions relating to taxation.

## In the local areas

- **School project** to support public institutions in critical situations.
- **Participation** in the ANCI (Association of Italian Municipalities) Annual Assembly to identify specific needs as well as to present our discussions with the local PA.
- **Sharing our experience and know-how with universities** through participation in master classes and/or lectures.

## SCHOOL PROJECT

**> 200**

Educational institutions supported

The **"School Project"** was initiated in 2018 with the aim of renewing teaching tools, implementing material and technological connections and updating common socialisation spaces. The initiative is carried out by listening to the needs of public institutions in our local areas that express the need for new equipment or infrastructural interventions.

# Materiality Analysis

## A PROCESS OF CONTINUOUS IMPROVEMENT

Starting in 2022, materiality has been measured through the impacts that corporate activity generates on the economy, the environment and people, including impacts on human rights.

**In 2023, we strengthened the impact materiality process initiated in 2022 through a broader stakeholder engagement activity that focused on the impacts generated by the Banco BPM Group, with the aim of creating a prioritised list of material topics.**

## STAKEHOLDER ENGAGEMENT 2023: ACTORS INVOLVED AND METHODOLOGY

Stakeholder engagement took place through the completion of an online questionnaire, often preceded by discussions on materiality. The questionnaire contained a list of about 50 impacts (actual and potential, positive and negative), through which we asked respondents to rate them from 1 - not important to 5 - definitely important.

The simple average of the collected assessments was then used to determine the importance of impacts, except for potential impacts for which the assessments also considered the probability of occurrence (on a scale of 1 - very low to 5 - very high).

The final prioritisation was carried out by simply averaging the results of the different stakeholder categories involved:

- **LOCAL COMMITTEES:** 7 Committees and more than 70 people involved;
- **FINANCIAL MARKET:** over 50 operators involved (equity and fixed-income sell-side analysts and credit rating agencies);
- **UNIVERSITIES:** 2 universities involved (Università Cattolica del Sacro Cuore and Polytechnic Institute of Milan);
- **EMPLOYEES:** over 170 Key People and Talents involved;
- **BANCO BPM ESG PROGRAMME MANAGERS AND CONTACT PERSONS:** 28 people involved;
- **CONSULTING COMPANIES:** 3 people involved.

# 77%

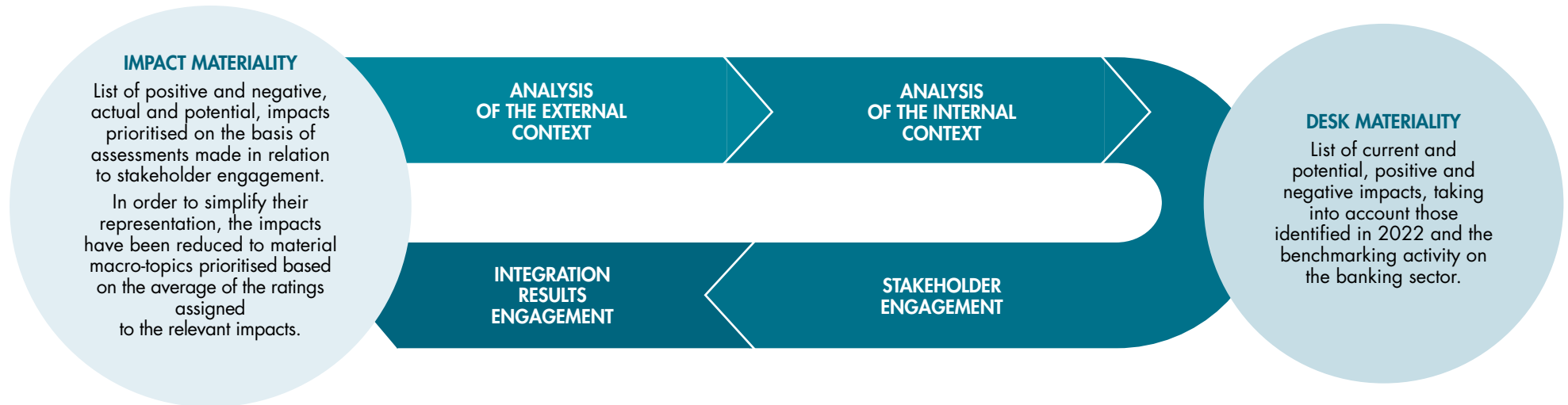
of responses received compared to the number of subjects involved in the survey






## MATERIALITY PROCESS 2023

Our materiality process considered an analysis of the context both externally (sustainability issues related to the UN 2030 Agenda, Action Plan on sustainable finance, Italian and European regulations on sustainability, peer materiality) and internally (impact of business activities and initiatives related to the Group's ESG projects), which led to the

definition in 2022 of a list of impacts that, considered valid in 2023 also following a benchmarking activity of the banking sector, was submitted to our stakeholders for evaluation in order to create a **prioritised list of material impacts and topics**.



## FROM STRATEGY TO ACTION: MATERIAL TOPICS AND MANAGING OUR IMPACT





PRIORITISATION	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS	ACTIONS TO MITIGATE NEGATIVE IMPACTS
1	<b>PROFITABILITY AND CAPITAL STRENGTH</b>	<ul style="list-style-type: none"> <li>• Creating sustainable value for investors (shareholders and bondholders) and the community.</li> <li>• Financial stability of the country.</li> </ul> 		
2	<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 and correct processing of personal data vis-à-vis third parties.</li> <li>• Customer awareness on cybersecurity and privacy.</li> <li>• Cyber resilience (ability to prevent cyber incidents, resist them and recover if they occur) of the financial system.</li> </ul> 	<ul style="list-style-type: none"> <li>• Potential major cyber attacks on the Group's and its partners' systems resulting in possible loss of trust, personal data, economic resources by customers.</li> </ul> 	<p>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.</p> <p>The planned actions include (new 2023-2026 Strategic Plan):</p> <ul style="list-style-type: none"> <li>• adoption of the cloud, leveraging agile architecture;</li> <li>• strengthening key skills in IT and Data Governance;</li> <li>• strengthening the commitment to cybersecurity (+20% investment compared to the previous plan and recruitment of specialists, who will account for about 15% of the more than 200 planned hires in IT and digital);</li> <li>• adoption of artificial intelligence systems;</li> <li>• increase in IT investments to €600 million (+20% compared to the previous Plan).</li> </ul>




 PEOPLE







 ENVIRONMENT







 HUMAN RIGHTS

 ECONOMY

PRIORITISATION	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS	ACTIONS TO MITIGATE NEGATIVE IMPACTS
3	<b>FINANCE FOR A SUSTAINABLE TRANSITION</b>	<ul style="list-style-type: none"> <li>• Sustainable transition of the economy (both economic, social and environmental).</li> <li>• Contribution to customer awareness of initiatives contributing to sustainable development.</li> <li>• Transition of corporate clients to a low-emission business model.</li> <li>• Improved energy efficiency of the country's buildings.</li> </ul> 	<ul style="list-style-type: none"> <li>• Funding and/or investments in controversial activities with negative social and environmental impacts.</li> </ul> 	<ul style="list-style-type: none"> <li>• Strengthening the ESG lending product offer (in the new plan, €10 billion in new lending per year towards green and low-risk transition sectors), ESG consulting, the ESG product range in Life Bancassurance, and staff specialising in these products and services.</li> <li>• Credit policies that support sustainable transition.</li> <li>• New policy on financing the weapons sector.</li> <li>• Offering ESG investment products.</li> <li>• Consultancy to companies to address competitive ESG challenges, including through workshops and training sessions to create awareness.</li> </ul>
4	<b>CLIMATE CHANGE</b>		<ul style="list-style-type: none"> <li>• Generation of CO<sub>2</sub> emissions along the value chain (e.g., CO<sub>2</sub> emissions of customers and suppliers) 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).</li> <li>• Promoting environmental awareness among employees and customers to encourage less indirect environmental impact.</li> <li>• Net zero target setting by Q3 2024 for priority sectors and by 2026 for the remaining sectors.</li> <li>• Continued integration of environmental and climate risks into the risk management framework.</li> <li>• Developing remote work to reduce employee-related Scope 3 emissions (expected to be reduced by 40% compared to 2019).</li> </ul>

PRIORITISATION	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS	ACTIONS TO MITIGATE NEGATIVE IMPACTS
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>• Strengthening talent management and people development initiatives (customised paths for about 900 talents and new hires, reskilling initiatives, etc.).</li> <li>• Measuring skills, assessing achievements and customisable development paths.</li> <li>• Creation of a new Training Academy.</li> <li>• D&amp;I training and internal initiatives.</li> <li>• Enhancing organisational structures in D&amp;I and talent management.</li> <li>• “Manifest Commitment” to share a common culture of respect.</li> <li>• Enhancing female talent and increasing the share of women in management (+20% of women in management positions by 2026 compared to 2023).</li> <li>• Renewal of the national credit sector contract with significant wage improvements.</li> <li>• Evolution of the remuneration system in the new Plan with a logic of people retention.</li> </ul>
6	<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
7	<b>STRENGTHENING CUSTOMER RELATIONS AND DIGITALISATION</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 (marginalisation of certain customer groups or certain communities not served through branches) and employment as a result 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 alternative channels to branches (enhancement in the new Webank Plan and 300 full-time staff dedicated to the digital branch by 2026).</li> <li>Retraining/reconversion of staff in the branches involved in rationalisation (especially in the cash desk area).</li> <li>Improvement and expansion of remote services for the efficient and effective use of resources.</li> </ul>
8	<b>CREDIT FOR THE COUNTRY</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>Strengthening of NRRP organisational structures and related education, communication and dedicated commercial action initiatives.</li> </ul>
9	<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>

PRIORITISATION	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS	ACTIONS TO MITIGATE NEGATIVE IMPACTS
10	<b>ENVIRONMENTAL MITIGATION</b>	<ul style="list-style-type: none"> <li>Reduction of energy consumption, consumables and direct CO<sub>2</sub> emissions by the Banco BPM Group.</li> </ul> 	<ul style="list-style-type: none"> <li>Impact of Banco BPM Group's activities on CO<sub>2</sub> emissions.</li> <li>Potential impact of Banco BPM Group's activities on climate change.</li> </ul> 	<ul style="list-style-type: none"> <li>Energy efficiency and carbon neutrality net Scope 1 and 2 emissions to 2024.</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 in the new Plan of non-instrumental assets and optimisation of work space.</li> <li>Digitisation projects and CO<sub>2</sub> offsetting initiatives.</li> </ul>
11	<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.</li> <li>Anti-Corruption Regulation; Anti-Money Laundering Regulation.</li> <li>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>
12	<b>WELFARE, WORK-LIFE BALANCE AND WELL-BEING</b>	<ul style="list-style-type: none"> <li>Employee welfare (including work-life balance initiatives) 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>Evolution of remote work (increase for headquarters employees and introduction for some network operators).</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>

### MAIN CONSIDERATIONS ON THE STAKEHOLDER ENGAGEMENT AND MATERIALITY 2023 RESULTS

**No topic was rated as “unimportant” by the interviewed stakeholders:** even the average ratings for the topics ranked at the bottom (business conduct and welfare, work-life balance and well-being) are close to the threshold of “important” (with a rating very close to 3 out of 5). The material macro-topics of 2022 are thus confirmed, albeit with at times different priorities.

Despite the change (from a logic of relevance to one of impact), as in 2022, **capital strength and profitability; business continuity, cybersecurity and privacy are confirmed as the most important topics, while reducing environmental impact and welfare, work-life balance and well-being are among the less important ones.**

The topic of digitalisation and strengthening customer relations, although considered fully important in 2023, has been downgraded in terms of relevance; on the contrary, the topic of corporate citizenship has increased in importance.

A strong focus that was already growing in the past year and is in line with risk identification<sup>7</sup> has been confirmed for business continuity, cybersecurity and privacy.

The 2023 materiality analysis was carried out by the Sustainability Department with the support of other specialised structures in relation to questionnaire development, sampling and stakeholder relations, and shared with the ESG Committee and the Sustainability Committee and the Banco BPM Board of Directors.

MAIN STAKEHOLDERS INVOLVED	TOP 3 MOST IMPORTANT TOPICS	TOP 3 LEAST IMPORTANT TOPICS
<b>FINANCIAL MARKET</b>	<ul style="list-style-type: none"> <li>• Capital strength and profitability</li> <li>• Business continuity, cybersecurity and privacy</li> <li>• Climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Welfare, work-life balance and well-being</li> <li>• Environmental mitigation</li> <li>• Business Conduct</li> </ul>
<b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>• Capital strength and profitability</li> <li>• Climate change</li> <li>• Finance for a sustainable transition</li> </ul>	<ul style="list-style-type: none"> <li>• Business Conduct</li> <li>• Welfare, work-life balance and well-being</li> <li>• Responsible supply chain management</li> </ul>
<b>LOCAL COMMITTEES</b>	<ul style="list-style-type: none"> <li>• Capital strength and profitability</li> <li>• Business continuity, cybersecurity and privacy</li> <li>• Climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Welfare, work-life balance and well-being</li> <li>• Business Conduct</li> <li>• Environmental mitigation</li> </ul>
<b>ESG EXPERTS (UNIVERSITIES)</b>	<ul style="list-style-type: none"> <li>• Climate change</li> <li>• Finance for a sustainable transition</li> <li>• Business continuity, cybersecurity and privacy</li> </ul>	<ul style="list-style-type: none"> <li>• Business Conduct</li> <li>• Welfare, work-life balance and well-being</li> <li>• Corporate citizenship</li> </ul>
<b>BANCO BPM INTERNAL ESG CONTACTS</b>	<ul style="list-style-type: none"> <li>• Capital strength and profitability</li> <li>• Business continuity, cybersecurity and privacy</li> <li>• Finance for a sustainable transition</li> </ul>	<ul style="list-style-type: none"> <li>• Business Conduct</li> <li>• Welfare, work-life balance and well-being</li> <li>• Environmental mitigation</li> </ul>

<sup>7</sup> For details on risk identification, please refer to the chapter “Risk Management”.

# VALUE CREATION

We have strong ties to the territory and broad **horizons**.

We believe in **innovation** and **sustainability** and promote **inclusion** and financial education.

We are interested in generating **value** in **economic, social** and **environmental** terms, shared with resilient communities building a sustainable future.

We measure the results of our efforts through the impact generated on society and the environment.

## SDGs



€1,264  
MILLION  
Net profit

53 p.b.  
Cost of credit

€0.56  
dividend per share,  
totalling  
€848.5 million

48%  
COST/INCOME

3.5%  
GROSS NPE ratio

45%  
of the **economic value**  
**generated** is distributed  
to **employees and**  
**contractors**

14.2%  
CET1  
Fully loaded





The ability to **overcome**  
**limits** is part of our  
distinguishing value.

Rome, Colosseum and Arch of Constantine

## 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 (millions of euro)	2023	2022 (*)
Interest and similar income	6,559	2,937
Interest and similar expense (-)	(3,188)	(596)
Fee and commission income	1,992	1,998
Fee and commission expense (net of the costs of external networks) (-)	(207)	(150)
Dividends and similar income	79	61
Net trading income	85	174
Fair value gains/losses on hedging derivatives	(1)	1
Gains (Losses) on disposal or repurchase	(27)	(166)
Net Gains (Losses) from other financial assets and liabilities measured at fair value through profit or loss	(112)	9
Net losses / recoveries on credit risk	(516)	(483)
Profit/loss from contractual amendments without derecognitions	-	2
Insurance proceeds from insurance contracts issued and reinsurance ceded	109	46
Balance of other income/expenses from insurance activities	(223)	(82)
Other operating income/expense	357	346
Gains (losses) on disposal of investments	31	2
<b>TOTAL ECONOMIC VALUE GENERATED</b>	<b>4,938</b>	<b>4,088</b>
<b>TOTAL ECONOMIC VALUE DISTRIBUTED</b>	<b>(3,682)</b>	<b>(3,131)</b>
<b>TOTAL ECONOMIC VALUE RETAINED</b>	<b>(1,256)</b>	<b>(957)</b>

Figures enclosed in brackets within these financial statements indicate negative figures, such as losses, debts or negative balances.

\*The 2022 figures have been restated following the retrospective application of IFRS 17 by the Group's insurance Companies, as well as IFRS 9 for associates.

In 2023, we distributed 75% of the value generated, mainly to our employees, contractors, suppliers, shareholders and the public administration, as shown in the chart<sup>1</sup>.

In 2023, the economic value generated increased by 18% compared to 2022, thanks to the significant performance achieved by the Group, which resulted in the best result since the Bank's establishment.

**75%**  
share of  
generated value distributed

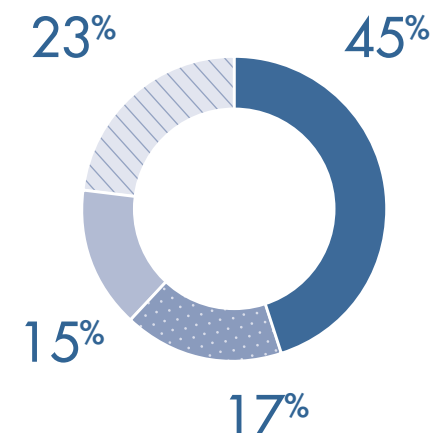
in 2023  
**+18%**  
value generated vs 2022

The distribution to shareholders of a dividend of €0.56 per share was proposed<sup>2</sup> (for a total of €848.5 million), a significant increase over the previous year.

The value distributed to the public administration of €560 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 €5 million (of which €4 million of the 2023 profit is allocated to the charitable fund).

<sup>1</sup> The graph does not show the value that will be distributed to the community and the environment of €4 million, as per the proposed allocation of the 2023 financial year profit at the Shareholders' Meeting. It also does not take into account sponsorships for social purposes that fall under another item in the profit and loss account.

<sup>2</sup> The proposal for the distribution of profits will be submitted to the Shareholders' Meeting planned for 18 April 2024 for approval.



- EMPLOYEES AND CONTRACT WORKERS
- SUPPLIERS\*\*
- PUBLIC ADMINISTRATION
- SHAREHOLDERS

\*\*The "Suppliers' value is included in the consolidated income statement item "Other administrative expenses".

# Capital strength and profitability

Capital solidity, profitability and financial equilibrium 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>3</sup>.

## 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

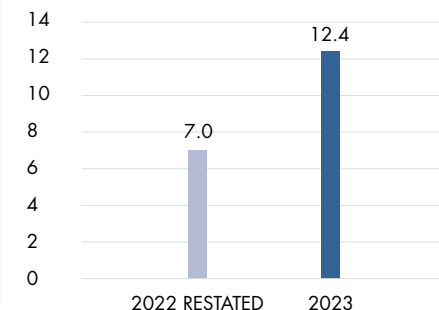
## CAPITAL SOLIDITY AND PROFITABILITY

The 2023 financial year was characterised by a still uncertain macroeconomic scenario also due to the recent tensions related to the conflict in the Middle East; however, against this backdrop, the Group's commercial and organisational efforts allowed it to record a positive trend in operating results and excellent profitability. In particular, the **interest margin** performed very well, amounting to **€3,289 million**, up 42% from 31 December 2022.

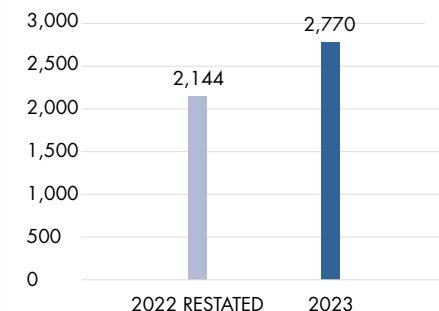
**Profit from operations** rose to **€2,770 million** compared to €2,144 million in the previous year, marking an increase of 29%. **Net profit** for the year amounted to €1,264 million, **up by 85%** compared to 31 December 2022. The excellent results make it possible to formulate the proposed distribution of a **dividend of 56 cents** per share, with a payout of 67% (compared to 23 cents per share in 2022).

<sup>3</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. The 2022 figures have been restated following the retrospective application of IFRS 17 by the Group's insurance Companies, as well as IFRS 9 for associates.

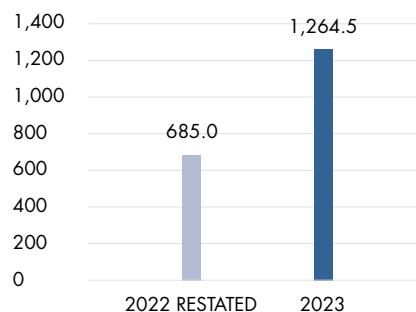
## ROTE (IN %)



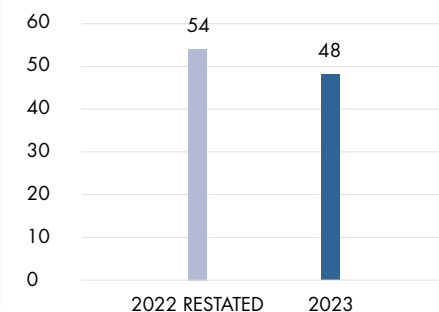
## PROFIT (LOSS) FROM OPERATIONS (IN €ML)



## NET PROFIT (IN €MILLION)



## COST/INCOME (IN %)



With regard to the improvement of the **risk profile**, the Group has further accelerated the de-risking process, envisaging total disposals of about €700 million, net of the transactions already carried out during the year, which will allow it to achieve a further reduction in the stock of impaired loans.

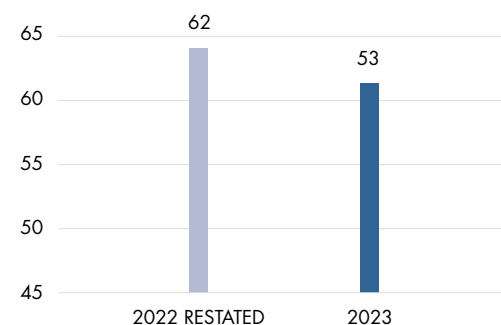
In particular:

- the **cost of credit** (calculated as the ratio of net loan adjustments to total cash exposures to customers net of value adjustments) **fell to 53 b.p.**, a decrease compared to 62 b.p. at the end of 2022;
- 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 3.5%** and the **net NPE** (ratio of net impaired loans to total net loans) **decreased to 1.8%**. Both exceed the target of the 2021-2024 Strategic Plan.

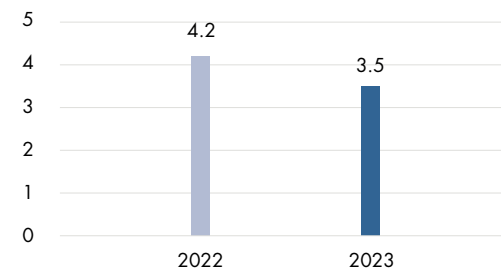
We also continued to strengthen our capital, far exceeding the minimum requirements of the ECB. Indeed, the **fully loaded CET1 Ratio** (ratio of paid-up Tier 1 ordinary capital to risk-weighted assets) is **14.2%**.



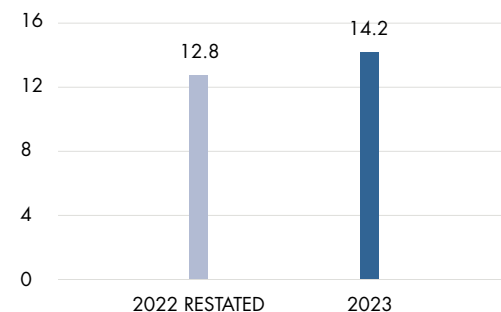
#### COST OF CREDIT (IN BASIS POINTS)



#### GROSS NPE RATIO (IN %)



#### CET1 FULLY LOADED (IN %)



## FINANCIAL STABILITY

We ended 2023 in a sound liquidity position. In fact, the **Liquidity Coverage Ratio (LCR) is 187%** and the **Net Stable Funding Ratio (NSFR) is above 100%**, both well above the minimum requirements of the regulation (100%).

CONTENTS	DESCRIPTION
<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

## ANALYSTS THAT HEDGE THE STOCK

At the end of 2023, the Banco BPM stock was "covered" by 16 equity research houses: Bank of America Merrill Lynch, Barclays, Deutsche Bank, Equita, HSBC, Intermonte, Intesa Sanpaolo, Jefferies, JP Morgan, KBWV, Kepler Cheuvreux, Mediobanca, Morgan Stanley, Redburn, Societe Generale, UBS (of which 10 had positive recommendations, 6 neutral) with an average target price of €6.26 and with which continuous dialogue was maintained throughout the year.

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

Rating Agency	Type of Rating	31/12/2023	31/12/2022
<b>DBRS Morningstar</b>	Long Term on Senior Debt and Long-term Issuer Rating/Trend	BBB / Stable	BBB / Stable
	Short Term on Debt and Short-term Issuer Rating/Trend	R-2 (high) / Stable	R-2 (high) / Stable
	Long Term on Deposits/Trend	BBB (high) / Stable	BBB (high) / Stable
	Short Term on Deposits/Trend	R-1 (low) / Stable	R-1 (low) / Stable
<b>Fitch Ratings</b>	Long Term Issuer Default Rating (IDR)/Outlook	BBB- / Stable	BBB- / Stable
	Short Term Issuer Default Rating (IDR)	F3	F3
	Long Term Deposits	BBB	BBB
	Short-Term Deposits	F3	F3
<b>Moody's Investors Service</b>	Long Term on Senior Unsecured Debt and Issuer Rating/Outlook	Baa2 / Stable	Ba1 / Stable
	Long Term on Deposits/Outlook	Baa1 / Stable	Baa2 / Stable
	Short Term on Deposits	P-2	P-2
<b>S&amp;P Global Ratings</b>	Long Term Issuer Credit Rating	BBB- / Positive	-
	Short Term Issuer Credit Rating	A-3	-

During the year 2023:

- On 12 October 2023, DBRS Morningstar ("DBRS") confirmed Banco BPM's ratings;
- On 5 April 2023, Fitch Ratings ("Fitch") confirmed the Banco BPM ratings with a "Stable" Outlook;
- On 21 November 2023, Moody's improved Banco BPM's main ratings by between 1 and 2 notches;
- On 7 November 2023, S&P Global Ratings assigned new ratings to Banco BPM in the investment grade area, with a "Positive" outlook.

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 confirmed the ratings for Banca Akros, including the Long-Term Issuer Default Rating (LT IDR) and Short-Term Issuer Default Rating (ST IDR) equal to Banco BPM.

# CUSTOMERS

We look to people, companies and

organisations as partners in a **shared future**.

A relationship that is consolidated day after day, in **listening to** needs and **evolving** the offer according to **technological innovation** and social and environmental changes.

We work to make **life easier** for our customers, allowing them to seize every opportunity for **sustainable growth**.

SDGs



STAKEHOLDERS

CUSTOMERS

## SNAPSHOTS OF 2023

> **8 BILLION**

ESG bond issues backed by Banca Akros

> **29%**

of corporate bonds are ESG out of the total corporate bonds in portfolios

**52%**

of the Group's activities is customer credit

€**2 BILLION**

of green and social bonds issued

**86.1%**

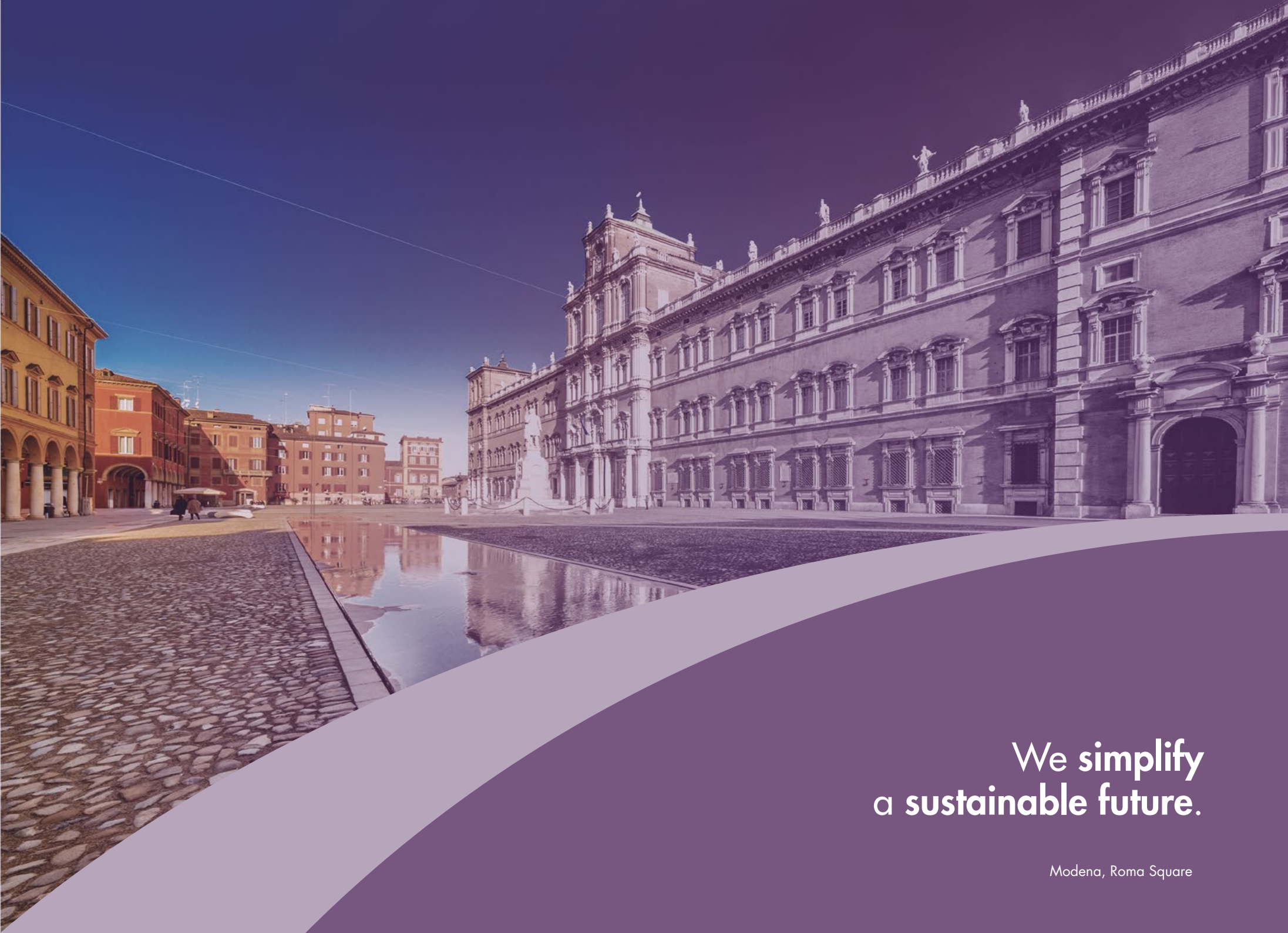
of transactions for **INDIVIDUALS** were carried out **remotely**

€**19.4 BILLION**

in new credit to customers

€**1.68 BILLION**

purchase of property tax credits



**We simplify  
a sustainable future.**

Modena, Roma Square

# Finance for a sustainable transition

We are aware of the role we play for sustainable and lasting economic growth.

As a financial intermediary, in fact, we can help to direct the financial resources of both our customers and our own portfolio towards sustainable activities and support the most virtuous companies or those that intend to embark on a path of transition towards a more sustainable model.

*"In our work, we consider it important to take into account not only economic logic, but also any social and environmental impacts, and for this reason (...) when granting credit, we also consider the impacts we generate through a careful analysis of ESG parameters.*

*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).

## ESG FACTORY FOR CORPORATE AND SME: OUR VISION FOR A SUSTAINABLE TRANSITION

With the 2023-2026 Strategic Plan, we have strengthened our goal to be a partner, in particular of small and medium-sized enterprises in their sustainable development plans, through a set of tools such as:

- **ESG training:** solutions and initiatives specifically for employees to help them to develop new skills in order to help client companies within the ESG Factory project;
- **ESG consulting:** identification of companies' ESG development priorities through the creation of an ecosystem of partnerships with leading ESG solution providers and with the ESG questionnaire roll-out completion ("ESG diagnostic tool") to be integrated within the credit granting processes;
- **ESG offering:** full suite of sustainable products, including solutions aligned with the EU Taxonomy, in order to finance specific initiatives supporting a concrete sustainable transition.

## LOANS FOR COMPANIES AND INDIVIDUALS

In carrying out our financial intermediation activities, we aim to ensure more favourable access to capital for companies operating in green activities or seeking to embark on a transition process or, conversely, to adopt exclusionary policies and a selective approach towards sectors with a high environmental risk.

To this end, we are working on the progressive integration of ESG factors within credit policies, as well as on the development of financing solutions aimed at supporting companies in implementing projects dedicated to the environment and all areas of sustainability.

### MANAGEMENT MODEL



#### CREDIT TO ENTERPRISES AND INDIVIDUALS

to promote sustainable projects

#### TRAINING FOR COMPANIES

to consolidate Banco BPM's role as a partner for the sustainable transition of corporate customers

#### 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 combine yield objectives with sustainability goals



## CREDIT POLICIES - ESG ANALYSIS

The assessment of ESG factors and the impacts of potential climate change-related risks on the economic and capital prospects of the companies to which the Banco BPM Group is exposed have been integrated into the Credit Policy framework as of 2022.

The assessment of ESG factors became increasingly important in the credit granting and monitoring process during the year; in particular, the Credit Policies framework was enriched with specific components, such as:

### TRANSITION RISK

Indicates the financial impact of the transition process to a low-carbon economy that could be generated, for example, by changes in regulations, technology and market preferences.

### PHYSICAL RISK

Indicates the financial impact of extreme weather events (acute) or gradual increases in temperature, as well as environmental degradation (chronic). This analysis is conducted with respect to both the company's operations (productive assets) and real estate as collateral.

### ESG QUESTIONNAIRE

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.

### FOCUSED ON FINANCING THE TRANSITION

When dealing with counterparties that have not embarked on a decarbonisation strategy, the bank intends to accompany them in the transition process by offering financing to cover their investments.

Ad hoc evaluation logics have been introduced for specific sectors, selected by the Bank in the context of NZBA membership, which are characterised by a high environmental impact (called **priority sectors**); Automotive, Cement, Oil and Gas, Power Generation.

These sectors are subject to more stringent credit strategies, in particular with regard to those counterparties that do not draw up a sustainability report and which, in general, have not begun a transition process. In particular, as part of the transition risk assessment, the score is calculated on the basis of point data on the counterparty's carbon emission intensities and their distance to sectoral decarbonisation trajectories.

The application of a **run-off strategy** towards coal-related sectors, which are strongly impacted by the climate transition, is confirmed, consistent with the objective of progressively reducing their exposure, as indicated in the 2021-2024 Strategic Plan and confirmed by the 2023-2026 Strategic Plan.

With respect to counterparties operating in the **Construction and Real Estate** sectors, the assessment of transition risk is made based on the energy class of the property purchased or the property development being financed.

Throughout 2023, in addition to strengthening the analysis of the financial sustainability of real estate initiatives through the adoption of specific KRIs, work began on aligning the requirements for the classification of Green real estate investments with the technical requirements of the European Union taxonomy and incorporating physical risk assessments on the collateral asset.

The activities described are subject to monitoring in terms of assessing the ESG risk dynamics of the Bank's loan portfolio and the correct use of the framework (completion of the ESG questionnaire and use of funding to support transition investments).

In the context of **2024 Credit Policies**, the assessment of ESG factors will be integrated in a structured manner within the assessment of prospective financial sustainability, through an assessment of counterparties' capacities to support ESG investments aimed at decarbonisation and the use of a prospective KRI assessment tool.

Particular attention will be paid to the assessment of counterparties operating both in the Agrifood sector, through the use of a dedicated framework, and in the construction and real estate sectors, for which the ESG component will be extended to the entire real estate portfolio.

## ESG QUESTIONNAIRE

The ESG questionnaire is mandatory for all counterparties operating in High/Very High Transition Risk or priority sectors or preparing a Non-Financial Statement/Sustainability Report.

Completion is however strongly recommended for all counterparties. In order to capture the peculiarities of the activities carried out by client companies, the questionnaire is differentiated according to their sector.

The questionnaire is divided into two sections:

- **qualitative section**, focused on assessing sustainability elements that can contribute to ESG risk mitigation (e.g., strategies, policies, plans);
- **quantitative section**, focused on collecting data that allows to make an assessment of the company's ESG positioning.

The evolution of the ESG questionnaire focused on the introduction of questions relating to a) the green transition path of client companies (questions on the baseline of emission reduction plans, targets, etc.); b) the presence of mitigating factors with respect to physical risk (presence of a business continuity plan and/or insurance policies); c) specific questions aimed at integrating assessments of specific social and governance aspects.

Lastly, it should be noted that the Strategic Plan 2023 - 2026 stipulates that by 2026, all resolutions of companies financed by the bank and operating in high-emission sectors<sup>1</sup> are to be made after completion of the ESG Questionnaire and the collection of information intended for an assessment of decarbonisation plans ("ESG diagnostic tool").

<sup>1</sup> High/Very High transition risk sectors (as classified at the end of 2023).

## FINANCING 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 2023-2026 Strategic Plan.

In particular, we will continue to support corporate customers in their transition also through credit and our commercial offer. We disbursed over €7 billion in loans in this area during 2023.

The share of new lending to green and low risk sectors and green products was over 54%.

The scope includes new lending to corporate clients in green or low transition risk sectors and/or green financing products to corporate clients.

During the year, Banco BPM worked to develop financing solutions consistent with the objectives defined by the EU Taxonomy.

**> 54%**

Percentage of new loans in green and low-transition risk sectors and green products in 2023



Below is a representation of the main catalogue solutions to support our corporate customers' green transition:

SOLUTIONS	DESCRIPTION
<b>UNSECURED LOANS FOR COMPANIES GREEN TAXONOMY</b>	<ul style="list-style-type: none"> <li>• A financing product was issued in 2023 that is designed to support client companies' investments aimed at increasing the alignment of their economic activities with the criteria of the EU Taxonomy</li> <li>• A due diligence of the "green" project is carried out by an independent third party with expertise in ESG issues that assesses alignment with the regulatory principles set out in the EU taxonomy</li> <li>• The proposal is primarily aimed at companies:               <ul style="list-style-type: none"> <li>• with Medium / High / Very High transition risk classification;</li> <li>• active in sectors (NACE) for which the EU has established technical criteria to define the alignment or non-alignment of the activity.</li> </ul> </li> </ul>
<b>APPROACH FOR THE GREEN TRANSITION</b>	<ul style="list-style-type: none"> <li>• Financing solution issued in 2023 enabling companies to achieve their "low carbon" investment plans in line with EU environmental targets<sup>2</sup></li> <li>• The client company provides the Bank with a summary report of the green project for which the loan is requested, whose objective is attributable to one of those envisaged by the EU Taxonomy.</li> </ul>
<b>UNSECURED LOANS WITH SUSTAINABILITY OBJECTIVES</b>	<ul style="list-style-type: none"> <li>• This product offers the client company the option of adding an "ESG clause" and linking the cost of financing to the achievement and/or maintenance of ESG objectives</li> <li>• Environmental, social or governance KPIs linked to the ESG objective must be consistent with the company's activities and objectives, easily measurable, monitored annually and chosen from a predefined list</li> <li>• To meet complex and challenging market requirements, the list of ESG KPIs was extended in 2023 by introducing topics such as sustainable mobility for electric/hybrid vehicles or gender equality or antitrust policies</li> </ul>
<b>SACE GREEN LOAN</b>	<ul style="list-style-type: none"> <li>• Facilitated loans covered by the SACE guarantee aimed at supporting company projects able to facilitate the transition to an economy with a lower environmental impact, integrate production cycles with low-emission technologies for the production of sustainable goods and services and promote initiatives aimed at developing a new mobility with lower polluting emissions</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</li> </ul>

It should also be noted that disbursements continued under the **"2020-2023 Sustainable Investments" ceiling**, also aimed at financing the "green transition" projects of business customers.

In this context, a specific agreement was signed with Cassa Depositi e Prestiti ("CDP Sustainable Investments") dedicated to Italian SMEs and Mid-Caps, which will end in 2024. The objective is to support access to credit for smaller domestic companies and facilitate their green transition towards a sustainable economy model, at the same time improving employment prospects.

<sup>2</sup> Particular reference is made to climate change mitigation and adaptation, protection of water and marine resources, circular economy, biodiversity prevention and pollution prevention.

## LOANS TO INDIVIDUALS

As part of its financing to private individuals, Banco BPM is committed to supporting customers in the purchase of energy-efficient real estate and in the implementation of energy efficiency measures for buildings.

An important instrument deployed in this context is the “green factor” mortgage<sup>3</sup>.

In particular, mortgages with the “green factor” clause allow customers to obtain a discount on the rate if they carry out energy efficiency interventions on the property.

The clause can be activated throughout the life of the loan as long as:

- a reduction in consumption of at least 30% or
- an improvement in the energy rating of the home by two classes<sup>4</sup>.

The product is developed in line with the principles of the Energy Efficiency Mortgages Initiative project (EeMI)<sup>5</sup>.

In order to expand the product catalogue with a more complete green mortgage offer aligned with that of the main players in the market, starting from October 2023, Banco BPM launched a mortgage promotion for those who purchase a property in energy class A or B, envisaging a reduction of the spread applied by 10 bps. The presence of the “Green Factor” remains the hallmark of our offer and complements the new promotion.

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.

During the year, **€0.48 billion** in green residential mortgages were disbursed. This includes loans for the purchase of class A, B and C properties or renovated for energy efficiency.

<sup>3</sup>The offer covers all mortgages taken out for the purposes of purchase, construction, renovation and purchase with simultaneous renovation.

<sup>4</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>5</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.

## CONSUMER CREDIT

Again in 2023 in the area of consumer credit, Banco BPM demonstrated its proximity and attention to the needs of households, reserving loans at certain times of the year at advantageous conditions.

Special attention was paid to young people under 36, who had access to a dedicated offer. In addition, further offers were provided for financing related to environmentally sustainable spending (**green offer**).

As part of the .DOT Programme aimed at a radical transformation of the way Banco BPM intends to serve and relate to its customers, in 2023 customers were given the opportunity to take out a loan remotely without going to a branch (**OAD - distance offer**). At the end of 2023, the project for the introduction of the Self channel was also completed, thanks to which a customer can apply for an Agos loan independently directly via their Internet Banking.

## PROPERTY TAX CREDITS

Banco BPM's green offer also consists of products and services associated with the so-called "superbonus", for which we have again confirmed the possibility for private customers, condominiums and businesses to assign tax credits deriving from energy efficiency and seismic risk reduction interventions in 2023.

The main products in the catalogue 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 a dedicated 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 and the collection of accrued tax credits transferred to the financial partner Cherry Bank Spa;
- **Advance on Building Renewal Contracts:** aimed at advancing financial resources to construction and plant supply companies that discount their invoices.

During the year, purchases for real estate tax credits were contracted for approximately €1.68 billion.

When added to the acquisitions of the previous two years (€2.43 billion), Banco BPM reached the target set in the 2021-2024 Strategic Plan related to tax credit acquisitions greater than €3 billion<sup>6</sup>.



<sup>6</sup> Reference is made to the purchase of tax credits on real estate in relation to tax bonuses, in particular concerning: tax incentives related to energy requalification and seismic risk reduction.

## FINANCIAL INCLUSION

Widespread economic development and combating hardship are fundamental to an inclusive and sustainable community. That is why our offer also includes tools and facilities that can put our customers in a position to have financial resources to achieve their projects or overcome difficult times.

### FAMILIES AND BUSINESSES AFFECTED BY CALAMITOUS EVENTS

Banco BPM again confirmed its commitment in 2023 to support families and businesses affected by calamitous events.

**Mortgage and loan payment instalments have been suspended** for people living in areas affected by earthquakes. In addition, using funds specially earmarked by the state, **funding was provided for the reconstruction of damaged buildings/assets** or for the payment of taxes.

## WOMEN

Banco BPM adheres to the protocol signed in 2019 by the Italian Banking Association (ABI) and sectoral trade unions.

Through this initiative, the bank is committed to **suspending the payment of the principal of mortgages and loans** for a maximum period of 18 months for women victims of gender-based violence and those in protection schemes who are experiencing financial hardships. In November 2023, this protocol was extended until 2025.

Furthermore, Banco BPM's "Sustainability Objective" financing solution includes the possibility of selecting a specific KPI aimed at enhancing the company's efforts in favour of equal opportunities. The company receiving the financing is rewarded with a reduced interest rate in the event of a positive trend in the number of female employees in relation to the total number of human resources employed.

Finally, during the year Banco BPM joined the **"ABI Protocol: combating violence against women"**.

The agreement is designed to promote training and information initiatives on the public and private instruments available to support women's rights and gender equality and to support the awareness that women are an important element in economic, financial and labour terms.

## YOUNG PEOPLE

We have devised the **Mutuo You Giovani Green**, aimed at those 36 and younger for the purchase of their first home, supporting them in their life plans. This mortgage offers the possibility of obtaining up to 100% of the property value, thanks to the Guarantee of the First Home Fund (also called Consap) and includes subsidised rates, zero preliminary investigation costs and instalment collection costs. In 2023, 41% of the total mortgage loans disbursed for the purchase of a first home, corresponding to about €850 million, had customers in the under-36 category as beneficiaries.

Lastly, the **Prestito studenti con Garanzia Consap** [Student Loans with Consap Guarantee] initiative enables deserving young people between the ages of 18 and 40 who lack sufficient financial means to begin a course of study thanks to the economic support represented by a guaranteed loan from the "Fondo per il credito ai giovani" [Youth Credit Fund] managed by Consap s.p.a.

Work was completed in 2023 on restyling the product both in terms of the conditions applied (rates, maximum duration) and in terms of the digital student experience.

Finally, as noted above, favourable conditions have been provided for young people under 36 in the area of consumer credit.

## ANTI-USURY

Cooperation continued in 2023 **with several anti-usury foundations<sup>7</sup> which guarantee up to 100% of the amount of the loan granted** (generally not exceeding €30,000). These disbursements are intended to counter the possible recourse to illegal credit channels by people experiencing financial hardships and are typically intended to support the most important needs (e.g., payment of bills, rent arrears, tax bills, etc.).

During the year, Banco BPM also prepared a lending product for companies aimed at combating usury, developed under an agreement signed by the Ministry of the Interior and ABI.

Transactions carried out

**87**

Transactions guaranteed

**633**

Committed amount

**€1.2  
MILLION**

Guaranteed residual debt

**€7.7  
MILLION**

<sup>7</sup> We work with the following anti-usury foundations: 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.

## SUBSIDISED FINANCE

One of the most important subsidised finance initiatives for companies is the ceiling allocated by the European Investment Bank (EIB), "**Synthetic Securitisation**", of around €900 million valid until June 2023.

During the year, operations also continued in connection with the **Guarantee Fund for Small and Medium-Sized Enterprises (FGPMI)**, which was extended to short-term credit facilities and endorsement credits, as well as guarantees on loan portfolios.

As part of the financing covered by the SACE guarantee, as of 1 July 2022, a new related subsidy was made operational by SACE: the "**SACE SUPPORTITALIA Guarantee**". These are subsidised loans guaranteed by SACE, issued until 31/12/2023 and intended for companies that can demonstrate that the crisis resulting from Russia's military aggression against the Ukrainian Republic has had a direct negative economic impact on their business activities.

## MICROCREDIT AGREEMENT

Banco BPM signed a new initiative related to a value reporting agreement with Cassa del Microcredito. The objective of the agreement is to **put our customers in touch with a Microcredit Operator** that can directly disburse funds under the relevant regulations.

By activating this service, the bank thus makes its strategic ambition for sustainability even more tangible by aiding companies in getting access to credit,<sup>8</sup> enabling their start-up and development, support and growth.

<sup>8</sup> Sole proprietorships, partnerships - S.n.c. and S.a.s. -, simplified limited liability companies, cooperative societies and professionals, businesses that have been in operation for no more than five years and in any economic sector.

## THIRD SECTOR

Funding was provided within the Third Sector to support both short-term needs and specific investment projects, many with ESG connotations.

During the year, **€169 million were disbursed in new loans to the Third Sector.**

Particular attention was paid to public administration subsidiaries, especially those operating in the water and waste cycle sectors.

Disbursements were also made to support national NRRP projects, and important agreements were signed with some dioceses to advance their contributions in relation thereto.

Initiatives to enhance not-for-profit companies included **participation in the fifth 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.

Confirming this commitment, the new 2023-2026 Strategic Plan sets a target of €200 million in funding for the Third Sector in 2026.

**€169 MILLION**

New disbursements to the  
Third Sector in 2023

## TRAINING FOR COMPANIES

With the aim of supporting corporate clients in their ecological transition, already in 2021 we launched a specific awareness-raising course on sustainability issues and the importance of ESG factors in corporate strategy. This initiative has become more and more structured with the ESG Factory project, with the aim of providing concrete support to our companies embarking on the green transformation process and related technological innovations. With the new 2023-2026 Plan, Banco BPM intends to further strengthen this commitment by providing more than 3,000 hours of ESG awareness on specialised topics (more than 1,300 hours were provided, involving about 1,000 entrepreneurs in 2023). In order to achieve this goal, both internal expertise developed through the BPM Academy and professionals capable of meeting the different needs of clients (e.g., in defining sustainability strategy, ESG reporting, policy-making, etc.) will be made available.

## 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, for some years now we have embarked on a path that aims to progressively integrate ESG aspects in the provision of investment services. In particular, we integrate sustainability factors into the product governance and advisory service provision processes, and into investment decisions within the portfolio management service.

**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.

### THE SERVICE AND ADVISORY MODEL

The survey of customers' sustainability preferences continued in 2023 through a special section of the **MiFID profiling questionnaire**. In order to illustrate the relevant regulatory context and facilitate an understanding of sustainability factors, this section is preceded by an information guide consisting of an "education" section and a glossary for the terminology used to identify products that are sustainable, environmentally friendly and that adopt strategies to manage negative impacts on these factors (i.e. Principal Adverse Impact - PAI).

Internal surveys show that as of 31.12.2023, about 79% of the Group's retail customers who responded to the ESG section of the MiFID Questionnaire expressed an interest in sustainability issues. Moreover, this interest is to an even degree across all three pillars: environmental, social and governance.

During the year, the proprietary **sustainable products classification (ESG)** methodology described in the "**Guidelines on the integration of sustainability risks in the provision of investment services**" was adopted<sup>9</sup>. This classification allows to measure the various attribution levels of eco-sustainability, sustainability and consideration of the PAIs of ESG instruments based on data provided by Info Providers and directly by producers. Moreover, the ESG consistency check between the preferences expressed by the client and the ESG characteristics of the financial instrument was introduced in the advisory activity during the year, alongside the adequacy check.

A further development related to sustainability was the introduction of the ESG benefit, as part of the cost-benefit check, applied to all advisory services involving switching or arbitrage transactions between financial instruments. The benefit is attributed where the level of portfolio ESG consistency has improved.

In addition, to enrich the information provided to the client, the advisory reports were supplemented with some indicators (e.g., ESG Risk Score or the portfolio's ESG consistency level); further indicators will be included in the coming year. Indeed, we are aware that providing clients with details on the ESG characteristics of an instrument is a key element in helping them to understand the service offered.

In order to meet the special needs of private customers, Banca Aletti strengthened its investment solutions proposal within the **advisory model with a service named BA<sup>3</sup>**. This service integrates the principles of behavioural finance into the investment process, with the aim of meeting private customers' special needs. The relative solutions are also created through the strategies of BA<sup>3</sup> Sicavs managed by different asset managers.

<sup>9</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.

In particular:

- The collaboration with **Anima Sgr** continued. During the year, the new fund **Anima Net Zero Azionario Internazionale** was launched. The fund is classified as Art. 9<sup>10</sup> according to Regulation (EU) 2019/2088<sup>11</sup> (SFDR), which aims to pursue sustainable investment objectives by selecting companies that have adopted plans to progressively reduce greenhouse gas emissions, consistent with limiting global warming, as envisaged by the 2015 Paris Agreement. The Art. 8<sup>12</sup> funds offered by Anima also 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** has continued; this asset management company specialises in responsible ESG funds, in which we have also held an equity stake since its foundation. In 2023, Etica expanded its range of funds in the **Responsible Futures line** (products with strategies focused on a specific investment theme). The **Etica Impatto Clima fund** already in the catalogue, which is characterised by a particular focus on aspects concerning the transition to a low-carbon economy, has been joined by the newly established **Etica Obiettivo Sociale fund**, which is characterised by a particular focus on aspects concerning the social impact of investments.
- The BA<sup>3</sup> **Robeco Crescita Sostenibile** strategy launched with the asset manager Robeco also continues, which invests in a diversified multi-asset allocation with an ESG focus, pursuant to Art. 8 of the SFDR, and promotes environmental, social and governance characteristics through the implementation of various strategies. Examples include the adoption of criteria to exclude investments in sectors, companies and countries deemed controversial with respect to the most important international conventions (UNGC, ILO, etc.). For some underlying funds, the strategy includes the use of Robeco's proprietary methodology in identifying sustainable investments, assessing their contribution to the achievement of the UN Sustainable Development Goals. The solution enables coping with different market conditions while ensuring access to critical sustainable development issues.

At the end of 2023, the the ESG assets under management total €23.2 billion.

The service offering also includes **individual management** for institutional customers, which pursues exclusion criteria according to principles consistent with the Catholic religion. In the pursuit of these objectives, which are in line with the customer's customisation requirements, the operator pays particular attention to the monitoring phase. In 2023, 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 31/12/2023 these mandates, which are not investments under Art. 8 and 9 SFDR, totalled €260.7 million.

## MANAGED ESG ASSETS AS AT 31/12/2023

> €23.2 BILLION

Funds and Unit-linked Policy  
(Art. 8 and 9)\*

37.5%

Incidence on total AUM

<sup>10</sup> Products targeting sustainable investments.

<sup>11</sup> For more information: [animasgr.com](https://animasgr.com) > EN > investor-private > how-to-invest > Pages > Notices-to-subscribers.

<sup>12</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.

\*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.

## 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, as well as supporting other issuing companies.



### OUR ESG BOND ISSUES

We published our first **Green, Social and Sustainability Bonds Framework (Framework) in July 2021**. At the same time, the first **Social Bond in the amount of €500 million** was placed, and we issued three Green Bonds in 2022 for the total amount of €1.75 billion.

In addition to the green bond issues under the Framework, a private placement of a bond with green characteristics worth €300 million was added in 2022.

The Group made two additional Green Bond issues in 2023: one in January and one in June for a total of €1.5 billion. Following the publication of our new **Green, Social and Sustainability Bonds Framework**, in November we issued a Social Bond to reach a total ESG bond issuance volume of €4.55 billion over the three-year period 2021-2024.

The Group's activities thus made it possible to reach the target set in the 2021-2024 Strategic Plan related to Green & Social Bond Issuing for €2.5 billion ahead of schedule. The new Strategic Plan confirms and strengthens our commitment by setting a "sustainable" emissions target in the three-year period 2023-2026 of €5 billion.

## €4.55 BILLION

Issue of Green & Social Bonds  
2021- 2023

### ISSUED IN 2023

#### GREEN BONDS

- Green Bond Senior Preferred: the bond financed a portfolio of green mortgages originated by the Bank for the purchase of energy-efficient homes.

*Placed on the market in January 2023 with maturity at 18 January 2027. Value of **€750 million**.*

- Green Bond Senior Non Preferred: 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 June 2023 with maturity at 14 January 2028. Value of **€750 million**.*

#### SOCIAL BOND

- Social Bond Senior Preferred, representing the first bond issued under the **new Framework**: the bond financed a portfolio of loans granted to SMEs located in provinces with per capita GDP below the national average and/or in areas affected by natural disasters, as well as a portfolio of loans granted to SMEs with a State Guarantee to help borrowers cope with the emergency caused by the global Covid-19 pandemic.

*Placed on the market in November 2023 with maturity at 29 November 2027. Value of **€500 million**.*

### THE NEW GREEN, SOCIAL & SUSTAINABILITY BONDS FRAMEWORK

The new **Green, Social & Sustainability Bonds Framework** was published in November 2023.

The update was aimed at aligning the Framework with the latest market standards such as: the **Green Bond Principles** (June 2021 with appendix 2022), the **Social Bond Principles** (June 2023), the **Sustainability Bond Guidelines** (June 2021) of the **International Capital Market Association (ICMA)**<sup>13</sup> and the **EU Taxonomy**.

We obtained Second Party Opinion (SPO) certification on the Framework from ISS ESG as an independent body with expertise in environmental, social and sustainability issues<sup>14</sup>.

To ensure transparency on the allocation of the proceeds of the issue and its social and environmental impacts, a report is to be published throughout the life of each bond at least on an annual basis.

The **Green, Social & Sustainability Bonds Report 2023**<sup>15</sup> was published in July, in which we provided information on the allocation of the proceeds of the bonds issued and the environmental and social impacts achieved through the financing provided. The Report was awarded the prize for best Impact Reporting by Environmental Finance.

All financed assets are located in Italy, with the exception of an organic base chemicals project located in Belgium.

Based on data as at 31 December 2023, our eligible portfolio under the Framework is approximately €14.2 billion<sup>16</sup>.

<sup>13</sup> There are four ICMA principles, which can be summarised as follows: use of proceeds, project selection, management of proceeds and reporting.

<sup>14</sup> For the document relating to SPO: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Green Social & Sustainability Bonds Framework > Banco BPM SPO.

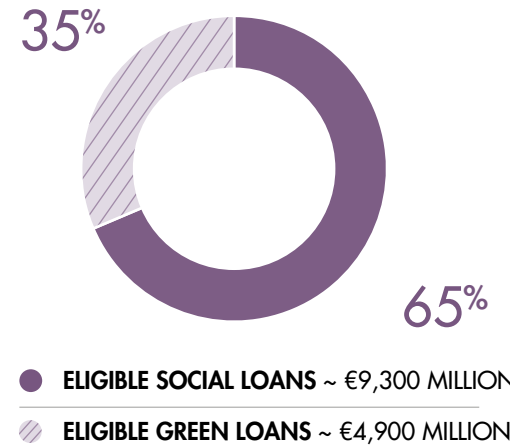
<sup>15</sup> For further information: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Green Social & Sustainability Bonds Framework.

<sup>16</sup> For more information, please refer to the Green Social & Sustainability Bonds Reporting to be published in the first half of 2024.

### ELIGIBILITY CRITERIA OF ASSETS AND PROJECTS

ASSET	DESCRIPTION
GREEN BONDS	<ul style="list-style-type: none"> <li>• Construction (aligned with EU Taxonomy)</li> <li>• Renewable energies</li> <li>• Energy efficiency</li> <li>• Pollution prevention and control</li> <li>• Green transport</li> <li>• Sustainable water infrastructure</li> <li>• Sustainable agriculture</li> <li>• Green guarantees</li> <li>• Production of organic base chemicals (aligned with the EU taxonomy)</li> </ul>
SOCIAL BONDS	<ul style="list-style-type: none"> <li>• Support for SMEs located in disadvantaged areas or for initiatives to reduce social or gender inequalities or with a state guarantee, aimed at combating the Covid-19 pandemic</li> <li>• Third Sector</li> <li>• Health</li> <li>• Residential mortgages granted to disadvantaged persons</li> </ul>
SUSTAINABILITY BONDS	<ul style="list-style-type: none"> <li>• Funding Green projects and Social Projects</li> </ul>

### ELIGIBLE PORTFOLIOS



### 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 11 ESG Bond issues**<sup>17</sup> in 2023, as joint bookrunner or joint lead manager, for a total value of **over €8 billion**. In particular, it participated as joint bookrunner in the placement of the green bonds and social bonds issued by Banco BPM in 2023.

<sup>17</sup> These are Sustainability-linked bonds, Sustainability bonds, Green bonds and Social bonds.

## INVESTMENT OF OWN FINANCIAL RESOURCES

There was a steady increase in proprietary investments in ESG bonds in 2023, both government and corporate, which reached a nominal value of around €1.8 billion at the end of the year (compared to around €1.5 billion at the end of 2022).

With reference to the corporate portfolio alone, ESG bonds amounted to €1.5 billion, highlighting an increase in relative weight that grew from around 25% at the end of 2022 to over 29%.

In identifying ESG issues to add to our bond portfolio, we have adopted the classification provided by Bloomberg as a reference source. Based on information provided by Bloomberg, about 90% of the corporate ESG securities in the ownership portfolio are aligned with ICMA principles.

For 2024, consistent with the other sustainability strategies presented in the new 2023-2026 Strategic Plan, we not only aim to continue to increase the proportion of ESG bonds, but to publish guidelines for the selection of proprietary sustainable investments in corporate bonds.

## ESG CORPORATE BOND OWNERSHIP PORTFOLIO (FIGURES IN €MILLION)

	2023	2022	CHANGE
GREEN BONDS	1,033.8	746.3	+39%
SOCIAL BONDS	209.5	178.0	+18%
SUSTAINABILITY and SUSTAINABILITY LINKED BONDS	236.2	198.9	+19%
TRANSITION BONDS	32.5	22.5	+44%
<b>TOTAL CORPORATE ESG BONDS</b>	<b>1,512.0</b>	<b>1,145.7</b>	<b>+32%</b>

> 29%

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 adherence to UNPRI/SDG principles and/or other organisations, the adoption of an ESG policy, the appointment of an ESG officer, the preparation of a periodic report for shareholders, and the verification of ESG analyses in the shareholding acquisition memoranda.

As of 2022, Banco BPM Group also invests in funds classified under Art. 8 (21 funds for €250 million) and Art. 9 (two funds for €25 million) according to SFDR principles.

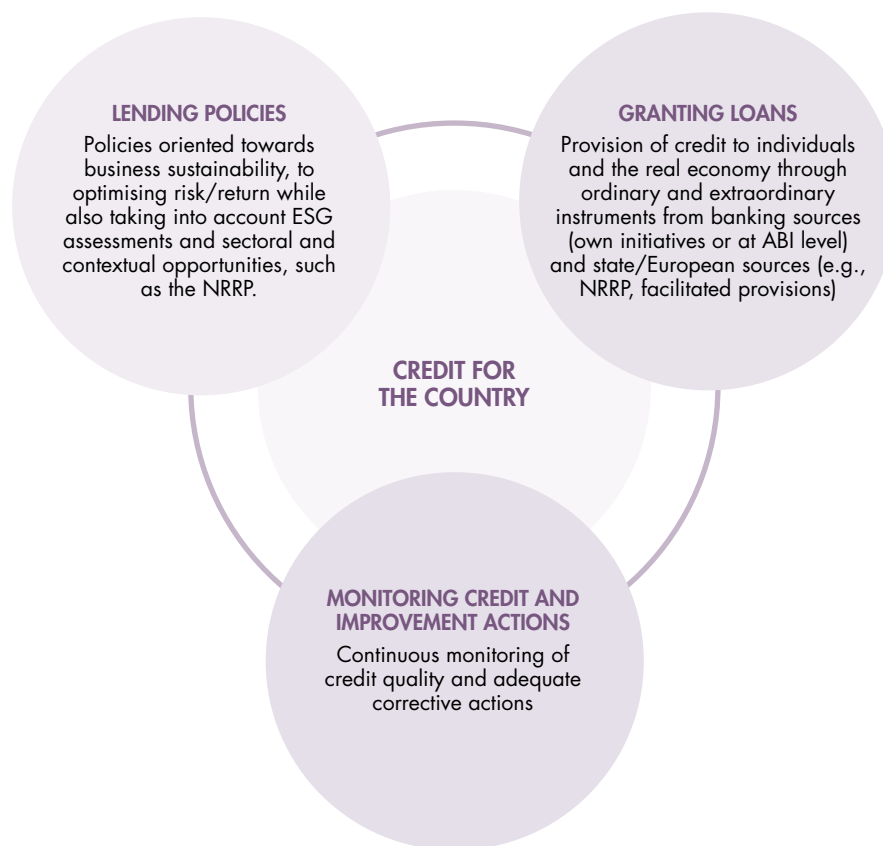
MAIN RISKS	MANAGEMENT METHODS / POLICIES ADOPTED
STRATEGIC RISK RELATED TO FAILURE TO EMBRACE CHANGE	<ul style="list-style-type: none"> <li>• Innovation in products and services</li> <li>• Verification of customer preferences</li> <li>• Extension of the range of ESG products</li> </ul>
MISSELLING OF 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	<ul style="list-style-type: none"> <li>• Using data-providers to identify bonds with environmental, social and governance characteristics (with low ESG market risk)</li> <li>• ESG due diligence for the selection of funds in which the Bank directly invests its resources</li> </ul>
POSSIBLE ECONOMIC AND REPUTATIONAL IMPACTS OF GREENWASHING	<ul style="list-style-type: none"> <li>• New products and market committee</li> <li>• ESG training/information activities for employees and customers</li> <li>• Alignment with the Green Taxonomy and national and international green best practices</li> </ul>
NOT SUPPORTING COMPANIES AND INDIVIDUALS IN THEIR TRANSITION AND/OR NOT SEIZING THE BUSINESS OPPORTUNITIES OF THE GREEN ECONOMY	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
INSOLVENCY OF THE REAL ECONOMY AND HOUSEHOLDS	Ordinary and extraordinary measures to support the financial commitments of customers, including through guarantees
CREDIT AND OVER INDEBTEDNESS	Creditworthiness and risk assessment in the credit granting process through progressive integration of ESG factors into credit policies



## Credit for the country

In 2023 we witnessed a **slowdown in Italian economic growth**, albeit driven by exports to non-EU countries and by private consumption, supported by decelerating inflation, a gradual and partial recovery of wages and employment growth<sup>18</sup>.

The contribution of the NRRP, which in 2023 was subject to delays and slowdowns in the implementation of investments,<sup>19</sup> will be a decisive factor for the country's growth in the coming years.



## TOGETHER WITH COMPANIES TO SEIZE NRRP OPPORTUNITIES

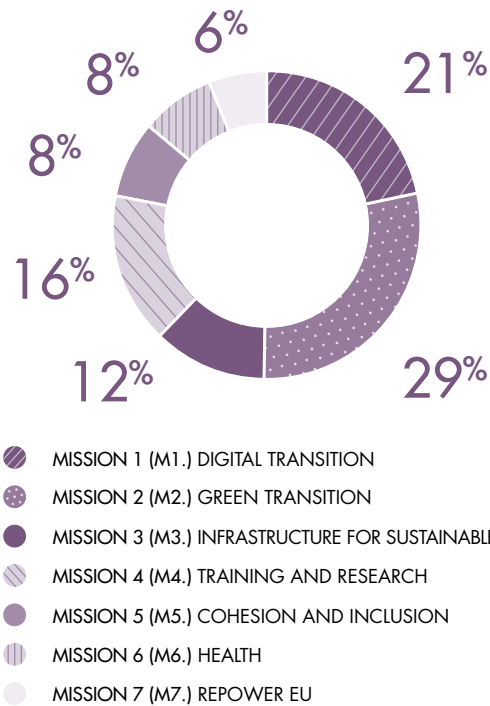
Italy is the main beneficiary of the European NextGenerationEU (NGEU) programme, with €194.3 billion<sup>20</sup> available (of which €71.8 billion in grants) - called "Recovery and Resilience Facility" - for deployment between 2021 and 2026 through the implementation of the NRRP, whose action lines are accompanied by a strategy of reforms to strengthen the country's equity, efficiency and competitiveness.

<sup>18</sup> Istat.it > outlook for the Italian economy 2023-2024.

<sup>19</sup> The implementation of the NRRP in 2023 was affected on the one hand by the energy, logistics and inflation crisis, and on the other by the consolidation of the new governance and some regulatory and administrative difficulties, as well as by the delay of tenders and tariff adjustments.

<sup>20</sup> Compared to the previous contribution, there is an increase of €2.7 billion as an ETS share and an additional €145 million in grants related to energy efficiency measures. At the end of 2023, Italy had already collected more than €100 billion of the over €194 billion of the NGEU. For more details and insights, please refer to the document "The new Italian NRRP" on the government website <https://www.governo.it/sites/governo.it/files/NuovoPNRR-20231124.pdf>.

## MISSIONS



The government introduced measures to improve and simplify governance and administrative processes in 2023, and reorganised and reshaped expenditure in order to **strengthen measures dedicated to companies and the green transition**.

In particular, around €12 billion relates to direct investments to companies and mainly linked to the new REPower EU measures (M7).

In order to accompany this important programme and seize its opportunities, we set up a specialised team as early as 2022 to implement **customer awareness initiatives, forge dedicated partnerships and support corporate customers through advisory activities and a distinctive offering**:

## AWARENESS AND PARTNERSHIPS

- **Events and meetings to promote the opportunities of the NRRP to customers**: we organised the live event “Agribusiness and renewable energy: opportunities and prospects” and participated in several events in the country (specific meeting in Rome, two Territorial Committees in Verona and Lucca, meetings of Confindustria Novara, meeting of the BPL Territorial Management, Italian Biogas Consortium in Lodi) involving more than 600 participating companies.
- **Training and communication linked to the NRRP**: the publication in the **Magazine of the Bank’s commercial website of in-depth thematic articles continued** (seven in 2023, with references to supporting financing products) in collaboration with Class CNBC. Within the Group, **51 weekly newsletters were published in 2023** containing the main regulatory news, at the same time as **updating the dedicated section of the corporate intranet with 19 informative articles** available to the Group in order to convey the most relevant opportunities to customers through the monitoring and analysis of interventions and calls for tenders. We also conducted **training sessions for the sales networks on the main opportunities of the NRRP and the dedicated tools available to customers** (e.g., Incentives Platform 360).
- **Strengthening dedicated partnerships** with trade associations for specific NRRP measures (Biogas Consortium, Confagricoltura) and with dedicated consultants to support access to incentives and the complex underlying projects (Finservice and Deloitte).

## DEDICATED OFFER

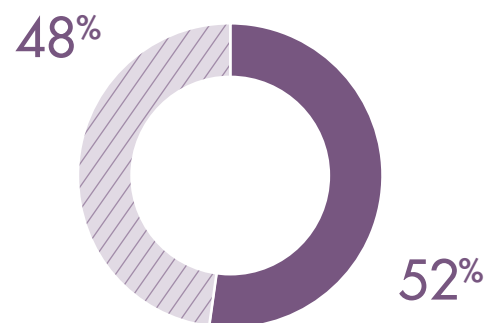
- **Specialised offer: services and products to support clients in** seizing the main opportunities arising from NRRP investments **consistent with our ESG offering**.
- **Network of facilitated finance and agriculture specialists in** the region further enhanced to support the various measures for the agri-food sector and to support customers’ projects from the initial stages.
- **Integration and enhancement of the commercial offer**: promotion agreement signed with Deloitte regarding the “Incentives360” platform, a digital tool that aims to strengthen the support dedicated to business customers to **help them to seize the opportunities of the NRRP resources** and which allows them to:
  - facilitate the **search for national and European incentives for companies**, identifying the solutions most consistent with their characteristics;
  - provide an **overview of the Banco BPM products** potentially associated with the various incentives;
  - enable clients to receive **consultancy services provided by Deloitte for orientation and accompaniment to the call for tenders**.

The integration of the offer with the “Incentives360” platform underlines Banco BPM’s willingness to **support local businesses on the path towards digital transition and sustainability**, in line with the 2023-2026 Strategic Plan.

## LENDING POLICIES

### A STRONGLY CREDIT-ORIENTED BUSINESS MODEL

#### GROUP ASSETS\*



● CREDIT TO CUSTOMERS €105.4 BILLION

▨ FINANCIAL AND OTHER ASSETS €96.7 BILLION

> €105 BILLION

in loans to customers at the end of 2023

> 50%

share of the Group's assets represented by loans

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 as well as the green transition process.

The **main new features** of the credit policy guidelines include:

- assessing the financial sustainability of the debt as the last step in defining the credit strategy. The objective is to assess the sustainability of ESG investments through current and prospective resources. The assessment of financial distress is also integrated in the definition of the credit strategy;
- assessing specific financial sustainability KRIs for the "agriculture" sector, aimed at enhancing its typical elements and in particular of consortia and cooperatives;
- introducing a framework for managing and monitoring practices related to the *Commercial Real Estate (CRE)* perimeter and, in detail, to real estate initiatives for sale, rent and third parties;
- enriching the framework for *Large Corporate* commercially segmented counterparties, including through the enhancement of the ESG component and any emission reduction plans;
- the structured integration of *project finance* transactions into the credit policy framework.




### FORECASTS FOR 2024

- General slowdown in growth and climate of high uncertainty.
- Gradual reabsorption of tensions in energy and commodity costs and consequent falling inflation, albeit slowly and with still limited benefits on final consumer goods.
- A restrictive European monetary policy with a negative impact on business investment, the housing market and household disposable income, with a likely reduction in consumption (especially of durable goods).
- Decline in trade, real estate and industrial production in the main sectors.

\*Figures for the 2023 reclassified balance sheet of the Banco BPM Group.



**OUR CREDIT POLICY FRAMEWORK**

FRAMEWORK 2023	FRAMEWORK 2024	DESCRIPTION
<b>RATING</b>	<b>RATING</b>	
SECTORAL ANALYSIS	 <p><b>SECTORAL ANALYSIS</b></p> <p><b>OUTLOOK</b> Annual outlook review based on assessments of economic outlook and prospective lapse rate</p> <p><b>CORPORATE POSITIONING</b> <span style="background-color: #4a5568; color: white; padding: 2px;">NEW</span> Analysis of appropriate balance sheet indicators to identify the company's positioning with respect to the reference sector.</p>	
FINANCIAL SUSTAINABILITY ANALYSIS	 <p><b>ESG ANALYSIS<sup>1</sup></b></p> <p><b>TRANSITION RISK</b> <b>PHYSICAL RISK</b> (PROPERTY AND COUNTERPARTY) <b>ESG QUESTIONNAIRE</b> <b>OPERATION GREEN / ENVIRONMENTAL SUSTAINABILITY (RE)</b></p>	<ul style="list-style-type: none"> <li>• The inversion of the financial sustainability analysis with the “ESG analysis” aims to integrate ESG investments into estimates to assess their sustainability using current and prospective resources.</li> <li>• The assessment of financial distress is integrated in the financial viability analysis.</li> </ul>
ESG ANALYSIS	 <p><b>FINANCIAL SUSTAINABILITY ANALYSIS</b></p> <p><b>KEY RISK INDICATORS (KRI)</b></p>	

There are also sector/sector-specific frameworks (agriculture, commercial real estate, large corporate and project finance) that allow for specific KRIs and sector-specific elements to be taken into account.

<sup>1</sup> For more details on the ESG analysis, please refer to the chapter “Finance for a Sustainable Transition”.

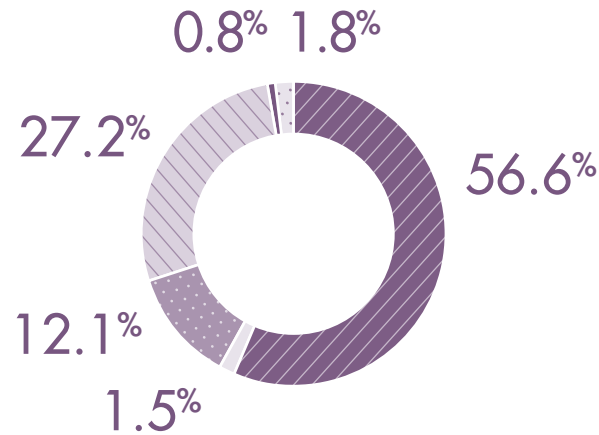
## GRANTING LOANS

During 2023, new loan disbursements to households and enterprises amounted to €19.4 billion.

### LOANS GRANTED IN 2023

**€19.4 BILLION**  
new loan disbursements in 2023

### STOCK OF PERFORMING LOANS AT THE END OF 2023



- NON-FINANCIAL
- FINANCIAL COMPANIES
- ENTERPRISES
- CONSUMER HOUSEHOLDS NON-PROFIT INSTITUTIONS
- PUBLIC ADMINISTRATIONS
- OTHER

PERSONS (CONSUMER HOUSEHOLDS)

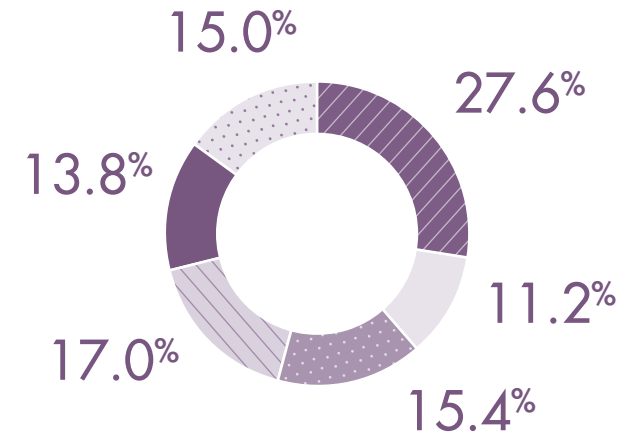
**€27.9 BILLION**

NON-PROFIT ORGANISATIONS

**>€808 MILLION**

**>90%**  
of credit to consumer households concerns residential mortgages

### STOCK OF PERFORMING LOANS TO NON-FINANCIAL CORPORATIONS BY MACRO SECTOR



- MANUFACTURING
- REAL ESTATE
- AGRI-FOOD
- SERVICES
- TRADE
- OTHER

NON-FINANCIAL ENTERPRISES

**€58.0 BILLION**

## FINANCING THE WEAPONS AND DEFENCE SECTOR

In the armaments and defence sector, we operate in compliance with the requirements of the law in force and our internal regulations<sup>21</sup>.

### OUR POLICY ON FINANCING THE WEAPONS SECTOR

We pay particular attention to what are considered “controversial” sectors which, despite dealing with legitimate operations from a legal point of view, could present critical social and environmental issues.

In the current context, while hoping for the affirmation of a society based on dialogue, respect and civil coexistence, it seems difficult to imagine a total absence of weapons, considering the needs in terms of national security and international balances. This is why we have updated our policy on operations relating to weapons materials and systems to include specific safeguards that assess the non-financial impacts of individual operations. We have also established that the Board of Directors assess transactions with counterparties from non-NATO and non-EU countries, without prejudice to the exclusion criteria laid down in the relevant regulations.

## WEAPONS TRANSACTIONS 2023

During 2023, transactions under Italian Law 185/90 involved six customers and 731 transactions for a value of approximately €330 million.

**No new loans were disbursed during the year**, and the stock as at 2023 amounts to €81.7 million and refers to:

- funding provided in previous years;
- guarantees issued in previous years (which only became known to Banco BPM in 2023) that fall within the scope of Italian Law 185/90. In this specific case, the supply concerned fire-fighting equipment, including some tow trucks on military chassis.

For individuals and businesses experiencing difficulties but still with 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).

## 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. For non-NATO and non-EU countries Banco BPM’s Board of Directors is responsible for approving individual transactions after consulting the ESG Committee. The Board of Directors may, however, further restrict the countries with which it operates<sup>22</sup>.

### 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.

<sup>21</sup> For more details, please see [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Guidelines regarding operations in the weapon materials and systems industry - Extract.

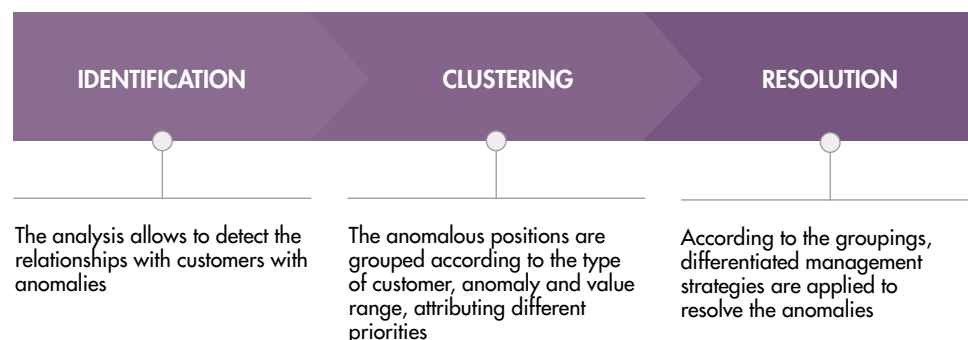
<sup>22</sup> See Chapter BC for more details.

### 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.

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.

#### THE CREDIT MONITORING PROCESS



At Group level, the **stock of non-performing loans fell from approximately €4.8 billion at the end of 2022 to around €3.7 billion at the end of 2023**, thanks to the sale of loans without recourse (approximately €0.7 billion total) and management and recovery conducted through mediation activities.

MAIN RISKS	MANAGEMENT METHODS / POLICIES ADOPTED
<p><b>CREDIT AND OVER INDEBTEDNESS</b></p>	<ul style="list-style-type: none"> <li>• Assessment of creditworthiness and the risks of the loan granting process, and the clear distinction of the roles of loan proposer and decision-maker</li> <li>• State-of-the-art credit risk assessment model and measurement metrics</li> <li>• Verification of the customer’s capacity to repay the debt</li> <li>• Monitoring of credit and mediation initiatives to enable customers in temporary financial difficulty to meet their commitments</li> </ul>
<p><b>ERRORS MADE BY COMMERCIAL PERSONNEL AND OPERATING RISKS</b></p>	<ul style="list-style-type: none"> <li>• Rules of conduct set forth in the Code of Ethics and internal regulations relating to the conduct of personnel towards internal and external counterparties and in commercial operations.</li> <li>• 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</li> </ul>
<p><b>INSOLVENCY OF THE REAL ECONOMY AND HOUSEHOLDS</b></p>	<ul style="list-style-type: none"> <li>• Ordinary and extraordinary measures to support the financial commitments of customers, including through guarantees</li> <li>• as an opportunity to strengthen the Italian and European economic and social system</li> </ul>

## Strengthening customer relations and digitalisation

As stated in the Code of Ethics, we have always “focused on customers and worked 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, aimed at gathering their needs and expectations, and setting up a responsible management of the relationship, and of any critical issues that may arise”.

We inform our customers clearly and transparently 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.

The quest for quality in customer relations is accompanied by the understanding that the introduction of new technologies and the adoption of innovative approaches play a crucial role in changing customer interaction: digitalisation offers the opportunity to overcome traditional limitations, allowing for greater service customisation and a faster response to customer needs.

Banco BPM is embracing this transformation, not only to adapt to the change, but also to make the most of the potential offered by digital technology in consolidating and improving the relationship with its customers.

### MANAGEMENT MODEL



### INTEGRATED RELATIONAL MODEL

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

### OUR OFFER

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**

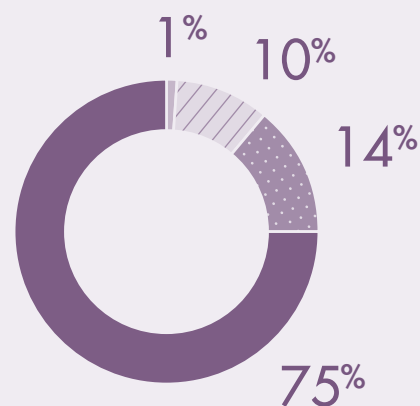
## WHO ARE OUR CUSTOMERS?

# 3.8 MILLION

<sup>23</sup>customers

### CUSTOMERS BY LOCATION

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



- NORTH
- CENTRE
- SOUTH AND ISLANDS
- FOREIGN OPERATIONS

<sup>23</sup> The customer perimeter considers Banco BPM customers with a business current account, card with IBAN, other current accounts.

### INDIVIDUALS

~**3.3**  
million people<sup>24</sup>

**27%**  
of loans  
to customers<sup>25</sup>

- **50%** women
- **13%** only with an online account
- **2 out of 3 customers** between 26 and 65 years
- **31%** under 46 years
- **62%** customers for more than 10 years
- **27%** customers for more than 20 years
- **8%** are of foreign origin

<sup>24</sup> This refers to private retail customers.

<sup>25</sup> Total performing loans as at 31.12.2023 are considered. See the chapter "Credit for the Country" for more details.

### COMPANIES

~**350,000**  
companies

**57%**  
of loans  
to customers<sup>26</sup>

- **88%** have a turnover of up to €2.5 million
- **15%** work in the manufacturing sector
- **82%** of businesses with online channel access are actual users
- **50%** customers for more than 10 years
- **20%** customers for more than 20 years

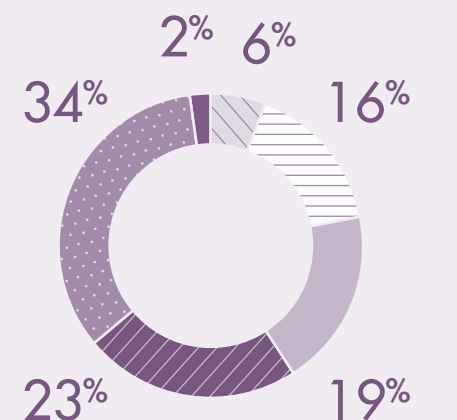
<sup>26</sup> Total performing loans as at 31.12.2023 are considered. See the chapter "Credit for the Country" for more details.

### NON-PROFIT

#### ORGANISATIONS

~**35,000**  
non profit organisations<sup>27</sup>

- **43%** associations
- **36%** entities
- **12%** religious organisations
- **40%** customers for more than 10 years



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

<sup>27</sup> Does not include customers belonging to the public sector (municipalities, schools, local public entities, etc.). Includes about 1,000 non-profit enterprises, also counted in the corporate clientèle, 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.

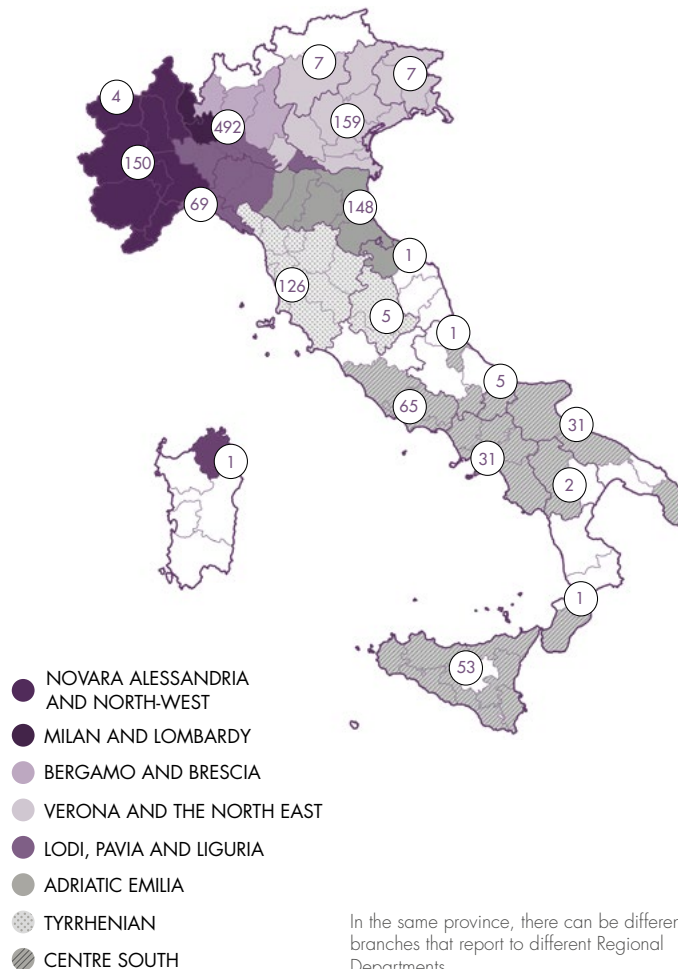
### GEOGRAPHICAL DISTRIBUTION OF THE

#### 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

## RETAIL NETWORK

In May 2023, a reorganisation of the retail network took place and we passed from 1,427 to 1,358 branches.



REGION	NO. OF BRANCHES
LOMBARDY	492
VENETO	159
PIEDMONT	150
EMILIA-ROMAGNA	148
TUSCANY	126
LIGURIA	69
LAZIO	65
SICILY	53
CAMPANIA	31
APULIA	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 Retail network</b>	<b>1,358</b>

SERVICE CHANNEL	DESCRIPTION
DIGITAL CHANNEL	Access through <b>internet banking and the APP</b> throughout the country
RETAIL NETWORK	<b>1,358</b> branches divided into <b>42 areas</b> in turn divided into <b>8 Regional Departments</b>
SPECIALIST CENTRES	<ul style="list-style-type: none"> <li>• <b>70</b> centres for businesses <b>with turnover &lt; €75 mln</b> (activated by the end of January 2022)</li> <li>• <b>22</b> centres for businesses <b>with turnover &gt; €75 million</b></li> <li>• <b>2</b> centres for businesses <b>with turnover &gt; €1 million</b></li> <li>• <b>Banca Akros</b> offers businesses a corporate and investment banking service</li> <li>• <b>1</b> central department for non-profit and public sector customers</li> <li>• <b>3</b> centres with advisors dedicated to <b>institutional customers</b></li> <li>• Banca Aletti <b>has 53 units</b> dedicated to customers with large assets</li> <li>• <b>17 branches</b> in partnership with <b>Azimut</b> dedicated to retail customers</li> <li>• <b>1 virtual Webank branch</b> for 'pure digital' customers</li> </ul>

## DIGITALISATION AS THE MAIN DRIVER OF INNOVATION

Our relational approach continues on its path of becoming more and more digital in 2023, trying to meet customers' new needs while keeping up with the digital transformation taking place, thus continuing our journey towards a full digital bank.

Digitalisation is one of the main drivers in Banco BPM's new 2023-2026 Strategic Plan presented in December 2023.

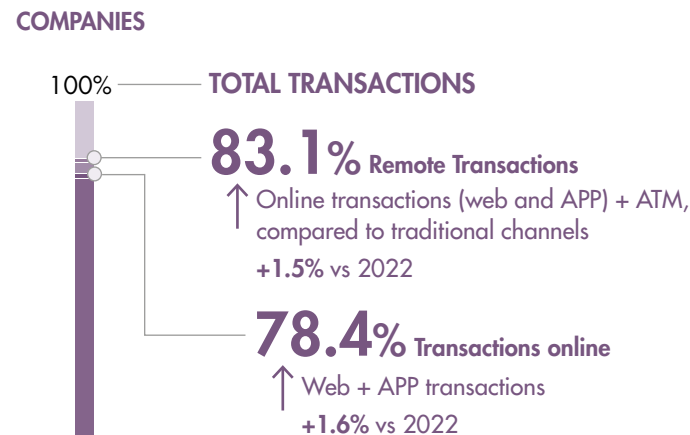
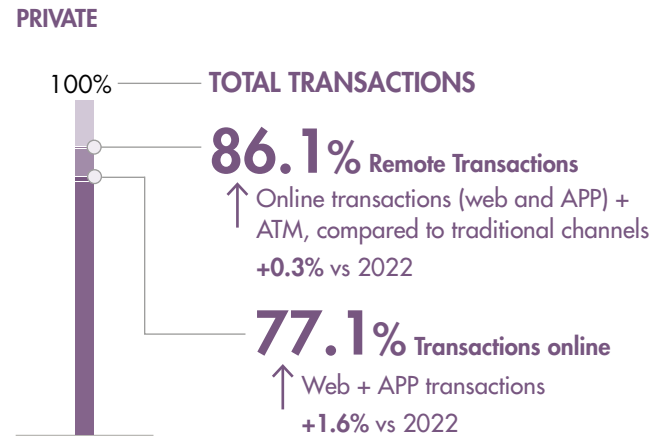
The priorities to 2026 are:

- **digital customer activation programme through the extension of the self/digital product offering, the digital sales enhancement programme and the completion of the Marketing Automation platform;**
- **omnichannel advisory transformation that** will see an extension of omnichannel advisory solutions (e.g., remote offers), integration of the Wealth Management advisory platform into advanced CRM and marketing automation tools, and front-end upgrades of Retail Managers;
- **2.0 network transformation**, which envisages a further reduction of branches, also thanks to ~500 new state-of-the-art ATMs, a branch digitalisation programme, and further commercial growth of the Digital Branch;
- **Webank acquisition and scale-up programme** thanks to the relaunch of the brand and renewed investments in technology and design, as well as an offering in line with the best in the market;
- **digitalisation for SMEs:** a new dedicated digital platform will be created with the aim of making it more user-friendly and consistent with customer needs. The range of services and products available online will be further extended, with a particular focus on the offer of lending products. The Digital Branch will increase its action with customers in the proposition phases of new products/services. Digitalisation will also be supported by implementing online customer onboarding and through the provision of a digital marketplace, i.e., an online platform to offer SMEs high value-added products and services in order to foster their development and digital transformation.



### THE GROWTH OF DIGITAL TRANSACTIONS IN 2023

Remote transactions have been steadily growing in recent years: in fact, there was an increase in online transactions in both the private and corporate sector in 2023. This is especially true for the “mobile share” of the online total, also thanks to the continuous improvements and implementations of the APP.



During **2023**, activities relating to the evolution of the new service model continued, as envisaged by the 2021-2024 Strategic Plan.

The **Digital Identity** contract, as an **enabling element for the digital-driven service** model that provides the customer with all the tools to communicate and interact with the Bank digitally and online, was signed by **1.3 million customers as at 31.12.23 (of which 14.2% through the online channel)**.

**~ 1.3 MILLION**  
 Total subscribed digital identities  
 (as at 31/12/2023)

The adoption of the Online Offer process has contributed to achieving important results: online sales for Nexi Cards represent 22% of sales, 6.5% of Agos Loans and 23.6% of Financial advisory services.

## NEW APP IMPLEMENTATIONS

The APP for individuals was enriched in 2023 with **the release of new services and functions** in order to constantly **meet customer needs**.

Among the **major features released during 2023, the following are noteworthy:**

- **artificial intelligence to improve the user experience:** through the use of algorithms based on artificial intelligence (AI) combined with the use of smartphone features (e.g., camera), the first functions that exploit the potential of this new technology have been released, including:
  1. **card activation using the device's camera;**
  2. **payments by uploading the payment slip;**
  3. **OCR reading of identity documents.**
- **Dark mode:** allows the customer to set the new, more modern and attractive dark display mode to use our applications. Our app **is one of the few in the banking sector to have this function**, which allows **reduced eye fatigue, easier reading:** the higher contrast offered by the dark setting allows for **smoother reading in low light situations** and in the evening hours, and **optimised battery life** with consequent energy savings.
- **Sale of new Debit card:**
  - **in SELF mode for** Webank and You customers;
  - **online** through the digital branch with the support of the branch manager.
- **Possibility of making donations**, filling in the **ISEE** and taking out **damage insurance**.

## CREATION OF THE NEW YOUNESS APP AND EVOLUTION OF YOUNESS WEB

With regard to **business** customers, the main projects undertaken in 2023 are illustrated below.

- **YouBusiness App** development continues on the dedicated application for the business world. These were the most significant changes in 2023:
  - creation of the **"Contracts and proposals" function** which allows customers to sign for products and services also via the app;
  - implementation of the function that allows you to **update your identity document online;**
  - **expansion of the card section** for both debit and top-up cards;
  - **purchase of American Express cards;**
  - **evolution of the appointment-making function** that allows contact to be made by phone.

**The total number of users** at the end of 2023 **was 120,000** with a strong penetration in the SME segments. In addition, the application benefits from excellent ratings on the reference stores (Apple and Android), placing it among the industry's best practices.

- The evolution of the **Smart Lending** service continued, with the extension of the types of loans that can be subscribed in fully digital mode.
- The offer in the field of **advances on documents has been completed (invoices, contracts, etc.)**, introducing the possibility of requesting an advance on contracts, invoices not channelled on Banco BPM and other credit-related documents (invoice lists, VAT declarations, etc.) from the web channel.

Via the YouBusiness Web platform, corporate customers use the **YouPlan Business** feature that provides useful tools to simplify cash flow control and provides relevant information to make informed financial decisions.

The **"financial management notifications"** function was released in 2023, which makes it possible to receive useful updates on the company's economic situation: the customer can activate the notifications and customise them according to their needs, for example: balance above and below a threshold, significant outgoing payments, overdrawn account, invoices falling due, summary of expense thresholds.

## OUR OFFER

### WE SUPPORT OUR COMPANIES' AMBITIONS

Thanks to our local presence and specialised expertise, we are able to present ourselves as a partner of choice for client companies, offering solutions for any business need. In 2023, the new Corporate & Investment Banking Division (CIB Division) of Banco BPM was established, which coordinates the Corporate function (Management and Sales Network), the specialised high value-added units for companies (Structured Finance and Global Transaction Banking), as well as Banca Akros, the company that oversees the Group's investment banking activities.

### 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.

In a complex context such as that of 2023, which has seen both the impact of the continuing Russian-Ukrainian conflict on energy and commodity prices, and the sudden rise in global interest rates, constantly monitoring relations with companies has proved more strategic than ever.

The effects of the conflict also persist abroad, confirming high request volumes to be processed in an unstable regulatory framework.

At the time of writing this report, the impact of the Israel-Palestine conflict is not relevant, as it has not resulted in the issuance of new sanction programmes. At the same time, the network and customers are attentive to developments.

With regard to more structured companies, the continuity of supervision took the form of tailor-made support, through timely responses to customers' constantly and physiologically evolving needs.

For larger companies, the role played by the relationship managers has been fundamental, as they form the heart of the Corporate Sales Network and operate in close synergy and coordination with the Corporate Management Units and centres of excellence.

## ORGANISATION OF THE MAIN BUSINESS SERVICES



**GROWTH MAINLY THROUGH BANK LOANS**



**GROWTH MAINLY THROUGH THE CAPITAL MARKET**

### IDENTIFICATION OF DEVELOPMENT OPPORTUNITIES

**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 risk.

**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 aimed at stimulating innovation and business development

The integration of digital and interactive channels with both information and arrangement functions to benefit our corporate customers operating or wishing to operate with foreign countries continued and improved in 2023, with the implementation and updating of the tools already in place.

- **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 900 companies use the service as at December 2023, including Retail and Corporate customers.
- **YouLounge** is the B2B platform that allows corporate customers to promote their products/services through a virtual display (business card). All companies interested in expanding their international markets can take advantage of the platform by accessing Banco BPM e-banking.
- The "Opportunities" feature allows importing companies to publish posts informing the community that they are looking for certain products/services, specifying their characteristics, timing, preferred geographic areas and other information.
- As at December 2023, Youlounge counted around 1,500 companies, including Retail and Corporate customers.
- **YouTrade Finance**, a portal that enables goods operations to be managed online (international guarantees - already operational, documentary credits, operational for the import phase simplifying and optimising the bank-customer relationship, and able to guarantee maximum security through guided procedures.

## SUPPORTING THE RETAIL SEGMENT

Our offer encompasses a project dedicated to every age, a solution for every problem, a service for every need: we started from an analysis of our customers to create a wide range of banking products dedicated to private individuals with which to develop and grow their potential.

In fact, specific initiatives dedicated to young people, SMEs and the non-profit sector continued in 2023, as well as the enrichment of the product offering of digital services, accounts, mortgages, personal loans and more.

### OUR OFFER

#### DIGITAL ACCOUNTS AND SERVICES

#### CARDS AND TELEPASS

#### MORTGAGE LOANS

#### PERSONAL LOANS

#### SAVING AND INVESTING

#### INSURANCE

#### TRADING

#### MOBILITY

## SAVINGS: A GREAT VALUE FOR THE COUNTRY

Our investment and savings proposals are designed to take advantage of market opportunities and lead customer to achieve their goals, accompanying them in the choice of the most suitable instruments in line with their financial profile.

The placement of products is always carried out consistently with the risk profile and customer needs, which are constantly updated on a periodic basis through an MIFID questionnaire<sup>28</sup>, which gathers useful information for formulating an adequate and appropriate offer.

### MUTUAL INVESTMENT FUNDS

A wide range of Anima mutual funds and Sicavs to build diversified and sustainable portfolios focusing on global issues such as environmental protection, climate change and energy transition.

### INSURANCE INVESTMENT PRODUCTS

A variety of life insurance solutions to preserve and diversify capital, as well as products that operate in an environmentally and socially friendly manner while maintaining all the advantages of financial insurance products.

### SAVINGS

The set of programmes to accumulate money over time in order to achieve future goals.

### PENSION

Proposals for starting to build up a supplementary pension and having extra capital upon retirement.

<sup>28</sup> MIFID: Markets in Financial Instruments Directive, the name of the European directive.

## MONITORING AND ENRICHING RELATIONS

Also in 2023, listening to customers and surveying their satisfaction were of primary importance, aimed at improving the service provided.

In 2023, the relational Customer Experience, or Customer Satisfaction was conducted, and involved around 168,000 Retail, Private and SME customers, distributed as follows.

~ 168,000

Customers involved in customer satisfaction surveys in 2023

25

NPS Index\* (+1 vs 2022)

~ 2,000

Mystery shopping visits to branches confirm good service levels

\*Net Promoter Score - Indicator that monitors customers' propensity to recommend Banco BPM.

These surveys are also useful for understanding satisfaction levels related to products, reputation, branch services, web channels and any problems encountered.

With a view to continuously monitoring the level of service perceived by our customers, **all results** and insights of the satisfaction surveys were **published and made available to colleagues** in a dedicated portal to the company intranet.

In **2023**, the NPS Satisfaction indicator increased by one point compared to last year (25 vs 24 in 2022).

In addition to the previously mentioned Customer Experience survey, 15 customised research projects were conducted **for the Group in 2023**, with a view to addressing more strategic and innovative topics which needed to be examined in more depth.

In particular, surveys were carried out to support the Group units **relating to ESG issues, strategic segments (SMEs), the development of new products and services** (e.g., Smart Lending, Business Financial Management solutions) **and the improvement of existing ones** (e.g., Virtual Assistant).

In addition, a **Voice of Employee** survey was conducted to **verify the company climate** and to **improve communication between Management and the Network, also in the commercial sphere**.

Also in 2023, in addition to collaborating with **Research Institutes**, the **Customer Feedback Management (CFM) platform and the "Insquadra" (Inteam) Community Panel were also utilised**, the latter represents a further channel to encourage listening to customers, 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>29</sup>	2023	2022	CHANGE
<b>Complaints received</b>	<b>6,354</b>	<b>6,893</b>	<b>-8%</b>
of which relating to banking	5,770	6,356	-9%
of which relating to investment	438	405	+8%
of which relating to insurance	146	132	+11%
<b>Complaints processed</b>	<b>6,478</b>	<b>6,923</b>	<b>-6%</b>
Accepted	844	1,507	-44%
Partially accepted	1,702	1,495	+14%
Rejected	3,932	3,921	/
<b>Processing times (average no. of days)</b>			
For banking services	24	20	+20%
For investment products	22	20	+10%
For insurance products	25	22	+14%

<sup>29</sup> The complaints made do not include complaints handled by the insurance companies Banco BPM Vita and Banco BPM Assicurazioni: 166 complaints received and 156 complaints processed. Such complaints represent about 2% of the complaints received and processed by the Group. The figures of Banco BPM Assicurazioni are updated as at 13.12.2023. With effect from 14.12.2023, with the transfer of the 65% controlling stake to Crédit Agricole Assurance S.A., Banco BPM Assicurazioni is no longer part of the Banco BPM Group.

**In 2023, the flow of complaints received<sup>30</sup> at Group level was slightly down from the** previous year (-8%).

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

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

- an increase in disputes relating to payment instruments - cards - (+8%) and/or collection and payment services;
- a decrease in customer reports on financing products (-10%);
- an increase in disputes related to financial products/services (+8%) and insurance.

At the economic level, the disbursements in 2023 are lower than in the previous year (-27%).

<sup>30</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 31/12/2023, a total of 24,477 submissions were received - with around 100 relating to 2023, of which 21,467 subject to settlement agreements formalised with customers (equal to about 88% of complaints received). For further details, please refer to the Annual Financial Report.

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>POTENTIAL LOSS OF CUSTOMER CONTACT</b>	Offer of 360° 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

## 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 the protection of our stakeholders' information assets.

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

- Information Security Regulation - in line with PSD2.
- ICT Risk and Security Regulation - updated to strengthen the control of IT risk in line with Bank of Italy Circular No. 285.
- Regulation on privacy, processing and protection of personal data.
- Business Continuity Plan and related Regulations.
- Guidelines on computer incident management.
- Methodological manual on cyber risk analysis.
- 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 CYBER SECURITY

**Data, information and infrastructure** 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.



## 1 major cybersecurity incident in 2023

A major security incident<sup>31</sup> caused by a DDoS-type cyber attack was handled in 2023. Having been mitigated by the countermeasures put in place, there were no consequences for the Bank and the services provided to customers. However, the incident was reported to the Bank of Italy.

<sup>31</sup> The "severe" classification level identifies events for which immediate action is required, as they could lead to the interruption of one or more relevant services.



## DATA GOVERNANCE AND IT CYBER 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 be paid 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 and in the Middle East has caused us to raise the alarm level. Despite the increased number of attack attempts related to this situation, the implemented security countermeasures ensured an effective response.

Our commitment is highlighted in the **statement published** on our institutional website<sup>32</sup>.

<sup>32</sup> gruppo.bancobpm.it > Code of Ethics and Governance > Cybersecurity and Privacy.

## HOW WE BUILD A SAFER DIGITAL ENVIRONMENT

### TOOLS FOR BUILDING NEW WAYS OF WORKING

- Extending the use of open banking solutions
- Cloud strategy defined on a hybrid-multi cloud model with focus on governance processes
- Evolution of data management, data quality and data analytics tools and processes
- Participation in projects on DLT blockchain and quantum computing
- Creation of ESG Data Platform to centralise new ESG risk governance processes
- Definition of the internal Ethical Artificial Intelligence framework
- FRTB project to modernise and centralise features supporting Market Risk Governance



### TOOLS FOR CUSTOMER OPERATIONS

- Digital Paybe Circular Cheques Project via DLT ABILabChain
- Improved app: enhanced features derived from PSD2, support for artificial intelligence and dual authentication systems
- Increased use of digital signatures, including recognition through SPID
- Strong Customer Authentication for online card payments
- Artificial Intelligence to support commercial action and customer relations

### EDUCATIONAL ACTIVITIES

**Information for our stakeholders, primarily customers, on all communication channels** (app, web, email, SMS, ATM, 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 2023, we joined "**Cybersicuri: impresa possibile**" promoted by CERTFin, in collaboration with the Bank of Italy, ABI, IVASS and the State Police: the campaign is aimed at corporate customers, working to raise awareness among companies on the risks related to cybersecurity through a dedicated website and training snippets on the main online threats.

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 continued to participate in the **European Payment Council** project, which is based on the use of the **MISP** (Malware Information Sharing Platform) to share real-time information, statistics and fraud indicators.

## 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.

In continuation of what we have done in previous years, we promote a **dynamic approach** to cybersecurity by overseeing the following aspects:

- **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.

We periodically conduct *red-teaming* exercises based on the Bank of Italy's **TIBER IT** methodology. The objective is to assess the bank's detection capability, resilience and response to potential cyber threats.

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 monthly.

In addition, with a view to monitoring ICT and security risks more closely, the second-level **ICT & Security Risk** unit was created in July 2023.

## INFORMATION SECURITY

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

### ISO 27001

certificate issued for the provision of the Digital Preservation service

#### 2023-2026 STRATEGIC PLAN<sup>33</sup>

As a testament to our commitment to cybersecurity and technological innovation, one of the seven Pillars of the Plan is precisely **cybersecurity**: in fact, it is among the main investment areas of our ESG strategy. We have therefore implemented strong privacy and cybersecurity governance, aimed at supporting our digital transformation journey and strengthening our defences, with a focus on **operational resilience**.

With this in mind, the role of **Chief Innovation Officer** (CIO) was established, who reports directly to the CEO. His purpose is to further the acceleration towards digital transformation. He serves on numerous steering committees, including: Risks, Internal Control System Coordination, Crises, Investments, New Products and Markets.

We are determined to achieve **excellence in the digital field**; with this goal in mind, we have increased our investments in this area as well as new hires with specialised cybersecurity profiles. By adopting a new agile architecture, we have the opportunity to accelerate innovation and exploit the benefits of the best technologies more effectively, safely and innovatively. Furthermore, by acquiring core expertise in-house, we are able to significantly improve efficiency in the delivery of digital services.

## INSURANCE COVERAGE

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

POLICY	WHAT IT COVERS
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 resulting from the reconstitution of archives</li> </ul>

<sup>33</sup> For further information: [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Investor Relations > 2023-2026 Strategic Plan.

## 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>34</sup>, followed by the **Data Protection Officer** (DPO, identified as the Compliance department manager, who reports directly to the CEO and has direct access to the corporate bodies) who is supported by a dedicated organisational unit.

Leveraging specific IT solutions, 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**. The DPO verifies that the preferences expressed by customers for the use of personal data are enhanced in new commercial initiatives.

The DPO is a stable member of the network of *Data Protection Officers in the banking sector*, a permanent working group for the exchange of information between the Data Protection Authority and DPOs. The network project is sponsored by the Data Protection Authority, coordinated by ABI and the Head of the Economic and Productive Reality Department. The Bank of Italy is also present at the table.

## OUR COMMITMENT

*"We believe that the protection, confidentiality and proper use of the data and information we manage are the basis of the relationship of trust with our stakeholders."*

*(from our **Code of Ethics**<sup>35</sup>)*

This is an issue of great importance, so much so that it is part of the values of **protecting human rights**<sup>36</sup>.

We undertake to collect only the necessary personal data and process them in accordance with the **principles of fairness, lawfulness and transparency**, in compliance with data protection and privacy legislation. We guarantee their confidentiality by employing authorised and trained staff. We process data in accordance with the purposes indicated in the privacy policy<sup>37</sup>, giving timely notice of any changes.

We select our **suppliers** also taking into account their commitment to compliance with data protection legislation and the adequacy of the technical and organisational measures guaranteed.

Our **data protection policy** defines principles and rules to be followed, as well as roles and responsibilities in the supervision of the data life cycle.

The **policy on the management of data subjects' rights** calls for constant monitoring of the privacy policy updating and defines the process for receiving, evaluating and processing requests from data subjects.

We carry out a Data Protection Impact Assessment whenever the need arises.

The increasing focus on **data protection issues** has contributed to **an improvement in ESG ratings**.

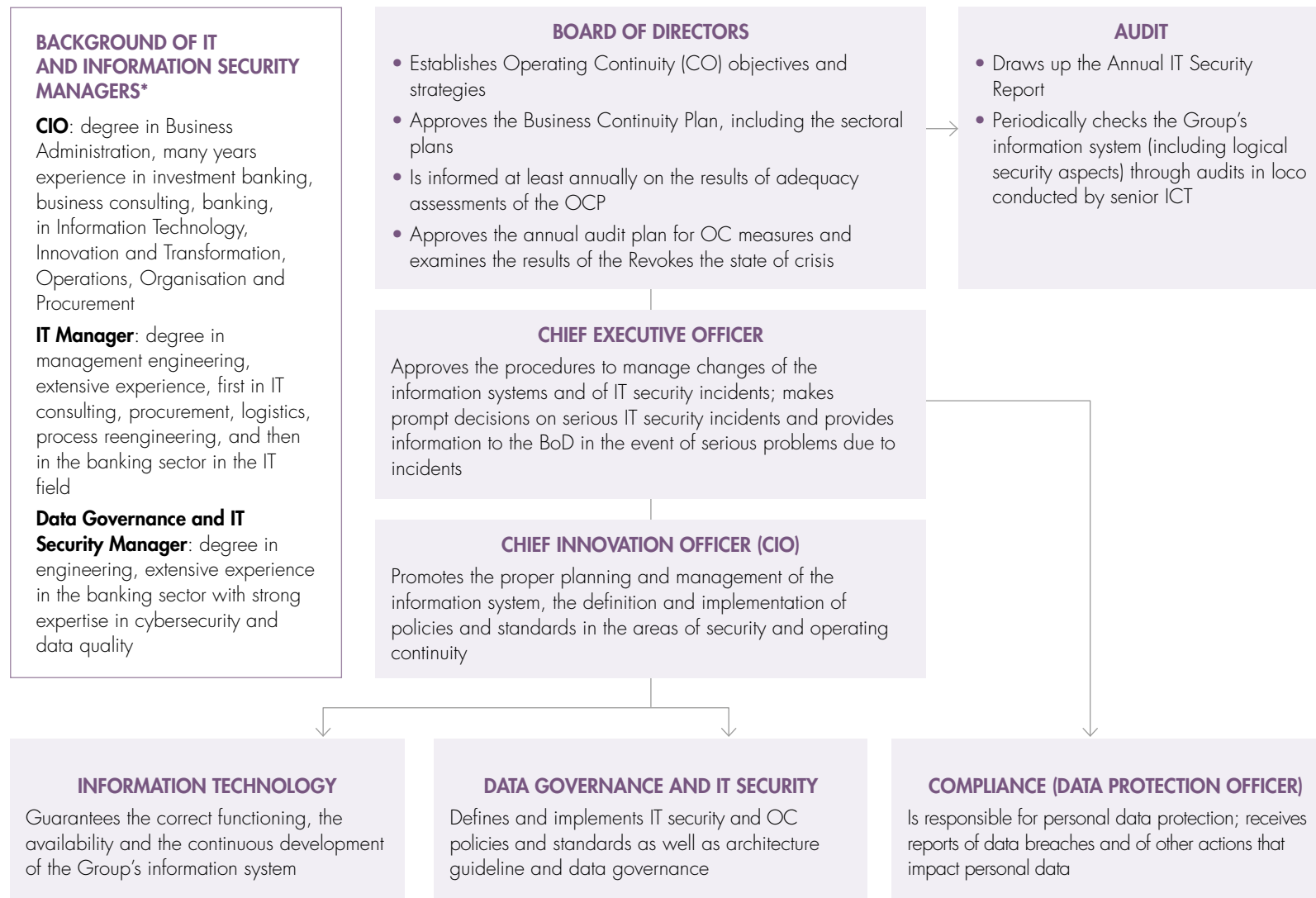
<sup>35</sup> gruppo.bancobpm.it > Sustainability > Code of Ethics and Governance > Code of Ethics.

<sup>36</sup> gruppo.bancobpm.it > Sustainability > Code of Ethics and Governance > Guidelines on Respect for and Protection of Human Rights.

<sup>37</sup> For more information: gruppo.bancobpm.it > Privacy.

<sup>34</sup> For more information: gruppo.bancobpm.it > Privacy.

## INFORMATION SECURITY AND PRIVACY CONTROLS



**0** losses of data or unauthorised access in 2023

In 2023, **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 by a customer in 2021 led to an investigation that ended in 2023 with a warning. No sanctions were imposed.

\*The Data Governance and IT Security Manager was in office until June 2023. After that date, this role was filled, ad interim, by the IT Manager.

### BUILDING AWARENESS OF SECURITY AND PRIVACY ISSUES

In order to promote a **sound culture** related to **cybersecurity**, we implemented an *"Information Security Awareness and Training Plan"* for all **colleagues** and our **customers** in 2023. Training activities related to **privacy** also continued, in particular with an initiative on insurance enforcement.

**Different tools** have been used to reach as many people as possible, including: training courses and training snippets, test activities and simulations, information campaigns via the company intranet, website, app and our social channels.

Our focus on skills growth and training is reflected in our participation in **observatories and research in the university environment** and our membership in prestigious initiatives, such as the Cetif Research HUB 2023 in collaboration with the **Università Cattolica del Sacro Cuore**, and the Digital Identity Observatory of the **Milan Polytechnic Institute**. With the latter, we continued to promote the inter-company "Security Specialist" master's degree to train highly specialised profiles in cybersecurity and security engineering.

We provided **more than 19,150 hours of training** to colleagues on these topics in 2023, including:

- over 14,360 hours dedicated to cybersecurity;
- 4,790 hours dedicated to privacy.

### MAIN TRAINING TOPICS

- The GDPR and its application to banking and insurance.
- Aspects of cybersecurity and business continuity, with targeted courses for new hires and refresher courses for all colleagues.
- Training snippets on preventing cyber attacks and correctly managing passwords.

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

In addition, **Table Top exercises** for colleagues with specific roles have been implemented in cooperation with CERTfin and the Bank of Italy. These activities seek to simulate scenarios that replicate the most common cyber attacks, in order to recognise and handle them accurately and promptly.

### 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



**8**  
news articles  
published on the  
website in 2023

**2.3 MILLION**  
customers reached  
with cybersecurity snippets  
in 2023

# PEOPLE

We have the **courage** to love courage.

We stimulate our people to give voice to their **uniqueness**, to deepen their **skills**, to indulge their special **qualities**.

We try to put our employees in the best position to be themselves, because we believe that the **shared goals** we aim for are also achieved by fulfilling **personal aspirations** and **ambitions**.

## SDGs



## STAKEHOLDERS

PEOPLE

## SNAPSHOTS OF 2023

> **19,700**  
people nearly all with a  
permanent contract

~ **5,600**  
people in agile working  
mode

€ **8** MILLION  
invested in training

> **1** MILLION  
hours  
of training provided

> **164,000**  
hours  
ESG training courses  
attended by over **18,800**  
people

The **female talent**  
enhancement programme  
continues

**29.7%**  
women in managerial  
positions



**We trust people,** because  
we believe in those who  
believe in themselves.

Bergamo, Piazza Vecchia

## Management, development, diversity & inclusion

People are the very **heart of our business strategy**: we recognise their value as a primary resource, fundamental for the company's continuous development.

Through listening, dialogue, valuing skills, experience, potential and professional aspirations, we plan customised growth paths in line with individual characteristics and company needs.

Our people management policy is embodied in a model that promotes their "continuous improvement and supports them in their professional development from the moment they join the Group".<sup>1</sup>

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**.

### 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**

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



## THE 2023-2026 STRATEGIC PLAN<sup>2</sup>

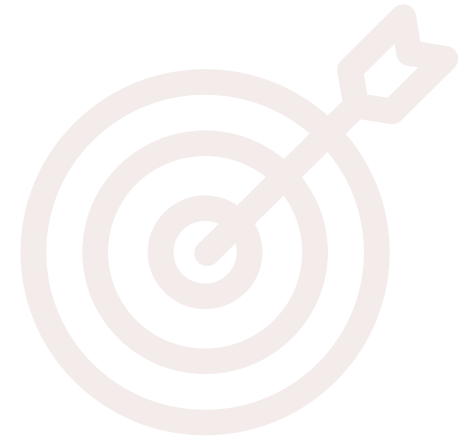
### EMPOWER PEOPLE

Strengthening the **People Strategy**, accelerating **generational change** and enhancing **female talent** are important **strategic ambitions of the new Plan**, which contains challenging objectives related to our people:

- around **800 new young people have been recruited**, including **200 IT& Digital** specialists (data scientists, cloud and cybersecurity specialists);
- **+20% women in managerial positions** (end of 2026 compared to end of 2023);
- around **900 talents** involved in targeted growth paths, aimed at accompanying high-potential young people towards managerial roles;
- about **500 front desk operators** involved in professional retraining programmes;
- **140,000 training days** per year, including **200,000 hours of ESG training** for employees by 2026;
- about **40% of work carried out remotely for headquarters staff** and about **20% for some network sales figures**<sup>3</sup>.

Our people development strategy also includes:

- the creation of an “Academy” to generate value and set new standards in professional development paths;
- customised growth programmes, with a focus on managerial development;
- the implementation of new internal communication tools to increase their effectiveness;
- the development of initiatives to foster the dissemination of a culture of respect and inclusion.



<sup>2</sup> gruppo.bancobpm.it > Investor Relations > 2023-2026 Strategic Plan.

<sup>3</sup> Managers with customer portfolios with remote offer > 30%.

We are members of the **UN Global Compact** and we are committed, at the highest level, to promoting and respecting universally recognised **human rights** and **eliminating all forms of discrimination in employment and occupation**.

## GUIDELINES ON RESPECTING AND SAFEGUARDING HUMAN RIGHTS<sup>4</sup>

In 2023, the “**Guidelines on respecting and safeguarding human rights**” were published. As stated in the Code of Ethics, the respect and safeguarding of human rights and fundamental human freedoms, and recognition of the value of diversity and inclusion, are some of the **fundamental principles** underpinning the **Group’s relations with all its stakeholders**.

In labour relations, Banco BPM “is committed to promoting respect for dignity, fairness and equal opportunities and enhancing each individual’s specificities” in order to create an inclusive and welcoming working environment and thus foster collaboration and improve effectiveness and productivity.

*“No form of work that fails to comply with internal and external regulations on labour law, nor any form of discrimination or harassment, shall be tolerated”.*

*“Freedom is ensured through the application of and compliance with national laws and regulations pertaining to the employment relationship, as well as in terms of trade union freedom of workers and their representatives, with particular reference to the right to join a trade union, engage in strikes and participate in shareholders’ meetings”.*

Banco BPM **guarantees the rights of all workers** without any form of discrimination and applies all the legal protections, the relevant labour agreements and specific second-level bargaining. All Group employees are covered by a National Collective Agreement signed with the trade unions.

**Internal conflict can be considered negligible:** there were **31** new cases in 2023, compared to 27 last year, of which four related to challenges to dismissals for just cause. The disputes initiated in 2020 for the sale of business units (NPLs) were all concluded in favour of the Group, both in the first and second instance.

<sup>4</sup> gruppo.bancobpm.it > Sustainability > Code of Ethics and Governance.

Agreements on remote working, smart working and smart learning were renewed. In particular, in order to facilitate the reconciliation of personal and family needs with professional ones, **agile working mode was confirmed**, for **about 5,600 people**, through a new individual agreement, and the **extension** of the possibility to benefit from **distance learning (for six days a year from home)**, for network staff.

For personal and family needs, the option of **voluntary, partially paid periods of leave from work** was also confirmed.

In order to guarantee the best conditions for carrying out work, **flexible entry and exit times** and the possibility of reducing the length of lunch breaks have been confirmed.

In addition, for the benefit of people with serious illnesses/ health conditions, we extended the full-time remote work throughout 2023.

The **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>5</sup>



<sup>5</sup> For a more detailed discussion of the positive environmental impact of remote work, see the chapter "Reducing the Environmental Impact."

## OUR PEOPLE

> **19,700 PEOPLE**  
nearly all with a permanent contract

> **95%**  
work at Banco BPM

> **3/5**  
work in the Sales Network

> **800**  
work in the specialist companies Banca Aletti, Banca Akros and Banco BPM Vita

Our Group counts **around 19,700** people, nearly all with permanent contracts<sup>6</sup>, with average seniority of about 23 years and an average age of over 49. Over 95% of our employees work at Banco BPM and nearly 60% work in the Sales Network. More than 800 people work in the specialist companies Banca Aletti, Banca Akros and Banco BPM Vita.

<sup>6</sup> There were two fixed-term and no non-guaranteed hourly work contracts. Data on employees differ from the workforce as there is also one collaborator and 17 interns/apprentices. As far as non-employees are concerned, they are all assigned to headquarters in an attaché role.

## THE IDENTIKIT OF OUR PEOPLE

> **49**  
average age

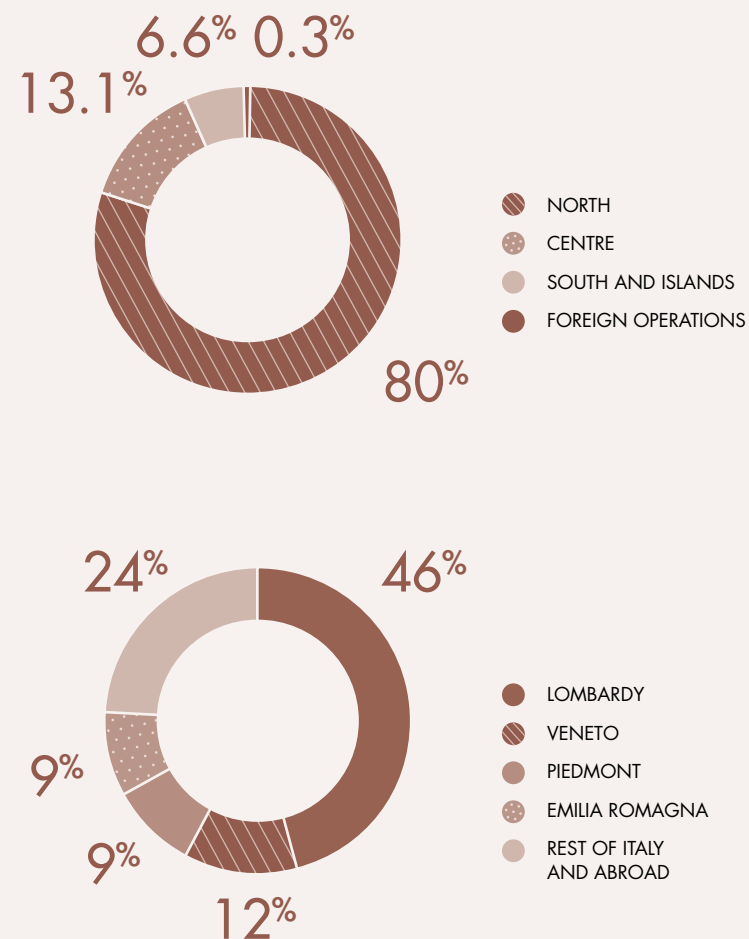
~ **23 YEARS**  
average length of service

The table shows a reduction in Group employees and an almost unchanged percentage in those choosing to work fewer hours (17% of the total compared to 16.9% in 2022). More than 60% of young people employed on apprenticeship contracts are women. The decrease in the number of apprentices compared to 2022 reflects the transition of apprenticeship contracts to permanent contracts following their natural expiry.

GROUP EMPLOYEES	2023	2022
<b>Total employees</b>	<b>19,761</b>	<b>20,156</b>
<b>Employees on permanent contracts</b>	<b>19,367</b>	<b>19,643</b>
of which women	46%	46%
of which men	54%	54%
<b>Fixed-term employees</b>	<b>2</b>	<b>/</b>
of which women	/	/
of which men	100%	/
<b>Employees on apprenticeships</b>	<b>392</b>	<b>513</b>
of which women	62%	58%
of which men	38%	42%
<b>Part-time employees</b>	<b>3,357</b>	<b>3,408</b>
of which women	94%	94%
of which men	6%	6%
<b>Full-time employees</b>	<b>16,404</b>	<b>16,748</b>
of which women	37%	36%
of which men	63%	64%

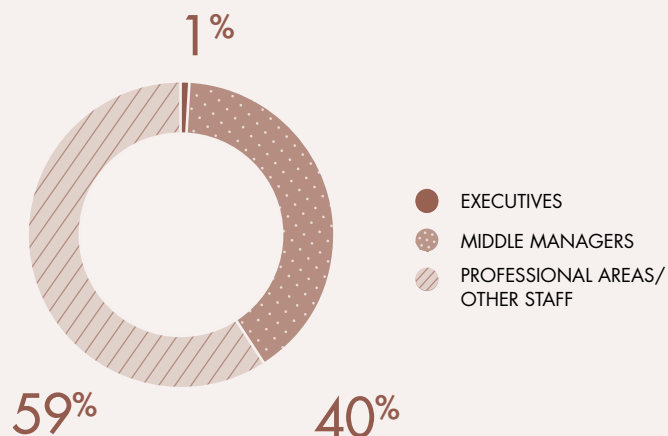
## EMPLOYEES BY LOCATION

The distribution of employees by **location** reflects that of 2022 and shows that the majority of our people are concentrated in Northern Italian regions, in line with the geographical distribution of our branches.



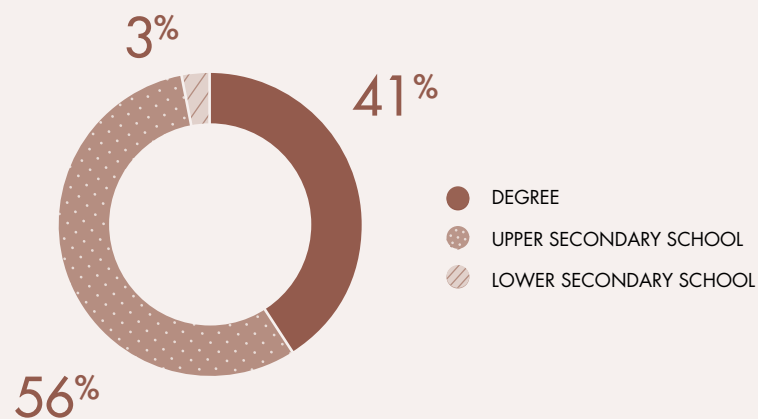
## EMPLOYEES BY CONTRACTUAL CATEGORY

The snapshot of employees by **classification** shows no differences compared to 2022: almost six out of ten employees belong to professional areas.



## EMPLOYEES BY EDUCATIONAL QUALIFICATION

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	6.2%	/	/
30-50 years	48.3%	26.2%	11.6%
over 50 years	45.5%	73.8%	88.4%
<b>total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
women	56.2%	33%	14.5%
men	43.8%	67%	85.5%
<b>total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
belonging to protected categories/disabled	8.8%	4.1%	/
not belonging to protected categories/disabled	91.2%	95.9%	100%
<b>total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
part time	26%	5.5%	/
full time	74%	94.5%	100%
<b>total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

In line with the female talent development programme, there is a slight increase in the proportion of women in management and executives in 2023.



## 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.**'*

## PLANNING FOR THE FUTURE, ATTRACTING AND RETAINING TALENT

In total, we hired **252** people in 2023, more than 2/5 of whom were **under 30 years old**, almost half of them **women**. Conversely, **672** people left the Group.

In order to contribute to business development through the inclusion of new skills required by the market and the changing environment, the majority of new hires in 2023 were for specialist figures.

In compliance with trade union agreements on the voluntary redundancy plan, 149 people were recruited in 2023, of whom 54.4% were women, against 250<sup>7</sup> exits through access to the Solidarity Fund. In the last three-year period, the recruitment of young people aged between 20 and 30 under trade union agreements accounted for 96.5% of the total number of new hires, thus supporting youth employment and fostering generational change.

The **turnover rate for hires** stands at **1.3%** compared to 1.83% in 2022, while the turnover rate for **terminations** is **3.4%**, compared to 3.92% in 2022.

To encourage **generational change**, in 2023 **Banco BPM** was again committed to supporting young university students, helping them to make the best possible transition to the world of work.

The **Employer Branding** initiatives, speeches, lectures and orientation activities carried out in synergy with the Group's partner universities and with local authorities and institutions aim to **engage excellence, increase the Group's attractiveness** and spread Banco BPM's values and culture.

This year, **38 initiatives** were organised focusing on the most relevant areas for banking and finance business (Finance & Investment Banking, Cyber Security, Data Governance, IT, Risk Management, Customer Consulting) involving some **1600 students** and **58 colleagues** from Banco BPM who enthusiastically made their skills and experience available.

In 2023, as in previous years, we established **55 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.

In the course of the year, **14 young people** were taken on as interns in Group companies.

<sup>7</sup> Including one employee of companies not on the consolidated balance sheet.

## TALENT ENHANCEMENT

In 2023, **development programmes** continued for **young people** and **key people** who stood out for their characteristics, commitment and aspirations for growth.

The programmes **accompany people on a path of initiatives and experiences that enhance their skills and talents**, involving them in empowerment paths to increase self-awareness, to train useful soft skills and cross-cutting skills in changing professional contexts and to focus their leadership style.

The **Youth Programme** is a training programme to engage, involve and professionally develop young people in their first years in the company. The **220 people** involved in 2023 explored future trends and scenarios, generational issues and honed their soft skills through individual reflection, group dynamics and role playing.

In 2023, the **mentoring** activity involved **150 young people** belonging to generations Z and Y (under 36) as **Mentees** and **150 managers - Mentors** with the aim of facilitating and supporting their induction into the company, quickly leading them to interpret their role, learn more about the organisation and develop their potential. The programme represents an opportunity for **intergenerational cohesion**, ensuring business continuity through the transmission of Banco BPM's culture, behaviour and value system.

A number of **coaching** courses were also launched for about **20 people** in 2023, with the aim of supporting managers in consolidating their roles and training and strengthening certain skills, particularly those who are using managerial skills for the first time or facing situations of organisational change.

The **"Boost your talents"** programme dedicated to "key people" currently employed in professional and commercial roles accompanies people on a growth path, enhancing their talents, training and enriching skills with a view to future managerial roles.

In 2023, about **420 people** were involved in the course.

## 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 paths consistent with the changing context, to foster knowledge, continuous learning and build advanced professional skills, including digital ones.

The training activities in 2023 focused in particular on professional development and building key skills in order to cope with **organisational changes and the evolution of professions**, integrating different training methodologies.

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 2023 through a careful redesign of all training initiatives in mixed mode (virtual classroom; e-learning; mobile learning). **The in-person mode** was resumed for some specific courses.

## TRAINING 2023

Each employee received an average of **57 hours of training**, up from 2022. Overall, there are no particular differences between men and women. We invested over **€8 million** (vs about €7 million in 2022) and employed a team of 51 people permanently dedicated to training activities.

**€8 MILLION**

invested in training

**+ ~€1 MILLION**

invested in training activities compared to 2022

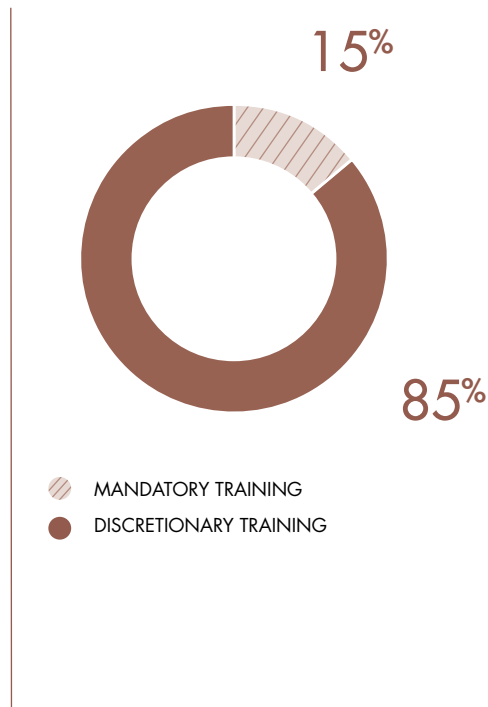
**~70% HOURS**

training with **internal teachers**

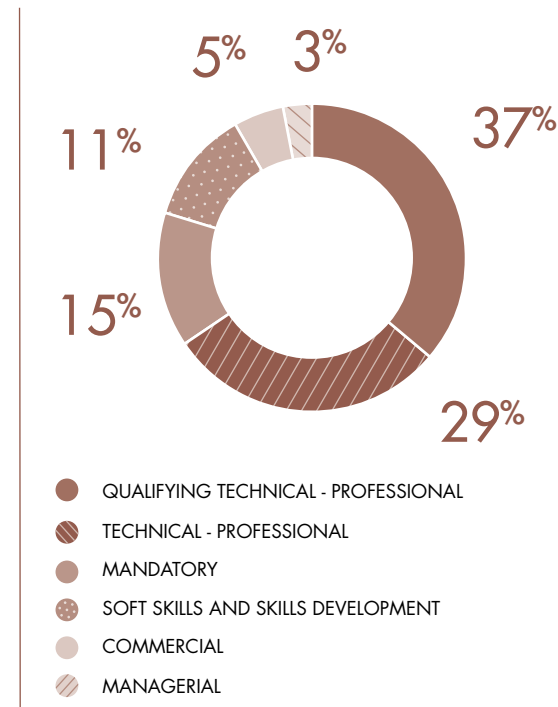
**> 1 MILLION HOURS**

of **training provided**

### MANDATORY TRAINING



### TRAINING BY TYPE



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, 423 employees participated in 242 specialised external seminars for a total of 9,197 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 2023 were:

### SPECIALIST TRAINING

- **Managerial roles** training to accompany managers, supporting them in managing their teams effectively, in identifying the most virtuous actions and behaviours to produce lasting value, in developing greater awareness of their own resources and talents.
- **Retail and Corporate Sales Network**: training to acquire the typical skills of the role and the ability to effectively manage customer relations.
- **Corporate Network**: training to acquire and consolidate skills in the area of credit policies from an ESG perspective, on the opportunities offered by the NRRP, and on digital transformation to support business strategy.
- **Bancassurance**: skills development training to support the evolution of the insurance business following the recognition of Banco BPM's status as a financial conglomerate.
- **Banca Aletti**: specialised training on the evolution of wealth management, asset allocation and sustainable investments, private insurance, asset management and ESG portfolio construction.
- **Banca Akros**: specialised training on data analytics, financial modelling, ESG impacts on financial analysis, ESMA MIFID training course.
- **Networking for a Sustainable Business** training aimed at encouraging a common reflection among the Heads of the Commercial Network of Banco BPM Group (Retail, Corporate, Aletti, Akros) to enhance and strengthen the synergies between the Networks in an integrated and sustainable business logic.

### TRAINING OF COMMON INTEREST

- **ESG**: training on sustainability issues such as credit policies integrated with ESG factors, People Strategy integrated with sustainability, ESG investment products, occupational health and safety, environment and energy.
- **Inclusion, diversity and organisational well-being**: training initiatives to spread the culture of inclusion and respect and to foster organisational well-being.
- **Digital transformation**: initiatives to accompany the digital transformation process in business and consulting services, development of digital soft skills, agile methodologies, artificial intelligence, big data management for central structures.
- **Evolution of regulations and legislation**: training to support the evolution of regulations and legislation to ensure compliance, reputational safeguards in favour of good business for the worker and the company, on the topics: Anti-Money Laundering, Offences under Italian Leg. Decree 231/01, Occupational Health and Safety, GDPR, Cybersecurity and Business Continuity, Transparency, IVASS and ESMA-MIFID II.
- **Language R-evolution**: training course aimed at simplifying corporate communication, making it clearer and more comprehensible.

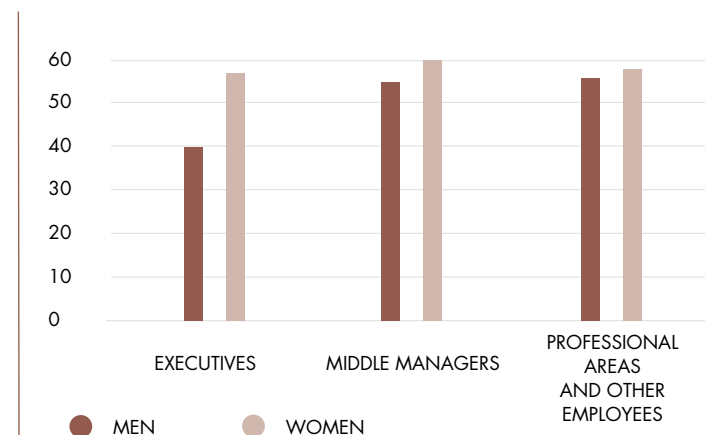
### UPSKILLING AND RESKILLING

The evolution characterising the current environment has an impact on the skills needed by people and the organisation.

As part of the upskilling and reskilling process of specialised functions, the following initiatives have been implemented:

- **Managerial roles** training to accompany managers, supporting them in managing their teams effectively, in identifying the most virtuous actions and behaviours to produce lasting "value", in developing greater awareness of their own resources and talents;
- **IT and Data Governance**, aimed at creating specialised professionals and developing professional skills (Data Quality, Data Science, Machine Learning, Cloud, Agile for Business, Python programming);
- **Integrated Procurement Management**, with the aim of sharing a common vision and language and updating the skills of the function on topics such as purchasing strategies, supplier accounting and evaluation, and contracts;
- **Audit, Compliance and Risk** with the aim of developing and updating the relevant specialised skills and certifications (CIA - Certified Internal Auditor).

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



### 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, 100 people who act as focal points for ESG issues within their departments and support the Sustainability department in monitoring ESG KPIs. In total, more than **18,800 people** were involved in ESG training courses totalling more than **164,000 training hours**<sup>8</sup>.

### WELL-BEING OF PEOPLE

Among our development programmes, in line with our D&I ambitions, the **Gender Programme** aims to enhance **female talent** and, in particular, has the objective of enhancing self confidence through work on personal effectiveness, power of influence and individual assertiveness. Involving **278 people**, the course ended with a common reflection on the value generated, the levels of effectiveness achieved and the sharing of good practices.

We also started a **management development programme (Manager Programme)** for about **250 second- and third-level managers**, with the aim of strengthening the management team by consolidating their leadership style and training them in the skills required for management roles. The course integrates moments for individual reflection with those of discussion and group coaching to facilitate the ability to outline common strategies, create collaborative networks and find solutions in today's complex and changing environment.

Upskilling and reskilling initiatives, as well as customised development paths and the preparation of special plans for filling positions of responsibility (distinct from the succession plans required by current legislation) made it possible to fill around **97% of vacant positions** using internal candidates.



<sup>8</sup>The ESG training hours take into account the training actually provided during 2023, regardless of the fact that some employees are no longer on the job as at 31/12/2023.

## PERFORMANCE EVALUATION

The **performance evaluation** system 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 of each individual in carrying out their work, evaluated based on a measurement scale that considers the levels of completeness, frequency and complexity of the action.

A final evaluation, accompanied by a description qualifying the overall performance with arguments and examples, summarises the outcome of the performance evaluation process.

A sharing interview between manager and employee defines the development plan for the future which is consistent with the findings of the evaluation phase. For colleagues with hearing disabilities, the process is supported by an LIS interpreter.

In 2023, the tool dedicated to **collecting the professional aspirations and development goals** of employees was expanded and renewed, allowing them to communicate their desire to broaden their skills in different areas to the Bank and indicate their possible ambition to take on more complex roles.

In 2023, about **19,200** people, representing about 97.2% of employees, were assessed.

In particular, 97% of women were assessed and 97.5% of men, 93% of Executives, over 98% of Middle Managers and 96% of the Professional Areas and remaining employees. Feedback moments between manager and employee were formalised for almost all employees (99%).

In most cases (59%), a structured development plan is in place.

At the end of the process, each employee was able to express an opinion on the evaluation received: in 2023, 61% of employees took advantage of this possibility.

Again in 2023, top management was given a dedicated evaluation system that emphasises the ESG dimension as a relevant subject of evaluation, assigning specific targets.

A new tool will be implemented in 2024 to measure the effectiveness of performance in managing the activities overseen. The new **performance management** system will make it possible to assess not only behaviour (how people perform), but also their content (what they do).

The evaluation forms were designed to reflect the working reality of each role and were produced with the input of the line managers and validated by the heads of the corresponding functions.

In addition, to further foster **involvement**, an initial trial of **continuous feedback** will be launched in 2024, with the aim of gradual extension in subsequent years. The process will be *top-down* and *bottom-up* and will support the manager-employee relationship to guide individual actions in real time by reinforcing feedback of effective behaviour and suggesting feedback in the event of sub-optimal behaviour.

## DIVERSITY & INCLUSION

Recognition of the value of **diversity** and **inclusion** is one of the fundamental inspiring principles of the Banco BPM Group, as stated in the Code of Ethics.<sup>9</sup>

We are committed to promoting the enhancement of the specificities of each individual as well as inclusiveness, recognising their strategic importance, and safeguarding these areas with specific attention in order to seize the evolutions of the context, stimulate innovative solutions, create more effective and more risk-aware decision-making processes, all without prejudice.<sup>10</sup>

We cultivate an inclusive work environment where well-being and value are derived from the collaboration of individuals with diverse skills, experiences, and backgrounds. It ensures that everyone can fully access and utilise resources, embracing a “design for all” approach that eliminates barriers and distinctions.<sup>11</sup>

We pay fair remuneration in compliance with remuneration and incentive policies, neutral with respect to gender and the other different features of each individual, in line with the principle of meritocracy.

The **Diversity, Inclusion and Social** unit, which contributes to defining and implementing company policies that value diversity in its multiple dimensions - gender, age, ethnicity, disability, affective and sexual orientation, religion and culture - is responsible for, among other things:

- stimulating a culture and policy of inclusion based on respecting and listening to people and recognising and valuing their talents and differences;
- contributing to the application of the principles of fairness and equal opportunities in the processes of recruitment, promotion to positions of responsibility, and to the enhancement of merit, skills and aptitudes also of persons with disabilities at every stage of their working life;
- fostering internal awareness of ESG issues as a defining element of corporate culture.

In 2023, we carried out the **Banco BPM Group's first climate survey** to gather thoughts and insights for improving the company.

**Given to the entire corporate population**, the survey focused on five areas: work environment, corporate culture, work organisation, development and growth, and work-life balance.

**More than 11,000 people** participated in the survey, with an **adherence** rate of **55%**.

Collected in numerical, aggregated and totally anonymous form, the data made it possible to identify the areas that were covered well and those on which attention should be paid.

Working groups involving different corporate functions will be set up to identify actions to be taken on the basis of the reflections and insights gathered.

<sup>9</sup> [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Code of Ethics and Governance > Code of Ethics.

<sup>10</sup> [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Code of Ethics and Governance.

<sup>11</sup> The term “design for all” refers to a design philosophy that aims to make products, services and systems usable by as many people as possible, without requiring adaptations.

In 2023, the “GuardiamOltre” project was launched, focused on making the Group more accessible and inclusive towards all forms of diversity. The project promotes a “design for all” approach and transversally involves different organisational units with the aim of overcoming physical, sensory, technological, cultural and communication barriers.

The dissemination of the **#Respect programme** and the **Manifest Commitment** continued through “Respect Space Gaming”, an innovative digital gymnasium for the entire corporate population, focused on encouraging respectful behaviour in relations between people.

As evidence of our concrete commitment to creating a sustainable and inclusive work environment, in 2023 we joined **Parks - Liberi e Uguali**, the non-profit organisation that promotes the value of diversity within its member companies, with a specific focus on sexual orientation and gender identity (LGBTQIA+).

The association, whose members are exclusively employers, helps its member companies to understand and realise the business potential of developing diversity-friendly strategies and best practices, in the belief that inclusion and respect are only successful if they truly involve everyone.

Finally, Banco BPM continues to be a supporting member of **ValoreD**, the association of companies that promotes gender balance and inclusive culture within companies.

## Il nostro Impegno Manifesto

Siamo tutti diversi in modo unico.  
Riconoscerlo è valore, rispettarlo è Banco BPM.

**GuardiamOltre.**

Ascolto	Empatia	Reciprocità	Valorizzazione	Cooperazione
Dedichiamo tempo e attenzione alle opinioni e alle idee altrui.	Riconosciamo e comprendiamo i bisogni e gli stati d'animo altrui.	Agiamo nello stesso modo in cui vorremmo che si facesse con noi.	Favoriamo un contesto in cui chiunque possa esprimersi e sentirsi riconosciuto.	Uniamo le nostre competenze ed esperienze per raggiungere un obiettivo comune.

Regarding the **presence of women in management**, a share of **29.7% in 2023 shows significant improvement** compared to 26% in 2022 and 23.4% in 2021. The number of women in management increased by 18.2% in 2023 compared to 2022, and this steady increase testifies to our commitment to enhance female talent. This commitment to enhancing female talent will also progressively lead to a greater balance in gender pay with respect to contractual frameworks.

### RETRIBUTION AND REMUNERATION RATIO

OF MEN/WOMEN BY PROFESSIONAL LEVEL  
(EXCLUDING PART-TIME)\*

GROUP EMPLOYEES	2023	2022
<b>Executives</b>		
Remuneration	0.77	0.75
Remuneration	0.71	0.70
<b>Middle Managers</b>		
Remuneration	0.93	0.93
Remuneration	0.93	0.93
<b>Professional areas</b>		
Remuneration	0.99	0.99
Remuneration	0.99	0.99

\*The CEO is excluded from the ratio in order to allow comparison with leading peers in the banking sector where the CEO is not an employee.

### MAIN RISKS

#### UNSUITABLE PROFILES AND LOSS OF KEY RESOURCES

#### CONFLICT AND RESISTANCE TO ORGANISATIONAL CHANGE

### MANAGEMENT METHODS / POLICIES ADOPTED

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)

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>12</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>13</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 C155 on Workers' Health and Safety, the principles of the UN Global Compact and the UN Sustainable Development Goals.

<sup>13</sup> Code of Ethics

### 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>12</sup> gruppo.bancobpm.it > Sustainability > Code of Ethics and Governance > 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>14</sup>

The set of social benefits<sup>15</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.

### HEALTH AND WELL-BEING

**COVERAGE OF MEDICAL EXPENSES** for around **63,000 people** for current employees, those on redundancy and retired and family members. Banco BPM Group employees also take time off work for medical examinations.

**SUPPLEMENTARY PENSION** with company contribution (about **24,400 positions managed**) and pension supplement (over **4,300** retired former employees).

**INSURANCE POLICIES** with coverage of work and non-work accidents and disability due to illness. During 2023, so **360 accident files were handled**.

**DISABILITY MANAGEMENT** dedicated support for the effective inclusion of people with disabilities in order to improve their performance levels, make interaction with the team effective and provide advice to managers and the work group in which the person with a disability is included. In 2023, there were **857 interviews** (out of a total of **1,401 people with disabilities** in the company) and training initiatives on disability management involving **63 managers**.

In addition, **12** colleagues from different technical structures have embarked on a course to obtain Disability Manager certification, which will end in 2024.

### LISTENING SPACE FOR PSYCHOLOGICAL WELL-BEING

aimed at those who need a moment of listening, support and accompaniment to deal with a work-related or personal difficulty. The interviews provide psychological counselling on strategies to re-establish a situation of balance and personal well-being.

In 2023, **538 individual interviews** were conducted.

**WELFARE PLAN** envisages the provision of a "**welfare budget**" with an economic contribution for all employees, professional areas and management frameworks. The amount granted in 2023 was **€1,500**. Thanks to a dedicated platform, which can also be used via an App, numerous services are made available for the purchase of goods and services dedicated to the family, mobility, leisure, health care or one's own supplementary pension.

The set of services available through the Welfare platform continued to offer the possibility of purchasing tax-free fuel vouchers up to a limit of €200 in 2023, and for those with dependent children, the threshold of purchasable shopping vouchers has been raised and the household utility reimbursement service activated.

The range of study guidance services dedicated to children has been expanded: in addition to the guidance service for secondary school students seeking support in choosing a university course, a service dedicated to middle school students has also been introduced.

<sup>14</sup> [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Code of Ethics and Governance > Code of Ethics.

<sup>15</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).



**Progetto W@W – Wellbeing at Work** to promote and disseminate healthy and sustainable lifestyles. The project was enriched in 2023, adding the themes of **mental well-being to those of physical health** to address current issues of digital well-being, interaction with technology and mindfulness techniques for better emotional balance.

A **company nutritionist service** has been activated, offering all staff the opportunity to benefit from free individual consultations on dietary strategies for the prevention and management of illnesses, virtuous eating behaviour, body weight management and nutrition and sporting activity.

In 2023, the “**OSA - Objective Health Environment**” project, a non-competitive, virtual, multi-sport challenge promoting physical activity, health, well-being and sustainability, won the Sustainability Award 2023 in the finance segment.

The project was launched to coincide with the European Sustainable Mobility Week to promote movement in favour of health and the environment; this year it was enriched with the possibility of participating in teams to enhance teamwork.

As evidence of its growing commitment, in 2023 Banco BPM obtained the “**Health Friendly Company**” (HFC) certification promoted by Fondazione Onda, the national observatory on women’s and gender health.

Health Friendly Company (HFC) is a project aimed at promoting increasingly advanced welfare systems: the evaluation is assigned to the areas related to flexible working hours, remote work, maternity and family support policies, promotion of information and training campaigns with the objective of facilitating healthy lifestyles, attention to diversity and psychological support.

The recognition is given to companies that have stood out in safeguarding the protection of the health and well-being of their employees, promoting initiatives in the field of well-being that restore centrality to the person even in the work context.

## AIRC

The collaboration with our institutional partner **AIRC Foundation** continues, to provide complete and correct information on our health, to reflect on sustainable food issues and to promote cancer prevention for all.

The well-being training initiatives were held online and involved **1,944 people** in **122 training courses**.

The main contents have been summarised in articles or videos available on the dedicated section of the company portal.

## FAMILY AND FREE TIME

**WORK-LIFE BALANCE:** in 2023 we continued to allow about **5,600 people** to work remotely, alternating between in-office days and remote work.

In addition, over **3,300 people** benefit from part-time work.

## PARENTHOOD

- The “Welcome Back Mum” project is a space for discussion, listening and reflection on balancing work and family that accompanied **118 new mothers** returning from maternity leave.
- “Future Parents” is a discussion on the waiting period and the arrival of a child, as well as couple, family and work changes.
- “Becoming Daddy” is a pathway to foster cultural change on the role of fathers for real gender equality.
- “Family together” is a course dedicated to families in the different stages of their children’s development, with a focus on topics such as cyberbullying, disability, emotional and sexual orientation, school orientation, family finance.

A total of **880 people** participated in the last three projects.

**ORGANISATIONAL WELL-BEING:** “Taking Care” project to improve work well-being in carers, providing support in dealing with moments of disorientation when the need for care or assistance or a personal or family member’s fragility arises.

## INITIATIVES FOR CHILDREN

- **180** types of holidays offered over 560 summer camps for the children of employees aged between 6 and 16, in which **1,543 children/youth** participated.
- “**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 **7,090 children**.
- **Jingle Bank**, the Christmas event dedicated to the children of colleagues that involved **3,000 children** up to 10 years of age held in-person and at the same time in 21 Group locations. The theme proposed in 2023 was a reflection on the value of food to combat food waste.

## 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

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>16</sup>, the **protection of people’s health and safety and well-being in the workplace** is a **value** that guides the Group’s choices.

The compliance of the work environment with respect to health and safety regulations is ensured through the **prevention, management and monitoring of risks associated** with the performance of professional activities.<sup>17</sup>

This is why 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 2023, the Group confirmed its **certification** for the international standard **UNI ISO 45001:2018** for the **Occupational Health and Safety Management System (OSHMS)**<sup>18</sup>.

<sup>16</sup> UN Declaration of Human Rights (safety through specific focus groups, 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>17</sup> gruppo.bancobpm.it > Sustainability > Code of Ethics and Governance > Code of Ethics.

<sup>18</sup> The Occupational Health and Safety Management System applies to Banco BPM, Banca Aletti and Banca Akros.

The audit process was conducted by Bureau Veritas and the related audit activities were carried out through interviews, field observations, processes and activity monitoring, review of legally required documentation, and the control of legislative compliance. These audits covered a representative sample of network and head office business units.

In order to update and maintain the OHSMS, the overall assessment of risks and opportunities considered relevant to the Group was integrated and the need emerged to include some implementations related to evacuation drills such as:

- mapping people with special needs in order to prepare suitable structures, layouts and procedures;
- the obligation to record any anomalies found during the test;
- archiving minutes in computerised form.

Still on the subject of emergency management, with the aim of responding to climate change and the consequent intensification of extreme weather phenomena, new emergency scenarios (extreme heat, flooding, etc.) have been integrated into the "Emergency Plan".

With the aim of **preventing workplace violence and harassment**, in 2023 we incorporated the law ratifying International Labour Organisation Convention No. 190 on the Elimination of Workplace Violence and Harassment adopted in 2019 into the Risk Assessment Document.<sup>19</sup>

We therefore revised our preventive measures in line with what is set out in the Code of Ethics, in which the Banco BPM Group states that it does **not tolerate "mobbing" and "stalking", sexual harassment, physical or psychological harassment**.<sup>20</sup>

The **preliminary work-related stress risk assessment** was completed in 2023. The evaluation, which started in 2022 and was conducted on the entire company population, was aimed, among other things, at identifying potential negative impacts on work organisation and employee well-being at the end of the pandemic emergency.

Overall, the results of the surveys show an assessment of the organisational risk at **insignificant levels**. However, some individual thematic areas had average risk levels, suggesting the adoption of improvement actions in technical, organisational, procedural, communication and training areas.

To this end, five thematic cross-functional groups were set up to develop more than 20 improvement and mitigation actions identified to prevent work-related stress risk.

The 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.

A total of **2,018 visits** were carried out for health surveillance pursuant to Article 41 of Italian Legislative Decree 81/08 (of which 95% for preventive and periodic health surveillance, 4% for medical examinations at the worker's request and 1% for medical examinations prior to resuming work, following absence for health reasons).

During the year, the company physicians carried out **73 inspections** at the workplaces of employees undergoing health surveillance.

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 which over time has guaranteed adequate levels of knowledge and contributed to spreading the corporate culture on such matters.

Constant communication continues with all employees, who are invited to report any sources of risk and situations that may have an impact on the OHSMS via the dedicated mailboxes: [sistemidigestione.iso@bancobpm.it](mailto:sistemidigestione.iso@bancobpm.it) and [servizioprevenzioneprotezione@bancobpm.it](mailto:servizioprevenzioneprotezione@bancobpm.it).

Overall, about **34,000 training hours were provided on health and safety to over 5,200 employees** in 2023.

<sup>19</sup> [www.ilo.org](http://www.ilo.org) > Italy ratifies ILO Convention (No. 190) on the elimination of violence and harassment in the world of work.

<sup>20</sup> Code of Ethics.

INJURIES 2023 <sup>21</sup>	MEN	WOMEN	TOTAL
<b>in the workplace</b>	<b>21</b>	<b>32</b>	<b>53</b>
of which with serious consequences	/	/	/
<b>in transit</b>	<b>62</b>	<b>87</b>	<b>149</b>
of which with serious consequences	/	/	/
of which in Northern Italy	75.9%	76.5%	76.2%
of which in Central Italy	12%	15.1%	13.9%
of which in Southern Italy and Islands	12%	8.4%	9.9%
Injury rate (frequency rate) <sup>22</sup>	4.76	8.72	6.50
Severity rate <sup>23</sup>	0.15	0.28	0.21

There were no occupational fatalities during in 2023, confirming the safety of the banking environment.

However, **202 injuries** were recorded (up 6.3% from **190** in 2022), of which **149** were **commuting** accidents (73% vs 85% in 2022). These episodes led to a worsening of the injury rate - frequency index (6.50 in 2023 vs 6.04 in 2022), accompanied by less days lost due to injuries (6,540, of which 41% related to men, in 2022 there were 7,746, of which 49% related to men) and a slight improvement in the severity index (which was 0.21 vs 0.25 in 2022).

There were no significant differences in the geographic distribution of accidents compared to 2022. The main cause of personnel absence continues to be illness, which represents 81% of total absences. The absenteeism rate is 4.77% (5.31% in 2022), slightly higher for women (5%) compared to men (4%).

<sup>21</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 31,044,481 in 2023.

<sup>22</sup> Number of injuries/workable hours x 1,000,000.

<sup>23</sup> Days lost due to injury/ workable hours x 1,000.

## ENGAGEMENT AND CORPORATE CULTURE

Internal communication plays an important role in promoting **corporate values, culture and identity** and shares the Group's vision and strategy with all employees, encouraging their **involvement** and strengthening their **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 2023, a new section dedicated to **Artistic Heritage** was introduced to unveil and share the treasures that the bank preserves and cherishes through a series of **podcasts**.

Total **views** of the corporate portal were **4,130,660**, in line with 2022.



**>4.1 MILLION**  
views on the company  
intranet

*"We work with initiatives to promote sustainability values among the Group's people"<sup>24</sup>*

Initiatives to foster the dissemination of an **ESG culture** within the company have continued.

We promoted programmes aimed at spreading respectful behaviour in relations between people again in 2023. The **#Respect project** was given wide visibility on the company intranet through videos, interpreted by colleagues, dedicated to the keywords of "A Manifest Commitment - Our Covenant of Respect".

On the occasion of the **International Day for the Elimination of Violence against Women**, we promoted an awareness-raising campaign through the video "A gesture that counts", inviting people to symbolically wear red lipstick to show their closeness to all women victims of abuse and which featured Banco BPM Group people.

We have also launched the format **"We at Banco BPM #Experience"** which promotes initiatives in different areas through short videos: culture, art, sport, education and training, environment and territory, solidarity and social.

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**

Meetings were held, mainly **in-person**, with top management to shorten distances and strengthen the sense of belonging to the corporate community.

We organised a **Road Show that stopped in nine locations throughout the country**, during which our CEO, Group Chairman and Co-General Managers and first line management were able to meet, once again in person, more than **3,500 people** from the sales, retail and corporate network.

Around **40 meetings** were organised in 2023: from road shows, to commercial events dedicated to companies and private individuals, to management events (Banca Aletti and CIB Workshops), to monthly appointments dedicated to the corporate world (e.g. Periscopio).

A total of around **9,000 people** were involved in the in-house workshops this year.

**MAIN RISKS**

**INADEQUATE LEVELS OF MOTIVATION AND RETENTION**

**HEALTH AND SAFETY (PHYSICAL AND PSYCHOLOGICAL)**

**MANAGEMENT METHODS / POLICIES ADOPTED**

- Integrated and competitive welfare system, continuous information and involvement
- Plural, fair and inclusive working environment, attentive to organisational well-being
- Organisational oversight, psychological support, health check-ups for employees exposed to specific risks, training and awareness on health and safety issues
- As a result of the recent pandemic emergency, we have undertaken 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

<sup>24</sup> gruppo.bancobpm.it > Sustainability > Code of Ethics and Governance > Code of Ethics.

# COMMUNITY

**Present** in the community, **responsible** for its hopes.

**We observe** what happens around us in order to understand the needs of society and sense its evolutions, building **change** before it becomes urgent.

We are the **meeting point** for projects, interests, possibilities and knowledge, and we invest our expertise to promote initiatives that create shared value.

SDGs



STAKEHOLDERS

COMMUNITY SUPPLIERS

## SNAPSHOTS OF 2023

~ €**2.4** MILLION  
in ESG donations and sponsorships

+  
~ €**3.4** MILLION  
earmarked for our local foundations

~ €**1.1** MILLION  
fundraising for the population of Emilia Romagna

**166**  
ESG INITIATIVES

~ **3,000** HOURS  
of corporate volunteering

~ **5,000**  
**RESEARCHERS**  
supported under the partnership with AIRC

> **5,000** HOURS  
financial education for clients and non-clients and ESG awareness for companies

in addition to  
> **1,600** HOURS  
of financial education in schools

**1,252** SUPPLIERS  
~ €**773.6** MILLION  
IN TURNOVER  
> **99%**  
IN ITALY



By **listening**, we open up  
paths to address together  
with communities.

Novara, Cathedral of Santa Maria Assunta

# 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 national associations and international initiatives.**

## MANAGEMENT MODEL



<sup>1</sup> This chapter reports on the activities performed by the Banco BPM Group for the community. A page at the end of the chapter is dedicated to the activities of the foundations: although they do not fall within the Group's scope, they play an important role for their communities.

In continuity with the path taken in previous years, in 2023 we worked in **synergy with our communities of reference**, intercepting and welcoming their needs and developing the most appropriate intervention tools.

We have economically supported our communities with **around €2.4 million, implementing 166 ESG projects.**

We also organised a fundraiser for **Caritas Italiana, which through its local diocesan offices, supported the population of Emilia-Romagna** affected by a severe flood in May. Thanks to the contributions of **the Group's employees, customers, companies and foundations**, we raised around **€1.1 million<sup>2</sup>.**

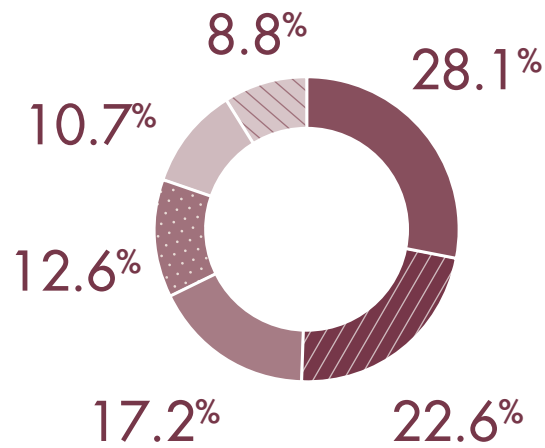
Approximately **€3.4 million** was allocated to foundations<sup>3</sup> in order to support their assistance, charity and public interest activities.

<sup>2</sup> The contribution of about €1.1 million for the Ukrainian people is broken down as follows: about €995,000 from fundraising among Group employees, customers and other stakeholders; €65,000 from the Banco BPM Group, and €55,000 from the Group's statutory foundations.

<sup>3</sup> Banco BPM's By-laws, in continuity with its cooperative tradition, provide for the possibility of donating a share equal to or less than 2.5% of net profit to the seven foundations 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 the second half of 2023, the Board of Directors of Banco BPM decided to further supplement these amounts with €1 million.



**CONTRIBUTION TO THE COMMUNITY BY FIELD OF ACTIVITY**



- RESEARCH AND HEALTH
- SOLIDARITY AND SOCIAL
- EDUCATION AND TRAINING
- ART AND CULTURE
- SPORT
- ENVIRONMENT AND LOCAL AREA

**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



**SOLIDARITY AND SOCIAL**

- Initiatives to help weaker segments of the population
- Support for disability
- Childcare support



**ART AND CULTURE**

- Support for literature, theatre and art initiatives
- Enhancement of our artistic and cultural heritage through dedicated projects and restoration work



**ENVIRONMENT AND LOCAL AREA**

- Initiatives to raise awareness of environmental issues



**EDUCATION AND TRAINING**

- Support for schools
- School drop-out programmes
- Scholarships



**SPORT**

- Promoting sport as a vehicle for inclusion
- Support for local associations to spread sporting values among young people

## PROJECTS WE BELIEVE IN



### RESEARCH AND HEALTH

The synergy between finance and research continues. 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 5,500 researchers** was renewed for the fourth year. We also participated in the traditional fundraising campaigns: "The Oranges of Health", "Research Chocolates" and "The Research Azalea".

**Support also continued for associations caring for the sick and their families**, such as AISLA in Piombino (LI), which cares for people suffering from Amyotrophic Lateral Sclerosis, or the Andrea Tudisco Association in Rome for clown therapy activities in the capital's hospitals.



### ENVIRONMENT AND LOCAL AREA

Among 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, focused on sustainable mobility that involved 16,900 children. Sponsorship was also renewed for **Pianeta Terra Festival** in Lucca: four days of meetings on environmental sustainability issues, directed by Stefano Mancuso. The leitmotif of the second edition was the exploration of the dense and ingenious web that holds all living things together, real relationships that, if changed, would produce very profound consequences.

We also supported **Talent Garden** Genoa, which has created a **new green tech park** in the Baltimora Gardens in the heart of the city, acting as a catalyst for young entrepreneurs in the area. In Rome, the bank sponsored the **conference "For an ecological, non-ideological transition"** organised by Magapoli S.r.l., with the aim of defining a framework of principles capable of promoting change without destroying the industrial, technological and civil heritage of the country and the West. It focused on a path towards an eco-sustainable economy while maintaining the social and economic rights that have matured over the last century.



### SOLIDARITY AND SOCIAL

In addition to the aforementioned intervention to help the people of Emilia-Romagna affected by the floods, **support for the weaker segments of the population also continued on the inclusion front, with numerous projects throughout Italy involving disabled people, the sick and disadvantaged families**. This includes support for the Casa Papa Francesco Foundation in Livorno for the accommodation of minors experiencing hardships and the "A' Voce d'è Creature Onlus" Foundation, which organises educational and recreational activities for children in the most difficult neighbourhoods of Naples. Added to these is the sponsorship of the International Festival of Different Abilities of the Nazareno Social Cooperative of Carpi (MO), which has been pursuing the enhancement of the individual since 1999 through art, proposing music, dance and theatre performances, conferences, exhibitions, films, testimonies and competitions, dedicated above all to people with disabilities.

2023 was the first year the Group supported the **Global Thinking Foundation's "We 4, education, empowerment, engagement, equality" project**, a portal dedicated to combating economic and financial violence against women. The initiative provides a series of educational, training and employment opportunities (accessible directly online) to foster women's empowerment, with a focus on the weakest groups.



### EDUCATION AND TRAINING

Confirming our interest in educating the younger generations and considering schools to be of crucial importance for the country, the "**School Project**" was launched in 2018. The initiative translates into listening to the needs of public institutes in our communities that are in need of new equipment or infrastructural interventions.

We supported **over 200 schools in 2023 in Italy**, and since the start of the project 940 schools have been supported with the aim of improving distance learning, implementing material and electronic connections, increasing protective equipment and updating common areas. We were also involved in **Che Classe!** and **@Scuola2030**, school-work alternation projects. The first was organised by the Lodi daily Il Cittadino, while the second was organised by the newspaper Il Tirreno in schools in Tuscany and by Gazzetta di Modena, Gazzetta di Reggio and La Nuova Ferrara in schools in Emilia-Romagna.



### ART AND CULTURE

**We confirmed our traditional commitment supporting initiatives and projects in the fields of theatre, literature and art**, such as the 75th Veronese Summer Theatre and the play "Women and the Mafia" in Benevento. We also supported several exhibitions, including: "Cecco del Caravaggio. L'allievo modello" at Accademia Carrara in Bergamo, "Boldini, De Nittis et les italiens de Paris" at the Novara Castle, "Antonio Canova e il Neoclassicismo a Lucca" at the Ex Cavallerizza.

**Support was also given to the activities of the Ragghianti Foundation** in Lucca for the exhibition "Pensiero video. Disegno e arti elettroniche" and the "Fausto Pirandello" Foundation in Viterbo for the painting prize for young talents.



### SPORT

We consider sport as a vehicle for inclusion and support for the social fabric. For this reason, **we mainly support local associations that work to spread the values of sport among young people** and include projects in favour of **people with disabilities**, such as the Paralympic swimming teams Verona Swimming Team and Polha Varese. Other examples include Seo ASD, which focuses on the development and dissemination of cycling and para-cycling (handbike), and the Società Sportiva Dilettantistica Volare that has been organising the "Città di Alessandria Memorial Eugenio Taverna" National Wheelchair Tennis Tournament for six years.

We renewed cooperation with **the association "Ness1Escluso", for 2023, which offers free multidisciplinary sports activities for children with cognitive disabilities**.

The historic partnership with Novara Calcio focused on supporting the youth sector and developing a project on Cyber Bullying at Novara's schools continued in 2023.

The goal of the "Training for future" initiative organised by Powervolley Milano instead focuses on supporting a new model of educational alliance between youth and champions. The players of their first club meet weekly with the girls in the Students category.

## SHARING KNOWLEDGE AND RESOURCES

The sharing of knowledge and resources dedicated to financial education and ESG awareness continued, also in the business sphere, through meetings, conventions, initiatives, collaborations with universities, and social initiatives, also thanks to the involvement of Group colleagues.

**> 6,600 HOURS\***  
of financial awareness and ESG education meetings for customers, new generations, companies and other stakeholders

**~ 1,600**  
university students involved in our employer branding initiatives

**~ 3,000 HOURS**  
of corporate volunteering

**66**  
restored works of art

## HOW WE MAKE OUR EXPERTISE AVAILABLE TO THE COMMUNITY



### FINANCIAL AWARENESS

- Spreading financial awareness also among the younger generations



### ESG TRAINING INITIATIVES FOR COMPANIES

- Sharing ESG issues in the business environment
- Focus with industry experts



### CONFERENCES AND INITIATIVES

- Implementation of conferences and initiatives to share knowledge and culture, including financial



### EMPLOYER BRANDING

- Supporting young people in career orientation
- Collaborations with universities



### CORPORATE VOLUNTEERING AND SOCIAL INITIATIVES

- Direct support for initiatives of social value
- Initiatives to raise awareness of community-related issues



### ARTISTIC ASSETS

- Enhancing and offering our artistic heritage
- Restoration of artwork

\*This includes 210 hours of ESG awareness for non-Banco BPM customers.

## PROJECTS WE BELIEVE IN

### FINANCIAL AWARENESS

**Financial awareness** meetings were held for the fifth 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 **28 meetings** were attended by professionals, colleagues and fellow Group members, **involving over 5,500 participants**. Of these meetings, nine were for schools, with the participation of over 1,000 students.

### ESG AWARENESS FOR BUSINESSES

**ESG Factory** was launched in 2021; the project transforms the bank into a meeting and training centre for companies, also thanks to the contribution of qualified partners, with the aim of providing companies with all the information they need to face the ecological transition. At the **19 conferences organised in the area**, more than **1,500 hours<sup>4</sup> were dedicated to the meetings, with than 1,000 entrepreneurs involved**, 800 of which are Banco BPM customers. ESG-related topics were covered at these meetings, as well as in-depth analyses of the green transition and its impact on business, social inclusion and governance.

<sup>4</sup> This includes 210 hours of ESG awareness for non-Banco BPM customers.

### CONFERENCES AND INITIATIVES

Conferences, events and initiatives for pooling knowledge continued this year as well. About **180 Group initiatives were carried out in our premises and dedicated to our stakeholders**, including both institutional and financial conferences, book presentations or meetings, but also exclusive cultural visits such as to Da Vinci's Last Supper, St Mark's Basilica and itineraries in other important art cities of the country.

In the cultural sphere, Banco BPM's participation in the initiative promoted by ABI, "It's culture!" is particularly noteworthy, which included **29 events planned in Milan, Bergamo, Genoa, Novara, Verona and Modena and the involvement of thousands of people**.

Numerous exclusive visits were also organised to our historical palaces such as the Domus Romana and Palazzo Scarpa in Verona

We are committed to spreading **ESG culture and diversity & inclusion** by organising meetings or actively participating with 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 fifth edition of *Global Inclusion*, of which we were also the main sponsor, and our intervention for the fourth year running in "Il tempo delle donne" on the theme of changing work.

Collaborations with leading universities were confirmed in 2023 to promote, within the Bank-University relationship, the objectives of Sustainable Finance and the Group's role in disseminating "ESG culture".

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 2023 edition of the Executive Master in Finance at Università Bocconi with a focus on Sustainability ("Business Innovation for Sustainable Futures"). Banco BPM was the subject of the case study given to the students as an end-of-course assignment.

In addition, we participated in the EMF C- Suite Forum event at the end of the training course, held live in October 2023.

- **Università Cattolica del Sacro Cuore of Milan**

For 2023, the now "consolidated" collaboration with CeTif was successfully renewed<sup>5</sup> through membership in the research hub<sup>6</sup> "Digital Corporate Banking and SME" and participation in the relative Steering Committee.

<sup>5</sup> The Research Centre on Technologies, Innovation and Financial Services 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.

<sup>6</sup> CeTif Research HUBs are applied research pathways organised by specialised communities, and are created to steer strategies, assess the business effects of innovation and propose areas for experimentation, also of a systemic nature

### EMPLOYER BRANDING

We gave **career guidance to young students** and offered up the know-how of our corporate professionals; our colleagues participated **as speakers** at external seminars/events and university lectures and shared their experiences.

The initiatives organised represented an opportunity for young people to meet each other and offered a channel for the search for and recruitment of new talents, bearers of the skills currently needed for the new professions linked to the changing world of work.

A total of **around 40 career guidance activities, career days, testimonials and projects were carried out in cooperation with leading universities**, involving around **1,600 students**. All the initiatives were carried out in synergy with universities, institutions, associations and business schools in the country.

We also opened the doors of our company premises for **Company Visits** for Harvard University, the University of Bergamo and Bocconi University. Important opportunities were created for the students to meet specialists from several of our corporate departments, giving them an insight into what it means to work at Banco BPM today.

In cooperation with ELIS, in 2023 we completed the **School 4 Life 2.0 project launched in 2022, aimed at counteracting school drop-outs among middle and secondary school students in high-risk areas**.

The project provided a total of 16 training hours for middle schools and 160 hours for high schools. Thanks to this initiative, the students were able to learn about some of the typical aspects of the banking world: advising private customers, basic elements of customer profiling and the customer journey. They also received an overview of soft skills in the banking world, as well as information on sustainability, diversity and inclusion, orientation to the world of work and writing effective CVs.

Lastly, Banco BPM's LinkedIn profile has been enriched since last October with a dedicated **Corporate Life Page** that can be visited by customers, colleagues and external visitors, with the aim of offering the Group ever greater recognition, particularly to the more digitised generations (Banco BPM: Corporate Life | LinkedIn).

## CORPORATE VOLUNTEERING AND SOCIAL INITIATIVES

### VOLONTARIAMO

In 2023, we confirmed our support for local associations with activities in several Italian cities: Bergamo, Varese, Novara, Verona, Bologna, Lodi, Turin, Catania, Milan, Savona, Pisa, Reggio Emilia, Monza and Chiavari.

In total, we worked with **21 associations nationwide, donating over 3,000 hours of corporate volunteering** thanks to the participation of over **470 colleagues**. The initiative in support of **Legambiente**, of which we are also sponsors, allowed us to contribute to cleaning beaches and city parks. For **WWF** - Bergamo and **Li.P.U.** - Varese - we helped to arrange habitats for different animal species in protected oases. We have reconfirmed our commitment in the social sphere by supporting organisations that care for people and families in difficult situations, such as: **Caritas diocesana** (Verona), **Empori Solidali** Case Zanardi (Bologna), **Comunità di Sant'Egidio** (Novara), **Banco Alimentare Lazio** (Rome), **Congregazione San Vincenzo de Paoli** (Milan), **Associazione Nocetum** (Milan) and **Fondazione Casa della Comunità** (Lodi). The main activities involved canteen services, food storage, cleaning of indoor and outdoor spaces, landscaping, as well as minor renovations and painting. Concerning support for children and families in vulnerable situations, we collaborated with **Bianca Garavaglia Onlus** association (Varese) for the preparation of gadgets and gifts in their temporary Christmas shop; with **Koine Coop Sociale Onlus**, where we contributed to 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.

New collaborations in 2023 included: participation in **Fondazione Francesca Rava's** "In farmacia per i bambini" project in November and supported **Vidas** in the Christmas decorations of Casa Sollievo Bimbi and Casa VIDAS.

In December, we met **Centro Benedetto Acquarone** (Chiavari), providing our support in the preparation and service of the Christmas lunch and joined the **Children in Crisis Italy Association** in their activities in favour of **Bambini Senza Sbarre**, supporting them during the meetings between the children and their parents detained in prisons. We organised a special day for them, donating Christmas decorations, and colleagues arranged a collection of toys which were then distributed in the three Milan prisons (Opera, S. Vittore and Bollate).

"Remote" volunteering in favour of the **Italian Association of the Blind and Visually Impaired** also continued, contributing to the **#LeggiPerMe** project that led to the production of three audio books for them.



The long-standing collaboration with AVIS is increasingly oriented towards getting colleagues involved in the areas where the Group operates. This year, during the 14 days organised at the Milan, Rome, Lodi, Modena and Novara sites, **291 colleagues donated a total of 237 bags of blood, a figure that, together with that of 2022, doubled the number of collections compared to the previous two years.**

## ARTISTIC ASSETS

The Banco BPM Group's artistic heritage consists of works of various kinds and periods: drawings, ancient and modern prints, old books, sculptures, corals, tapestries, ceramics and, above all, paintings.

The historical archive instead preserves, catalogues and enhances the Group's documentary heritage and bibliography.

We engaged in the fruitful activity of valorising the works and have established collaborations with important national and local entities.

We have **taken part in numerous exhibition projects with 42 works from our collection**, ranging from an extraordinary Luca Giordano, *Enea curato da Venere* from 1685 on display in Florence, to a modern sculpture, *The Gardener* (1993) by Bertozzi & Casoni, which revolutionised the role of ceramics in contemporary art and was featured in a monographic exhibition at Museo San Domenico in Imola. Participation in the "**it's culture!**" project promoted by ABI, with a national character and scope, involved six locations: Milan, Verona, Novara, Modena, Genoa and Bergamo with **nine engaging events and 317 works shown to the public**. Among the numerous exhibitions, the works of the living, almost centenarian artist Adolf Vallazza who has works in prestigious collections from the Museo del Novecento in Milan to the Mart in Rovereto, stood out. Vallazza's sculptures, sketches and Berengo Gardin's photographs dialogued in Carlo Scarpa's space in Verona. In this and many other projects, in terms of exhibition materials, we have been committed to the constant use of environmentally friendly materials as well as their reuse.

Remarkable interest was also aroused by the screening of a never-before-seen docufilm dedicated to Carlo Scarpa, "The Pavilion on the Water", an aesthetic and poetic journey through the Venetian architect's imagination and his passion for Japanese culture. The event dedicated to the 100 year celebration of Italo Calvino's birth was also of great importance in Piazza Meda in Milan, with an exhibition route that activated dialogue between Calvino's literary works and those in our collection.

In Genoa, Palazzo Spinola Gambaro, which is part of the Palazzi dei Rolli system, was opened to the public with guided tours to discover its wonders, including Domenico Piola's frescoes and Cornelis de Wael's pictorial cycle of the Seven Works of Mercy.

The heritage enhancement activity also included skilful **conservative restoration work: 66** works were involved (37 paintings, 20 sculptures, nine pieces of furniture), including an 18th century landscape by Giuseppe Zais, as well as a cycle of sculptures by the modern, award-winning Pietro Melandri.

Internal communication activities and efforts grew in the creation of a portal for our people to share the beauty of our artistic heritage and the value of the institute's historical documents through articles, podcasts and news.

The Luzzatti Library reopened in the same location (Banco BPM, Piazza F. Meda 4, Milan), celebrating 100 years, where it was decided to exhibit the newly restored portrait of the illustrious Luigi Luzzatti by Alessandro Milesi.



Luca Giordano, *Enea curato da Venere*, 1685, oil on canvas.

**~ 19,500**  
Artistic assets

## MEMBERSHIPS

~ **5 MILLION\***

earmarked for contributions to trade associations, organisations involved in financial activity and training, culture and promotion of social responsibility

> **15%**

intended for optional memberships

Some of the main voluntary memberships are listed below:

**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".

**CUOA FOUNDATION:** a management school that provides training and development for entrepreneurial and managerial culture: each master's degree, executive course and tailor-made training programme combines theory and practice with concrete experience and testimonials.

**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, banking and insurance 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.

**ISPI ISTITUTO PER GLI STUDI DI POLITICA**

**INTERNAZIONALE** is a non-profit association under private law. It is recognised as one of the most prestigious institutes dedicated to the study of international dynamics. Founded in 1934, it is the only Italian institute to flank its research activities with a significant commitment to training and analysis and guidance activities on risks and opportunities, worldwide, for companies and institutions.

**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.

\*This figure does not include membership fees (optional and not) related to:

- Banco BPM Assicurazione (left the group in December 2023) of €260,460.84;
- Banco BPM Vita (joined the Group in December 2023) of €2,012,496.20.

The Group's nominal membership fees of €51,059.50 are also not included.

**IGF ITALIA:** an association whose primary purpose is to affirm and promote awareness in Italy of the impacts that new technologies have on the life of citizens, providing the tools to assess the technical and organisational interventions to be suggested to Parliament and other Italian institutions so that an intervention policy can be implemented to safeguard the rights of access to the Internet and content, privacy, data ownership and security, seeking to combine economic and technological development with a society in harmony with the person and their individual and collective rights.

**UN Environment Programme: the NET ZERO BANKING**

**ALLIANCE project:** launched in 2021 at the initiative of the United Nations with the aim of accelerating the sustainable transition through the involvement of the banking sector. It currently counts the membership of 126 banks, representing over 40% of global banking assets. Membership commits Banco BPM to aligning its credit and investment portfolio to achieving zero net emissions by 2050, in line with the targets set by the Paris Climate Agreement, as well as setting an interim target by 2030, disclosing progress achieved.

**PARKS LIBERI E UGUALI:** a non-profit association set up in 2010 by a group of founding members (Citi, Consoft, Eli Lilly, Ikea, Johnson&Johnson, Linklaters, Telecom Italia) to help member companies understand and realise the full business potential of developing diversity-friendly strategies and best practices. It supports private and public companies, organisations and institutions to create inclusive and respectful working environments for all employees, and in particular for LGBTQIA+ employees. To date, Parks has 115 member companies.

**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

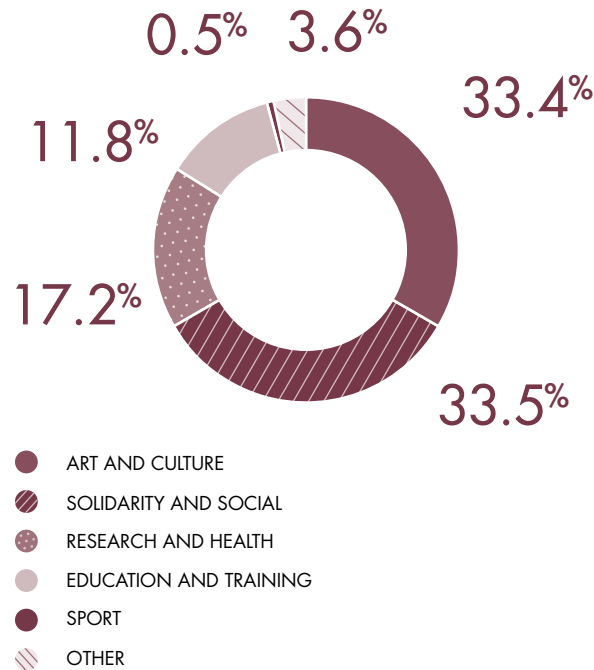
- Internal regulations on sponsorships: the initiatives sustained must also consider the reliability of the applicants and their link with the Group, the creation of positive and long-lasting value for the Group, the support of progress and the well-being of the local areas
- Anti-money laundering and Anti-corruption regulations
- Sharing of objectives and KPIs within sponsorship contracts

## OUR FOUNDATIONS

**Our seven foundations** operate in the Group’s reference territories and are a driving force for the common good, supporting numerous initiatives each year in the social, diversity & inclusion, education, research, health, culture and environmental fields.

In 2023, **they supported numerous projects with around €3.4 million, making the connection between the Bank and its communities tangible.**

### CONTRIBUTION OF FOUNDATIONS TO THE COMMUNITY BY AREA OF ACTIVITY



### FONDAZIONE BANCA POPOLARE DI LODI<sup>7</sup>

*It pursues public benefit purposes in the territories of Lodi, South Lombardy and Liguria.*

In the **social sphere**, the Foundation reconfirmed its support for the weaker segments of the population through initiatives, including the contribution to the Diocese of Lodi for the Diocesan Solidarity Fund for Families, and to Caritas Italiana, for the joint initiative with Banco BPM to raise funds for the people of Emilia-Romagna affected by the floods.

Support went to several associations in the **field of education**, including Famiglia Nuova Società Cooperativa Sociale for the popular “Nessuno resti indietro” after-school project, an initiative dedicated to social inclusion and preventing school drop-out. In the **research and health sphere**, the focus was on disseminating tools and knowledge to avoid delays in rescue operations in the event of cardiac arrest; thanks to the collaboration with the Roberto Malusardi Amici del Cuore Onlus association, the network of semi-automatic defibrillators (AEDs) was implemented in the municipalities of the Lodigiano area and in the Police Forces, training over 1,300 people in the use of AEDs and activating a smartphone application to identify the nearest defibrillator in the event of need. The support given to the ASP Basso Lodigiano for the innovative “La città in RSA” project also deserves mention. It is aimed at helping the elderly to cope with the psycho-physical decline by recreating a dimension of social life in a community.

<sup>7</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 for the local area.

There was no lack of contributions to initiatives to **protect artistic and environmental heritage**, including the inclusion of decorative elements in the apse of the parish church of SS. Gervaso e Protaso for the 100th anniversary of the Sanctuary and restocking fish in the Adda River as part of the ecological day organised by the Lodigiana Amateur Fisherman Association.

In the **cultural sphere**, many initiatives have been supported that stand out for certain notable elements due to the nature and sector in which they express their effects, project continuity or exceptionality, including the 2<sup>nd</sup> edition of Festival Orfeo Week promoted and organised by the association La Lira di Orfeo, an innovative and transversal week-long festival of concerts, workshops, performances and talks open to enthusiasts of all ages to learn about and appreciate the great European musical culture. Attention was also given to the Atelier Chitarristico Laudense for the 16<sup>th</sup> edition of the international classical guitar season and to the Gruppo Fotografico Progetto Immagine for the organisation of the 14th Ethical Photography Festival.





## BANCA POPOLARE DI MILANO FOUNDATION

*It supports initiatives in education, training, social assistance and healthcare with regard to the most disadvantaged segments of our society. It works in the areas of the former BPM Group, particularly in Milan and Legnano.*

The Foundation has allocated most of its resources to the **social sphere**, with a particular focus on situations of fragility (not only economic) and actions to combat educational poverty and help minors experiencing hardships. In particular, it has stood by families in economic need through its support for Banco Alimentare di Lombardia, Pane Quotidiano, Casa della Carità, Caritas, Comunità di Sant'Egidio and Emergency, for mobile medical assistance in the area. It has supported projects for minors by Cometa, Mus-e, CAF, CAM, Bambini senza Sbarre, Action Aid, Associazione C'è da Fare, Fondazione Joy, and contributed to various scholarships for the Fondazione Famiglia Legnanese, the Accademia Teatro alla Scala and Fondazione Intermonite. It has also supported initiatives in favour of integration and work and social reintegration such as those of Fondazione Abitiamo, Cascina Biblioteca, Cascina Cuccagna, Fondazione Cassoni and Fondazione Gino Rigoldi.

In the **area of research and health**, it renewed support for the autism fund of the Piatti Foundation, Aism Milano, and the TOG Foundation, and supported two psychological and medical support projects for women affected by cancer, of Le Libellule Association and Attive Come Prima; it also approved contributions in favour of the Myotonic Diseases Fund, the Mario Negri Institute, Operation Smile, the Abbiategrasso Hospice and Fondazione Sacra Famiglia.

In the **cultural sphere**, it confirmed its support for the theatre season of Spazio Teatro No'hma, the musical season of the Milan Symphony Orchestra, the Milanese, the Human Rights Festival and two initiatives on the theme of remembrance, by the Libera contro le Mafie Association and the Fondazione Memoriale della Shoah.



## BANCA POPOLARE DI NOVARA FOUNDATION

*It is committed to contributing to social, welfare and cultural initiatives in the Piedmont and Valle d'Aosta territories.*

The Foundation has supported multiple associations operating in different sectors. In the **health sphere**, significant contributions went to the "Maggiore della Carità" University Hospital and ASL Novara for the purchase of important medical equipment. In the **social sphere**, the Foundation has enabled the Associazione Down Novara to purchase a vehicle to meet the needs of the "Il Circolo degli Amici" catering activity, which involves girls with Down's syndrome; it has also contributed to the support of the AZAS Association and Casa Amica in Turin, which takes in and accommodates families with seriously ill people from all over Italy who are being treated at Turin hospitals. With regard to **education** and the **promotion of values**, it facilitated the implementation of the project "Shoah - Educating Memory with Edith Bruck and Sami Modiano", which focused on the meeting of a delegation of students in Rome coordinated by the Novara Provincial School Office with some of the last witnesses of the Shoah. In the **cultural field**, the Foundation contributed, in particular, to the creation of the show "Io ero il Milanese" organised by Cabiria Teatro inside the Novara Prison, with the participation of inmates.



## 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 groups, including the Porta Aperta Cooperativa Sociale Onlus association, within the “Casa di Rut” project, the first in Modena for the reception and reintegration of single and homeless women, and the “La Mensa Padre Ernesto for families in difficulty” project of Antoniano Onlus in Bologna.

As far as **education** is concerned, support was given to the SS Crocefisso-Santa Caterina Parish for the purchase of furniture for the new nursery school section, which will accommodate about 20 children; participation in “Con Merito” also continued with the awarding of 60 scholarships worth €500 each to the best new graduates in the 2021/2022 school year. Support is also given to **research and health**, to Modena Arts Foundation for the purchase of a robotic surgical console installed at the Modena Polyclinic University Hospital, as well as a contribution given to the University of Modena and Reggio Emilia for the purchase of a microscope for the Cell Therapy laboratory at the Modena Polyclinic equipped with an advanced system for studying gene therapies for still lethal tumours. Lastly, in the area of **art and culture**, the Foundation confirmed its commitment to the theatres and in particular to the artistic season of the Pavarotti-Freni Municipal Theatre in Modena and to ERT-Emilia Romagna Teatro’s theatrical programming involving eight Theatres in five towns in Emilia-Romagna with a contribution of €7,000.00 each.

## CULTO S.GEMINIANO E S.PROSPERO FOUNDATION

*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 Fondazione Arena as executive partner in the “67 columns for the Arena di Verona” initiative in support of the 100th edition of the “Opera Festival 2023”; it also supported the Centro Culturale San Paolo for the cultural event “Festival Biblico” taking place in eight Italian dioceses. In the **social sphere**, the various associations and initiatives supported include La Grande Sfida Onlus for the 28th edition of the international sports event created to bring together people with disabilities and promote their integration into the Community; it also supported the historic Barana canteen in Verona, which provides over 200 free meals a day to people in difficulty, and QUID Cooperativa Sociale for women’s work reintegration programme “SPRING! 10 PRIMAVERE”.

In the field of **research and health**, support is given to ALICe Onlus for cognitive rehabilitation activities for young patients suffering from cerebral stroke and head-brain trauma, as well as research grants for doctors at the Verona University Hospital. Lastly with reference to **education**, the Foundation supported a three-year scholarship in European and International Legal Sciences as part of the 39th cycle of research doctorates at the University of Verona, and the Verona Strada Sicura Association for a civic and road safety education project for secondary school students.



## CREDITO BERGAMASCO FOUNDATION

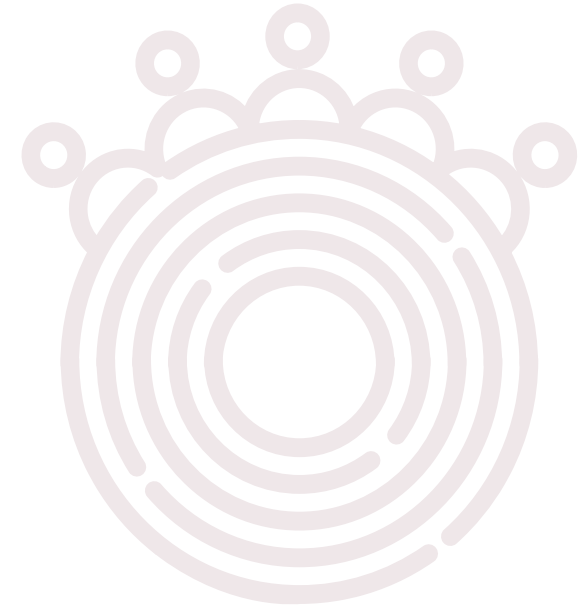
*It promotes civil, cultural, scientific and social progress in the areas of Bergamo, Brescia, Como and Lecco.*

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 other projects, it supported local parishes and the Diocese of Bergamo for specific projects to support local communities and oratories, young people and people in fragile and difficult situations.

In the field of **education**, support was given to the Bernareggi Foundation for the "Le Vie del Sacro" project, itineraries to discover religious art treasures narrated by specially trained young cultural mediators, with the aim of acquiring interdisciplinary skills to design cultural activities according to innovative, sustainable and inclusive criteria, thanks to encounters with numerous cultural testimonials.

There was no shortage of initiatives in the **health sector**: the Foundation supported the Oncological Association of Bergamo for initiatives and projects in favour of cancer patients and their families, the Paolo Belli ODV Association of Bergamo for initiatives supporting scientific research into leukaemia, myeloma and other haematological diseases, and the Foundation for Research at the Ospedali Riuniti of Bergamo.

Lastly, there were several initiatives aimed at culture and art, including the contribution made to the "Great Restorations" project, which with the 2023 interventions brings the number of works recovered by the Creberg Foundation since 2007 up to 109: paintings, altarpieces, altar steps, polyptychs, and works for private devotion belonging to churches in the diocese, museums and institutions in the area.



## Responsible supply chain management

Maintaining the utmost attention to local enterprises, we evaluate the best companies to collaborate with, 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, as established by our Code of Ethics.<sup>8</sup>

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, real estate, consumer goods, services and consulting), adopting uniform supply selection 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:** 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

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

In 2023, the Supplier Register was enriched with a **sustainability section**, essential in the qualification process.

In order to make **environmental, social and governance factors quantifiable**, we have adopted a system that allows 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. This verification is applied both in the census phase and during the course and allows us to make a **more careful selection** of subjects with which to collaborate.

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 that is 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. It has 59 questions distributed among the different thematic areas (corporate governance; environment; good management practices; labour relations and conditions; human rights; community involvement and development; consumer aspects), each with its own weight.

The result is a quantitative index called '**ESG Rating**', attributed to increasing classes of coverage of identified *best practices*: **ESG0, ESG+, ESG++** and **ESG+++**.

In addition to general, technical, organisational and economic data, all suppliers are also asked about **Quality, Environment and Energy Certifications**: by filling out the ESG questionnaire, suppliers provide evidence of the company certifications they hold. To name a few: **ISO 14001, EMAS** (Eco-Management and Audit Scheme), **PEFC** (Programme for Endorsement of Forest Certification schemes), etc.

In collaboration with **SDA Bocconi** a **training programme** has been set up for colleagues in the Purchasing department. In addition, the *vendor management* platform has been **revamped**: this new version, active from January 2024, provides an integrated tool that allows suppliers to enter and keep their information constantly updated, securely and confidentially.

Reference scope for ESG Rating

**1,012** suppliers



Percentage of responses received by 31.12.2023

**>98%**



Percentage of ratings with outcome

**ESG++**  
**23%**

**ESG+++**  
**36%**



## CANDIDATE REQUIREMENTS

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>** of Banco BPM 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.**

Banco BPM has a policy of not keeping relations with people 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.

### NORTH-WESTERN ITALY

- **59.3% SUPPLIERS**
- **74.2% TURNOVER**

### NORTH-EASTERN ITALY

- **16.3% SUPPLIERS**
- **9.7% TURNOVER**

### CENTRAL ITALY

- **17.7% SUPPLIERS**
- **13.7% TURNOVER**

### SOUTHERN ITALY

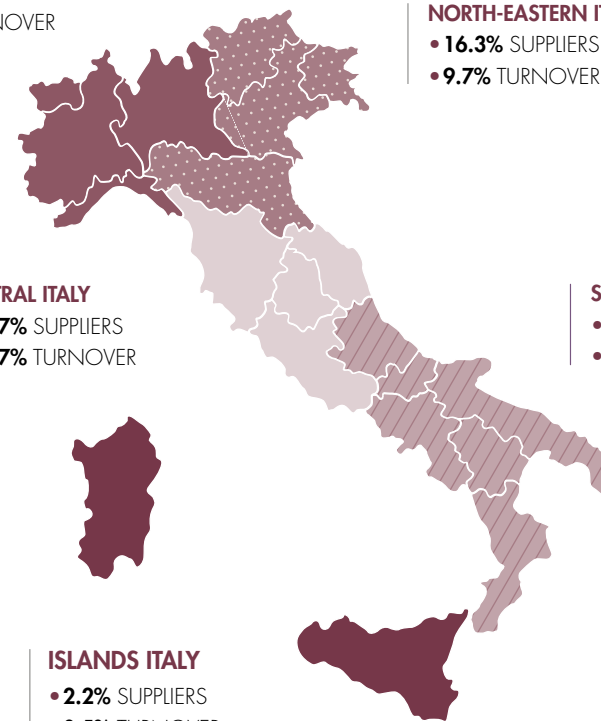
- **3.8% SUPPLIERS**
- **1.1% TURNOVER**

### ISLANDS ITALY

- **2.2% SUPPLIERS**
- **0.5% TURNOVER**

### ABROAD (EU + NON-EU)

- **0.7% SUPPLIERS**
- **0.8% TURNOVER**



<sup>9</sup> [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Corporate governance > Corporate documents > Summary Document of the "Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01".

<sup>10</sup> [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Code of Ethics and Governance > Code of Ethics.

In 2023, we worked with 1,252 suppliers (-18% over 2022) to whom we invoiced almost €773.6 million (-5% over 2022). The decrease is mainly due to the ongoing process of optimising expenditure and the supplier base. In addition, the consolidation of insurance companies increased efficiency.

**1,252**  
suppliers  
who received nearly  
**€773.6 MILLION**

TOTAL TURNOVER BY CATEGORY	2023	2022
SERVICES	39%	35.3%
REAL ESTATE	15.5%	16.4%
TECHNOLOGIES	45.5%	48.3%
<b>TOTAL</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

- Monitoring of contracts
- Systematic controls on anti-money laundering, Related Parties and Connected Persons
- Checks regarding legislative obligations in terms of occupational health and safety
- Checks on compliance with current labour legislation and acquisition of the single contribution regularity document

### ENVIRONMENTAL CRIMES

- Verification of compliance with environmental legislation
- Request for environmental certifications held

### UNRELIABLE COUNTERPARTY

- Monitoring of the prerequisites of integrity, professionalism, expertise and reputation
- Checks of quality and environmental certifications
- Monitoring of the level of professional development
- Monitoring of economic and financial stability

### GEOPOLITICAL CRISES

- Supply chain concentrated in the national territory

# ENVIRONMENT

A new way of doing business is possible. We know.

We believe in a different economic model, one that promotes **responsible growth**, attentive to the delicate **environmental** balances that affect everyone's lives on a daily basis.

We are protagonists in this journey - with a commitment to reduce our **environmental footprint** - and an incentive for the entire community, offering our support to those who want to do their part.

SDGs



STAKEHOLDERS

ENVIRONMENT

## SNAPSHOTS OF 2023

### MEMBER OF NZBA

and identification of priority sectors

### ASSESSMENT C&A EXPOSURE RISKS

- **11.4%**  
Energy consumed

- **12.9%**  
Energy consumption of energy-intensive sites

### CARBON NEUTRALITY

on Scope 1 and Scope 2

> **25K tCO<sub>2</sub>eq**  
**AVOIDED,**  
of which  
~ **1,230**  
in commuting





Direct commitment and  
forward-looking vision to build  
a **sustainable economy.**

Lodi, Victory Square

# Environmental mitigation

We want to grow by reducing the environmental impact of our activities. We look for solutions and new processes that enable us to improve our environmental performance. We are committed to reducing our consumption in order to combat climate change, decrease the use of resources and promote recycling all that can still be used.

In 2023, we continued with our consumption efficiency and emission reduction process. To further reduce our ecological footprint, we offset all residual emissions, **achieving Carbon Neutrality** ahead of the schedule in the 21-24 Business Plan and confirming the commitment made in the 23-26 Plan.

## MANAGEMENT MODEL

ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM

CORPORATE MOBILITY

FOCUS ON CONSUMABLES, WASTE DISPOSAL AND RECYCLING

PREVENTION OF CRIMES COMMITTED IN VIOLATION OF ENVIRONMENTAL PROTECTION LEGISLATION

### CARBON NEUTRALITY ACHIEVED

#### ZERO EMISSIONS TARGET



for direct and indirect residual CO<sub>2</sub> emissions (Scope 1 and 2)



Efficient consumption



Reducing emissions



Compensation (Carbon credits)

We consider consumption efficiency reduction the most important tools for reducing our direct environmental impact. This is why we use a careful environmental and energy management system. For the residual emissions part, we have selected projects with environmental and social impacts in different countries: **Papua New Guinea, Ethiopia, Uganda, Brazil and India.**

In continuity with last year, we have **also diversified the objectives of individual projects** by looking at both the **conservation of endangered forests**, habitats and fauna, and the **mitigation of climate change**, while creating **employment and meaningful opportunities** for local people.

## ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM

We use a structured Environmental and Energy Management System which covers all of the Group’s capital properties and thanks to which we further reduced our consumption by 11.4% in 2023.

ENERGY CONSUMPTION (GJ)	2023	2022	2023/2022
Total	498,421.5	570,832.6	-11.4%

## 50 AUDITS

internal and external

thanks to which

## 15

situations were identified with consumption-related criticalities

Our system is certified by an external body according to the **International Standards** ISO 14001 and ISO 50001, and enables us:

- to **constantly monitor and measure** our consumption trends and the achievement of 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.

The audits required by the relevant ISO standard are an important energy management tool. Following the auditor’s checks and internal audits, the relevant departments, namely Energy Management and Building Maintenance, prepare an **analysis report with the anomalies detected and work to implement the necessary corrective action**.

This mode of timely verification provides an important return in terms of both **monitoring quality** and the **timeliness of resolution**.

The audit is essentially based on two drivers:

- **comparing consumption** with the previous year: we work to constantly improve to reduce the impact;
- **managing after-hours consumption**: this type of consumption often represents waste. We believe that eliminating it, or at least drastically reducing it, is the first step towards the efficient and effective management of our properties.

We monitor consumption through a model that focuses in particular **on the timely analysis** of trends at around **300 sites**, divided into **three clusters**, covering **55% of total consumption**:

- **22 of the Group’s most energy-intensive** offices and buildings (around 40% of total consumption);
- **214 remote-controlled branches**, (about 11% of total consumption);
- **50 of the Group’s most energy-intensive** branches with the worst performance in the first half of the year, (around 5% of total consumption).

The comparison of the current year’s progressive data with that of the previous year allows us to **constantly monitor** continuous improvement, the cardinal principle of the management system implemented.

The analysis is further refined by **normalising summer and winter consumption** to correctly assess the impact of the external climate variable on site performance. This exercise showed that **about 10% of the savings achieved are the result of management** and not the impact of temperature, which we are regardless aware is a determining factor in consumption trends.

For the branches audited (around 50 per year), we have produced new reports that collect all the analyses related to consumption, giving us a hypothesis of corrective actions to be verified in the field with the maintenance staff.

In addition, the branch **remote management project** continues, which now numbers some 232 sites, plus 37 that are only monitored. 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.

### MONITORING SYSTEM

**Monthly monitoring of the 22 most energy-intensive sites** led to the early identification of abnormal consumption and its immediate correction with a result of:

**-12.9%**  
Energy consumption  
of energy-intensive  
sites

**214 remote-controlled branches:** quarterly monitoring of these sites led to the early identification of abnormal consumption and its immediate correction with a result of:

**-13.4%**  
Energy  
consumption of  
remotely managed  
sites

**50 worst branches:** the quarterly monitoring of these sites allowed us to go from an initial +19.5% in consumption in the first quarter of 2023 over 2022, to an end-of-year figure equal to:

**-0.3%**  
Energy consumption  
of critical sites

By checking the performance of our plants, as well as our consumption, we were able to consciously determine where to intervene to improve our performance and reduce our environmental footprint. In fact, we replaced 88 plants in 2023, including boilers, chillers and other obsolete machinery.

## ENERGY EFFICIENCY AND CONSUMPTION REDUCTION MEASURES

INTERVENTION	DESCRIPTION
<b>REPLACEMENT OF OBSOLETE INSTALLATIONS</b>	<ul style="list-style-type: none"> <li>• <b>Replacement of obsolete boilers</b> with the latest and best performing heat pumps or condensing boilers</li> <li>• <b>Replacement of two refrigeration units and two cooling towers</b> at the company canteen in Milan (potential savings of approximately 40,000 kWh, corresponding to 10 tCO<sub>2</sub> eq)</li> <li>• <b>Installation of a heat pump equipped with environmentally friendly low-impact gas</b> at one of the Verona sites</li> <li>• <b>Installation of high-efficiency refrigeration units and heat pumps</b></li> </ul>
<b>SPECIFIC INTERVENTIONS ON DATA PROCESSING CENTRES</b>	<ul style="list-style-type: none"> <li>• <b>Replacement of old boilers</b> dating back to 1994 at the Group's primary data centre in Verona, with a heat pump conversion (potential savings of over 100,000 cubic metres of methane gas per year, corresponding to 200 tCO<sub>2</sub> eq)</li> <li>• <b>Replacement of part of the uninterruptible power supplies</b> (potential savings of about 150,000 kWh per year, corresponding to 40 tCO<sub>2</sub> eq)</li> <li>• <b>Installation of a free-cooling air-conditioning system</b> at one of the Milan data centres (annual savings of approximately 92,500 kWh, equivalent to 24 tCO<sub>2</sub> eq)</li> </ul>
<b>RELAMPING INTERVENTIONS</b>	<ul style="list-style-type: none"> <li>• <b>Replacement of LED lamps</b> for the entire lighting system in the private park for public use in Via Massaua in Milan, next to one of our offices (savings of about 40,000 kWh per year corresponding to 10 tCO<sub>2</sub> eq)</li> </ul>

### TAX BENEFITS: THERMAL ACCOUNT AND ENERGY EFFICIENCY CERTIFICATES

We have initiated around 100 thermal account dossiers since 2017, for a contribution of more than €3.1 million thanks to the switch to high-efficiency heat pumps.

In addition, the works completed on the Lodi, Via Polenghi and Verona, Via Meucci sites continue to benefit from Energy Efficiency Certificates for the five-year period 2019-2024.

**100**  
thermal account dossiers

**> €3.1 MILLION**  
contributed

Virtuous behaviour and habits are also important elements in rationalising energy use and ensuring less energy is wasted. This is why, alongside the replacement of obsolete installations, we have worked to:

- **precisely regulate** of the temperatures of heating and cooling systems in all Group buildings, offices and branches in compliance with national regulations and various municipal ordinances;
- **switch off branch signs**;
- **switch off lights, premises and buildings** at night;
- **switch off vending machines** at night and on weekends;
- consolidate and **rationalise spaces**.

### ENERGY DIAGNOSIS PURSUANT TO ITALIAN LEG. DECREE 102/2014

In 2023, large companies had to carry out energy diagnoses in compliance with Italian Legislative Decree 102/2014. Banco BPM therefore uploaded its **16 energy diagnoses** on a dedicated portal.

This number is derived from the segmentation shared with ENEA (national agency for new technologies, energy and sustainable economic development) as reported in the Abi Lab Guidelines.

The outcome of the diagnoses led to **the identification of 46 energy efficiency measures** that Banco BPM plans to implement over the next three years.

In line with consumption, **emissions are also decreasing compared to 2022.**

Again with the aim of combating climate change, the determination to **exclusively use electricity** produced from certified renewable sources (GO Guarantee of Origin) remains firm. This choice has allowed us to **avoid the emission of about 24,000 tonnes of CO<sub>2</sub> equivalent** into the environment, corresponding to more than 64% of our total Scope 1 and 2 Location Based emissions.

**~24K tonnes CO<sub>2</sub> eq**

CO<sub>2</sub> eq emissions avoided

thanks to

**100%**

Consumption of electricity from renewable sources

DIRECT GREENHOUSE GAS EMISSIONS (T CO <sub>2</sub> eq)**	2023	2022	Change 2023/2022
Total emissions Scope 1	10,602.9	11,475.8	-7.6%
Total emissions Scope 2 (Location Based)* **	26,803.9	29,195.9	-8.2%
Total emissions Scope 2 (Market Based)* **	2,851.8	3,404.9	-16.2%
<b>Total emissions (Scope 1 + Scope 2) - Location-based**</b>	<b>37,406.8</b>	<b>40,671.7</b>	<b>-8.0%</b>
<b>Total emissions (Scope 1 + Scope 2) - Market based**</b>	<b>13,454.7</b>	<b>14,880.7</b>	<b>-9.6%</b>
<b>Towards carbon neutrality - Carbon credits</b>	<b>15,000.0</b>	<b>8,000.0</b>	
<b>Total emissions (Scope 1 + Scope 2) - Market Based net of offset emissions</b>	<b>0</b>	<b>6,880.7</b>	<b>-100.0%</b>

\*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.

\*\*Adjusted 2022 data: see page 264 for more details.

Regarding **water resources**, whose consumption within the Group is comparable to domestic use, we reduced our consumption by more than 22% in 2023, from about 547,000 cubic metres used in 2022 to about **424,000** in 2023.

## CORPORATE MOBILITY

We consider **mobility an important driver of sustainable development**. That is why we manage the related issues not only in terms of efficiency and movement, but above all consider the positive and negative impacts we can generate in our communities, cities and more generally on the environment.

The phase of listening to colleagues in terms of home-work travel continued in 2023, with the administration of a new mobility survey aimed at drawing up the **Home-Work Travel Plans** of people working in some of the main offices in Milan and Verona - Piazza Nogara and Via Meucci (overall 3,942 people).

In the area of sustainable mobility, **Agile Working**, a tool already adopted by the Group before the pandemic and which is now a structural part of the way of working, makes an important contribution. Remote work positively influences the professional environment in which people work, as it has an effect on work-life balance and is also an important tool for **reducing private car traffic**. Reducing the number of transport vehicles filling our streets makes cities more liveable and reduces emissions and air pollution. In fact, the commuting emissions avoided in 2023 reached around 1,200 tonnes CO<sub>2</sub> eq.

In 2023, there were more than **363,000 remote work days**.

Considering the significant positive impacts, **agile working remains one of the KPIs** of Banco BPM's new Strategic Plan.

We rationalised the use of carpooling in 2023, and this led to a reduction in the number of vehicles in our fleet, which mainly concerned diesel and petrol vehicles, while in the case of plug-in hybrids we ordered 19 plug-in cars and three electric vehicles, bringing the ratio of green vehicles in the total fleet to 12%.

**Four charging stations for electric cars** were also installed at the Milan headquarters in Piazza Meda. Although the total number of kilometres travelled has increased compared to the previous year, it is still lower than in the pre-pandemic period, mainly due to the well-established use of remote connection tools and careful management of physical travel.

The section of the **company portal** dedicated to **Mobility Management** includes the **agreements** activated in favour of employees for services and solutions supporting sustainable mobility, for both purchase and for sharing. The space is also constantly updated with info-educational content, public utility news related to the world of mobility and articles aimed at educating people about a lifestyle with less impact on the environment.

> **363 THOUSAND**

Remote work days

~ **11 THOUSAND**  
tonnes CO<sub>2</sub> eq

Emissions avoided  
in commuting

In 2023, the **compulsory 30-minute course, "The Benefits of Conscious Driving"**, was launched for all staff. The course emphasises how, in the absence of alternative travel solutions, **the right driving style and proper vehicle maintenance** can significantly contribute to the reduction of fuel consumption and thus climate-changing emissions.

~ **6,500 HOURS**

training for informed driving

**13,049**

people involved

### HEALTH ENVIRONMENT OBJECTIVE

"Every movement counts!", the important thing is that it is an alternative to using motorised vehicles.

Thanks to the **"Health Environment Objective"** project, Banco BPM won the 2023 **Sustainability Awards** in the finance segment. The virtual, non-competitive corporate challenge was launched to coincide with European Sustainable Mobility Week to **promote movement for health and the environment**.

The collective commitment was rewarded by the company with the planting, in collaboration with Freedom, of a further 300 trees in the **Banco BPM forest** dedicated to the initiative. The trees chosen in 2023 are among the species with the highest **CO<sub>2</sub> absorption capacity**.

## FOCUS ON CONSUMABLES, WASTE DISPOSAL AND RECYCLING

The consumables we use the most are definitely **paper and toner**. This is why we pay particular attention both to the choice of the type of product we purchase and in managing the processes that govern the use of these materials.

**Awareness** of the use of resources not only makes it possible to spread virtuous behaviours, but also to **identify solutions and processes to manage these issues more efficiently**.

With this in mind, the centralised management of supplies for the entire Group continues, allocating the required quantities according to the size and type of the requesting units in order to reconcile actual work needs, waste reduction and the dissemination of good practices.

When choosing materials, we pay attention **to the environmental impact of the entire life cycle** of the products we purchase, and therefore choose those with the smallest ecological footprint. In particular, for **A4 paper for internal use, we almost exclusively use 100% recycled paper, certified Blue Angel and made without the use of chlorine**.

As far as **mass communication to customers** is concerned, given the technical constraints that prevent the use of recycled paper, we **almost exclusively use FSC-certified paper**.

We used **remanufactured toners** almost exclusively, accounting for 86.7% of the total.

# -6%

paper consumption  
VS 2022

As far as **waste** is concerned, it was also managed through a centralised process in 2023. The total quantity collected was **approximately 2,240 tonnes<sup>1</sup>**, disposed of in accordance with the regulations in force in the individual municipalities.

Most of our waste is **paper and cardboard** and is sent for recovery.

## PREVENTION OF CRIMES COMMITTED IN VIOLATION OF ENVIRONMENTAL PROTECTION LEGISLATION

At the end of 2023, the Group owned or held over 4,700 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;
- 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.

<sup>1</sup> Not considering municipal waste.



MAIN RISKS	MANAGEMENT METHODS / POLICIES ADOPTED
<b>USE OF NON-RENEWABLE NATURAL RESOURCES, ENERGY INEFFICIENCY</b>	<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>
<b>ECONOMIC IMPACT RESULTING FROM INEFFECTIVE CONSUMPTION MANAGEMENT</b>	<ul style="list-style-type: none"> <li>• Environmental and energy management system</li> <li>• Energy efficiency initiatives and monitoring of energy consumption</li> </ul>
<b>ENVIRONMENTAL SECURITY OF INVESTMENT PROPERTIES</b>	<ul style="list-style-type: none"> <li>• Monitoring of conditions of properties and measures to bring them into compliance with regulations</li> </ul>



# Climate Change

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 proof of this changed perspective, in December 2023 we presented the **2023-2026 Strategic Plan**<sup>2</sup> in which, continuing in the wake of the previous 2021-2024 Plan, we outlined objectives and lines of action aimed at supporting customers in the transition to an environmentally sustainable business model:

- **ESG training:** solutions and initiatives specifically for employees to help them to develop new skills in order to help client companies within the ESG Factory.
- **ESG consulting:** identification of companies' ESG development priorities through the creation of an ecosystem of partnerships with leading ESG solution providers and with the ESG questionnaire roll-out completion ("ESG diagnostic tool") to be integrated within the credit granting.
- **ESG offering:** full suite of sustainable products, including solutions aligned with the EU Taxonomy, in order to finance specific initiatives supporting a concrete sustainable transition.

At the same time, the willingness to continue along the path of progressively integrating climate and environmental risks within credit policies is outlined<sup>3</sup> and within the RAF<sup>4</sup>and, more generally, in the overall risk management framework.

## MANAGEMENT MODEL



### EXPOSURE TO CLIMATE AND ENVIRONMENTAL RISKS

to determine and monitor exposure and identify management strategies

### ALIGNMENT WITH THE EU TAXONOMY

to monitor the alignment of our assets with environmentally sustainable activities

<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 ESG Plan'.

<sup>3</sup> For more details on our "ESG credit policies", please refer to "Finance for a Sustainable Transition".

<sup>4</sup> For more information on the integration of ESG variables in the RAF, see "Risk Management".

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 the NZBA followed a careful analysis and evaluation, which led to the identification of five priority sectors (*oil & gas, power generation, cement, automotive, coal*). The next step, as also stated in the 2023-2026 Strategic Plan, will be to **set reduction targets on priority sectors by September 2024 and on the remaining sectors by 2026**.

It should be noted 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).

The general principles guiding our commitment to direct and indirect environmental impacts are defined in the guidelines on managing environmental, energy and climate change issues.

## EXPOSURE TO CLIMATE AND ENVIRONMENTAL RISKS

As emerged in the Risk Identification 2023 process, **climate and environmental risks are confirmed as material for the Bank**<sup>6</sup>. 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 climate and environmental factors on traditional risk categories and of the strong focus placed by the Regulator on the integration of these factors - by the banking system - on risk identification, measurement and management processes.

In particular, 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. (i.e., environmental risks).

<sup>5</sup> The run-off target defined in the 2021-2024 Strategic Plan makes specific reference to disbursements to coal-related sectors heavily impacted by the climate transition.

<sup>6</sup> For a description of the Risk Identification process, please refer to the chapter "Risk Management".

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:

## TRANSITION RISK

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

## PHYSICAL RISK

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



The potential impacts of transition (T) and physical (P) risk factors are assessed by Banco BPM Group in traditional risk categories against the short (S), medium (M), long (L) term horizons of potential materiality, as summarised in the table below:

TYPE OF RISK	POTENTIAL IMPACTS OF TRANSITION AND PHYSICAL RISKS	T/P	S/M/L
<p><b>CREDIT RISK</b> 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 funded counterparties are impacted by considerations of the <b>additional costs that companies will incur in complying with the new climate and environmental standards</b></p> <p>PD and LGD estimates of the exposures to sectors or geographies vulnerable to physical risks are impacted by this specific factor <b>(e.g., lower collateral valuations in real estate portfolios)</b></p>	<p>T F</p>	<p>B M L</p>
<p><b>MARKET RISK</b> Risk of potential losses in the trading and banking books generated by adverse changes in issuer-related variables (specific risk) or market conditions (generic risk)</p>	<p>Financial instruments issued by corporations with <b>business models</b> perceived as unsustainable in climate and environmental terms</p>	<p>T</p>	<p>M L</p>
<p><b>LIQUIDITY RISK</b> Risk of being unable to meet payment obligations due to the inability to raise funds on the market (funding liquidity risk) or to dispose of assets (market liquidity risk)</p>	<p>Direct impact in the face of <b>significant cash withdrawals</b> by customers to finance the <b>repair of damage</b> caused by extreme weather events</p> <p><b>Sudden repricing of securities</b> due to <b>extreme weather events</b> or the sudden implementation of <b>restrictive carbon emissions policies can reduce the value of the banks liquid assets</b></p>	<p>F T</p>	<p>M L</p>
<p><b>OPERATIONAL RISK</b> Risk of suffering losses caused by inadequacy or failure attributable to internal procedures, human resources and systems risk factors, 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><b>Damage to property, plant and equipment owned by the Bank</b></p> <p>Financial impact of <b>legal liability also in the area of 'Greenwashing.'</b></p>	<p>F T</p>	<p>B M L</p>
<p><b>REPUTATIONAL RISK</b> Risk arising from a negative perception of the Bank's image by stakeholders</p>	<p>Negative impacts on the <b>ability to maintain or develop new business opportunities</b> and to continue to have <b>access to funding sources</b> because the Bank is not perceived by the various stakeholders as adequately sensitive to ESG issues</p>	<p>T F</p>	<p>B M L</p>

The European Central Bank's expectations on climate and environmental risks repeatedly make it clear that such risks are to be identified, examined, managed/monitored and mitigated "in the short, medium and long term", but nevertheless only provide limited general guidance on the breadth of these time horizons, thus leaving the formal definition of these risks to the individual supervised entities.

In compliance with this specific expectation, in line with the current method of conducting the Group's forward-looking capital and financial adequacy analyses/assessments, Banco BPM has established and introduced the following definitions:

- **Short Term:** one-year time horizon to ensure full alignment with the budget horizon;
- **Medium Term:** considers a time horizon between 3 and 5 years (up to 2030 where relevant/possible), in line with indications provided by ECB, the intermediate objectives of the Net Zero Banking Alliance and the intermediate targets set by the EU (e.g. Fit 4-55);
- **Long Term:** time horizon longer than five years (up to 2050 where relevant/possible) consistent with Supervisory Authority guidance, the Net Zero Banking Alliance target horizon and the Paris targets to which the European Union subscribes.

## CLIMATE AND ENVIRONMENTAL RISKS IN CREDIT RISK

As described above, the 2023 Risk Identification process confirmed the materiality of climate and environmental risks already in the short term, with risk typically (but not necessarily) increasing in the medium to long term. Added to this is the awareness of the impact that these factors have on traditional risk categories and the regulators strong focus on these issues.

**That said, in continuity with the exercises conducted in previous years, we conducted analyses to measure our exposure to climate-related risks in key economic sectors and geographic areas and thus determine the current impacts on the bank's credit risk profile.**

In particular, the materiality level of our loan portfolio exposure to transition, physical and environmental risk was constantly monitored during the year and the related analysis methodology expanded and consolidated.

## TRANSITION RISK - CREDIT 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:

RISK VARIABLE	DESCRIPTION
REGULATORY	<b>EU Taxonomy</b> Classification of activities according to the EU Taxonomy and related delegated acts
	<b>Emission trading scheme</b> Activity involved in the European Union's emission trading scheme <sup>7</sup>
EMISSION INTENSITY	Intensity of Scope 1, 2 and 3 emissions.
ENERGY	Energy consumption and efficiency.
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.

<sup>7</sup> "EU directive 2003/87", [https://ec.europa.eu/clima/eu-action/eu-emissions-trading-system-eu-ets\\_en](https://ec.europa.eu/clima/eu-action/eu-emissions-trading-system-eu-ets_en) and <https://www.eea.europa.eu/data-and-maps/data/european-union-emission-trading-scheme-16>; see also the box "EU emissions allowance prices in the context of the ECB's climate change action plan" in "ECB Economic Bulletin, Issue 6/2021".

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>8</sup>.

For larger companies or companies operating in the most impacted sectors, the methodology involves using data on individual counterparties collected from the companies' NFSs, ESG questionnaires completed as part of the lending process, or on estimates of greenhouse gas emissions.

Within the Construction and Real Estate sectors, an ad hoc methodology is being developed that will take into account the special characteristics of the portfolios of the companies analysed and will be released in the course of 2024.

A **synthetic transition risk score** expressed on a scale ranging from 0 to 4 is then calculated for each counterparty:

SCORE	DESCRIPTION
0 VERY LOW	Companies already aligned with a "net-zero" economy and for whom the transition will have no impact
1 LOW	Companies for which the transition will have negligible impacts
2 MEDIUM	Companies for which the transition will have medium-intensity impacts
3 HIGH	Companies that will have to bear substantial 'green conversion' costs, with potentially significant effects on financial stability
4 VERY HIGH	Companies that will have to gradually reorganise their business or substantially change their production process to stay in the market (e.g. Oil & Gas)

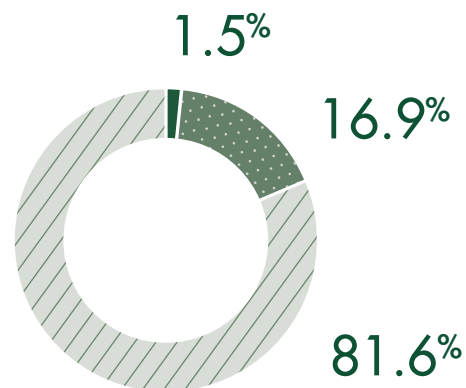


<sup>8</sup> System based on NACE classification, which is a classification system used to systematise and standardise the definitions of economic and industrial activities in the EU states.

The mapping of the loan portfolio as at 31/12/2023 shows a **moderate exposure to transition risk**:

### TRANSITION RISK - NON-FINANCIAL CORPORATIONS

Banco BPM - €61 billion Gross cash exposure - Portfolio as at 31/12/2023



- VERY HIGH
- HIGH
- NIL TO MEDIUM

Very High	GCA	% pff
Wholesale trade, except of motor vehicles and motorcycles	379.0	0.6%
Manufacture of coke and refined petroleum products	269.2	0.4%
Retail trade, except of motor vehicles and motorcycles	120.8	0.2%
Other	145.3	0.2%
<b>Total</b>	<b>914.2</b>	<b>1.5%</b>
High	GCA	% pff
Crop and animal production, hunting and related service activities	3,283.6	5.4%
Manufacture of chemicals and chemical products	1,178.5	1.9%
Manufacture of basic metals	994.6	1.6%
Land transport and transport via pipelines	873.5	1.4%
Manufacture of other non-metallic mineral products	854.0	1.4%
Manufacture of paper and paper products	467.5	0.8%
Manufacture of motor vehicles, trailers and semi	438.3	0.7%
Rental and leasing activities	355.1	0.6%
Manufacture of food products	311.7	0.5%
Manufacture of leather and related products	210.0	0.3%
Financial service activities, except insurance and pension funding	185.6	0.3%
Activities of head offices; management consultancy activities	147.1	0.2%
Water transport	113.9	0.2%
Other mining and quarrying	104.8	0.2%
Electricity, gas, steam and air conditioning supply	101.3	0.2%
Other	709.2	1.2%
<b>Total</b>	<b>10,328.6</b>	<b>16.9%</b>



Very high risk exposures account for 1,5%. The “very high” risk band includes the coal-related sectors strongly impacted by the climate transition, for which the **2021-2024 Strategic Plan envisaged a gradual run-off<sup>9</sup>** (an objective also confirmed in the new 2023-2026 Strategic Plan). As at 31 December 2023, the exposure to these sub-sectors, amounting to €1.8 million, represented 0.003% of the Banks loan portfolio (vs 0.004% at the end of 2022).

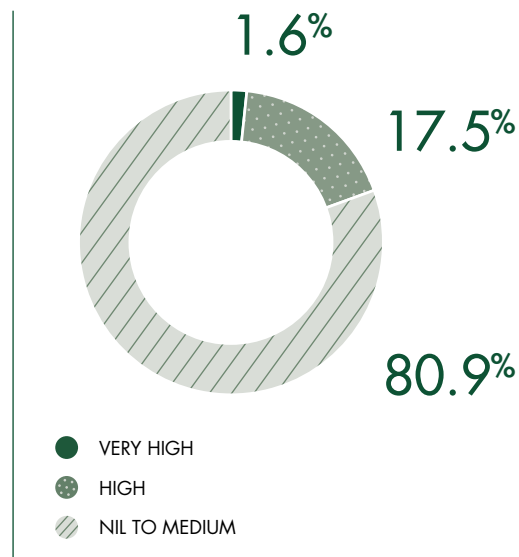
High-risk exposures, which account for 16.9% of the total, relate to counterparties that for the most part have sound economic/equity situations. In particular, about 68% of these customers belong to low or medium-low credit risk ranges, who are therefore in a position to make significant transition investments and for whom we have **prepared a specific ESG commercial offer**. For a representation of the main catalogue solutions to support the green transition of our corporate customers, please see the chapter “Finance for a Sustainable Transition”.

*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 2023 funding aimed at specifically supporting the transition. This funding will be further increased in 2024, consistent with the objectives of the 2023-2026 Strategic Plan.*

Compared to the Italian economic system, Banco BPM appears to have a lower exposure to transition risk:

**ITALIAN ECONOMIC SYSTEM**

Distribution by transition risk



Source: info provider Cerved, which applied Banco BPM’s methodology to the entire Italian system in order to make the comparison consistent and homogeneous.

It should be noted that transition risk assessments have been **integrated** within **lending policies** and the overall risk management framework since 2022, and that the New **Strategic Plan for 2023-2026** envisages **further strengthening of climate and environmental risk management and monitoring**, as well as the acceleration of Banco BPMs role as a partner of businesses in their development plans, supporting sustainable transition with a set of **training and advisory** solutions which will accompany them at the various stages of their paths, and through an **offer of sustainable finance products and solutions** (including products aligned with the EU Taxonomy). The New **Strategic Plan for 2023-2026** also sets a specific **target for the provision of new green corporate finance and new finance to support green or low-risk transition sectors**, and envisages the **development of the decarbonisation strategy for the asset portfolio within the Net Zero Banking Alliance**, with target setting on priority sectors by Q3 2024, and roll-out to all identified sectors by 2026.

<sup>9</sup>This exposure falls under sector “19 - Manufacture of coke and refined petroleum products”.

## PHYSICAL RISK - CREDIT 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>10</sup>. It also underwent a refinement in 2023, resulting in a more prudent distribution of physical risk across the loan portfolio.

In particular, the risk events analysed are:

CATEGORY	RISK EVENT		
ACUTE PHYSICAL RISKS	LANDSLIDE	FLOODING	STORM
	FIRE	ANOMALOUS WAVES	FROST
	HEAT EVENTS	HEAT WAVES	DROUGHT
CHRONIC PHYSICAL RISKS	COASTAL EROSION		
	SOIL EROSION		
	SEA LEVEL RISE		

The data sources used are both public<sup>11</sup> and third-party data.

In summary, the methodology adopted by Banco BPM envisages:

- **Mapping Italy** according to exposure to the different risk events considered<sup>12</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), through its address and positioning within risk maps;
- **The identification of a physical risk event score** based on the exposure level of the property and the risk event considered;
- **the repetition of the analysis for each acute and chronic risk event under analysis;**
- **the calculation of a synthetic acute/chronic risk score.**

<sup>10</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>11</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).

<sup>12</sup> The granularity of the mapping and the data sources used vary depending on the risk event considered.

The **overall event/synthetic physical risk** score of each property is expressed according to a scale ranging from 0 to 4<sup>13</sup>:

SCORE	DESCRIPTION
<b>0 VERY LOW</b>	Properties not exposed to the risk events analysed
<b>1 LOW</b>	Properties negligibly exposed to the risk events analysed
<b>2 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 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 VERY HIGH</b>	Properties for which a very high business continuity or impairment risk is associated due to exposure to the analysed physical risk events

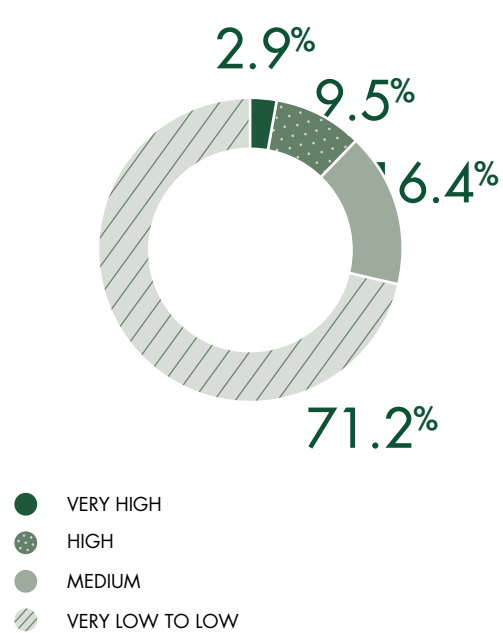
**Overall**, our portfolio appears to have a low exposure to acute and chronic physical risk. The distribution by risk brackets can be seen below:

**PHYSICAL RISK ON REAL ESTATE COLLATERAL - NON-FINANCIAL CORPORATIONS AND CONSUMER HOUSEHOLDS**

Banco BPM - €40.5 billion Gross cash exposure - Mortgage loans - Portfolio as at 31/12/2023

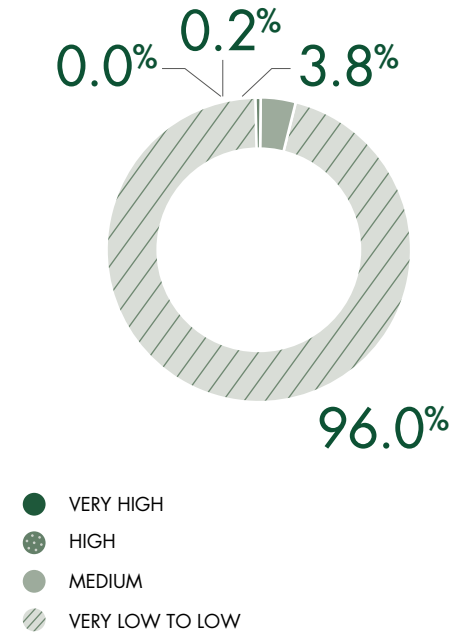
**ACUTE RISK SUMMARY SCORE**

Score based on the nine acute physical risk events



**CHRONIC RISK SUMMARY SCORE**

Score based on the four acute physical risk events



<sup>13</sup> In the case of a client company with several production assets, the exposure is calculated as the weighted average score of each production asset.

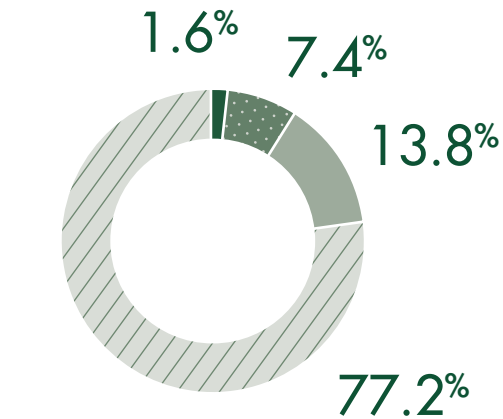
We also provide details on the exposure to **hydrogeological risk** (determined by the combination of flood and landslide risk), which is the most relevant physical climatic risk for the areas where our portfolios are concentrated, and on **seismic risk**. **Although not a climate-related risk**, the 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. Seismic risk is slightly more significant, but also limited.

**PHYSICAL RISK ON REAL ESTATE COLLATERAL - NON-FINANCIAL CORPORATIONS AND CONSUMER HOUSEHOLDS**

Banco BPM - €40.5 billion Gross cash exposure - Mortgage loans - Portfolio as at 31/12/2023

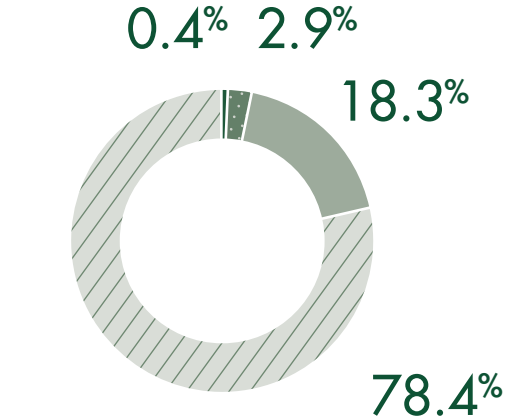
**HYDROGEOLOGICAL RISK**

Flood risk and Landslide risk



- VERY HIGH
- HIGH
- MEDIUM
- VERY LOW TO LOW

**EARTHQUAKE RISK**



- VERY HIGH
- HIGH
- MEDIUM
- VERY LOW TO LOW

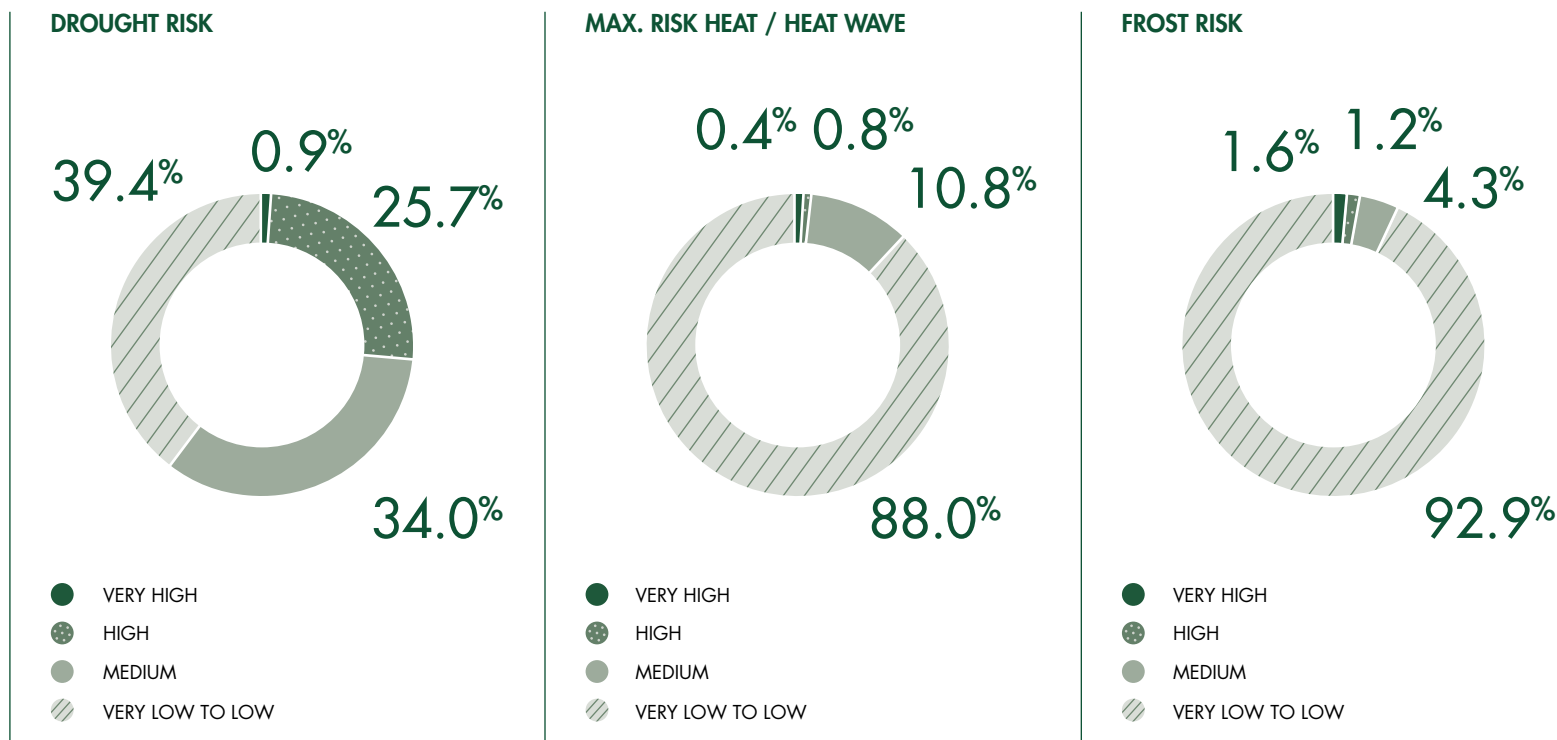
On the topic of counterparty risk analysis, a focus is provided on the exposure of **productive assets** of non-financial counterparties operating in the agriculture, construction and tourism sectors.

These sectors are characterised by 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.

The depiction by risk brackets can be seen below.

**PHYSICAL RISK PER COUNTERPARTY - NON-FINANCIAL COMPANIES - AGRICULTURE, CONSTRUCTION AND TOURISM SECTORS**

Banco BPM - €11.7 billion Gross cash exposure - Portfolio as at 31/12/2023



In more general terms, the low exposure to physical risks is favoured by the geographic distribution of our loan portfolios, which are concentrated in the Northern Italian regions marked by an average exposure to physical risks which is lower than the average in Italy.

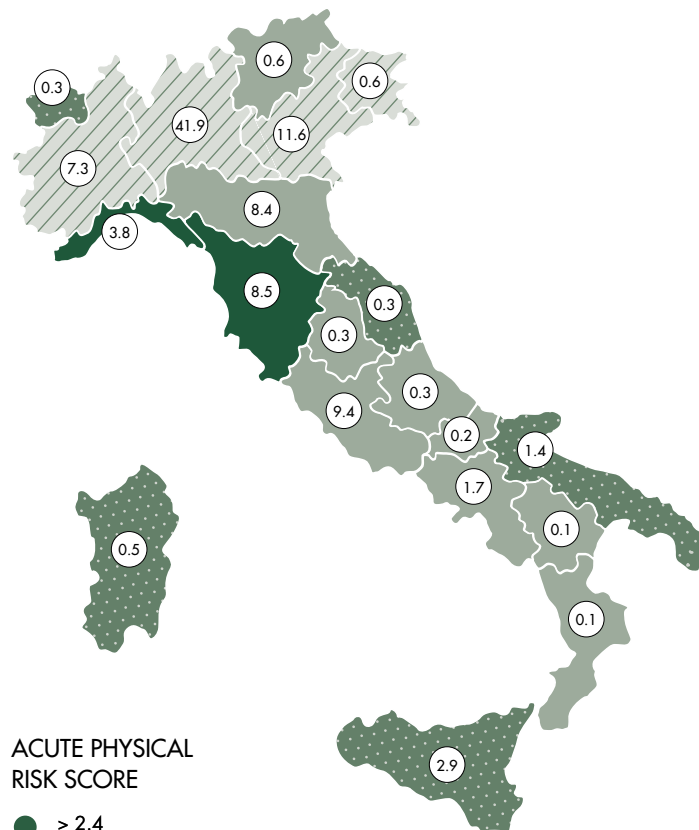
The following maps provide a regional representation at the end of 2023 of the concentration of the mortgage portfolio and the average acute and chronic physical risk score calculated on the assets.

Lastly, it is emphasised how **credit policies** have integrated, as of 2023, the analysis of counterparty physical risk exposure and real estate collateral into the credit risk assessment. In addition, as part of the ESG questionnaire submitted to customers, we introduced questions concerning the presence of mitigation factors such as the preparation of a business continuity plan and/or the presence of insurance policies.

### ACUTE PHYSICAL RISK - REGIONAL DISTRIBUTION

Average score and % mortgage portfolio

Unit of measurement: %



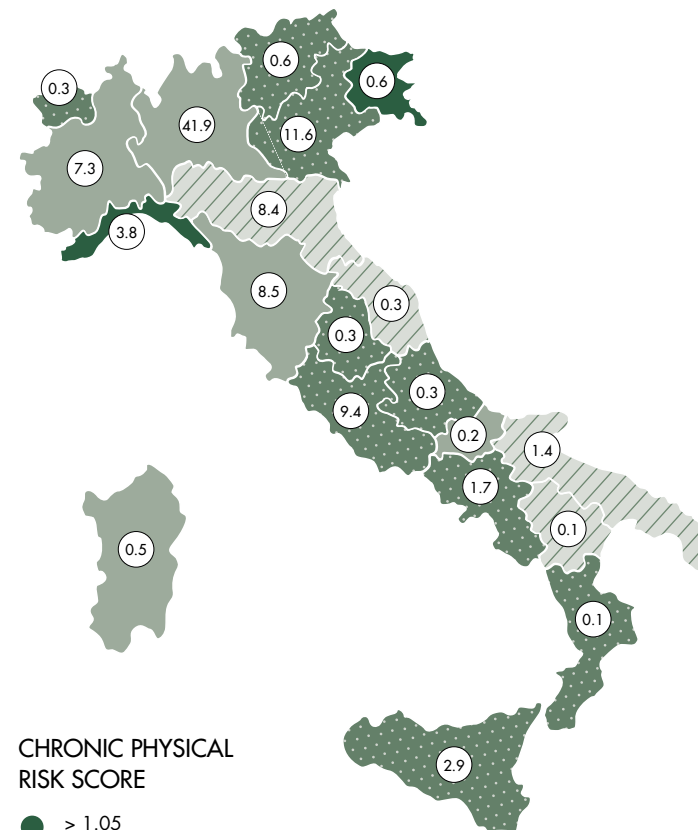
#### ACUTE PHYSICAL RISK SCORE

- > 2.4
- 2 - 2.4
- 1 - 2
- /// 0 - 1

### CHRONIC PHYSICAL RISK - REGIONAL DISTRIBUTION

Average score and % mortgage portfolio

Unit of measurement: %



#### CHRONIC PHYSICAL RISK SCORE

- > 1.05
- 0.9 - 1.05
- 0.8 - 0.9
- /// 0 - 0.8

**ENVIRONMENTAL RISKS - CREDIT RISK**

We conducted an exercise in 2023 to measure the materiality of the exposure of our loan portfolio to non-financial corporations concerning environmental risks

Consistent with the EU Taxonomy<sup>14</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>14</sup> The variables under analysis are in fact directly related to the last four objectives defined by the EU Taxonomy:

- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control;
- protection and restoration of biodiversity and ecosystems.

It should be emphasised that the first two objectives of the EU Taxonomy (climate change mitigation and climate change adaptation) are instead, 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.

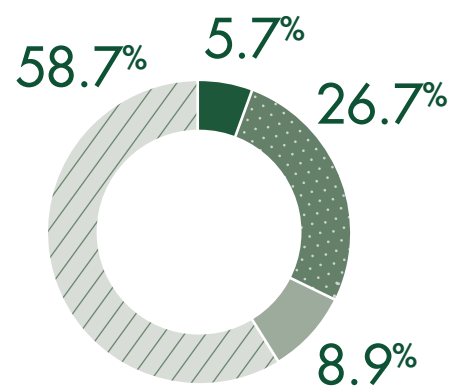
SCORE	USE OF WATER RESOURCES	CIRCULAR ECONOMY	POLLUTION	LOSS OF BIODIVERSITY
<b>0 VERY LOW</b>	Very low water consumption intensity activities	Waste intensity below the first quintile	Activities with no significant polluting impact	Companies involved in supporting and enhancing biodiversity
<b>1 LOW</b>	Industrial activities with low water consumption intensity	Waste intensity in the second or third quintile or waste recycling in the first decile	(Not assigned by the current methodology)	Activities with no negative impact on biodiversity
<b>2 MEDIUM</b>	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
<b>3 HIGH</b>	Industrial activities with high water consumption intensity	High waste intensity or medium-low recycling; very high waste intensity or very high recycling	(Not assigned by the current methodology)	Activities with potential negative impacts on biodiversity, mainly related to high emission intensity and no evidence of mitigation actions
<b>4 VERY HIGH</b>	Agriculture and power generation from traditional sources	Very high waste intensity or very low recycling	Activities with potential polluting impact	Activities with potentially significant negative impacts on biodiversity as listed by the EU Taxonomy and ISPRA 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. The depiction by risk brackets can be seen below:

**ENVIRONMENTAL RISK - NON-FINANCIAL COMPANIES**

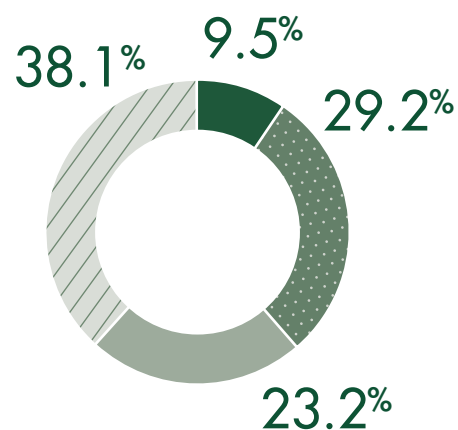
Banco BPM - €61 billion Gross cash exposure - Portfolio as at 31/12/2023

**RISK OF BIODIVERSITY LOSS**



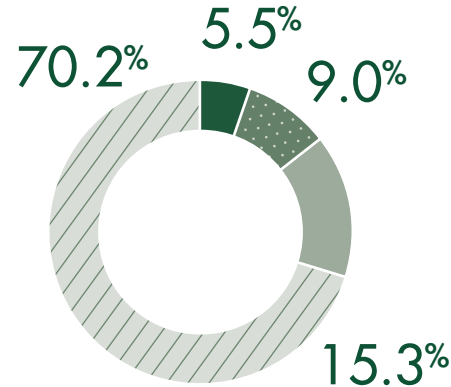
- VERY HIGH
- HIGH
- MEDIUM
- VERY LOW TO LOW

**CIRCULAR ECONOMY RISK**



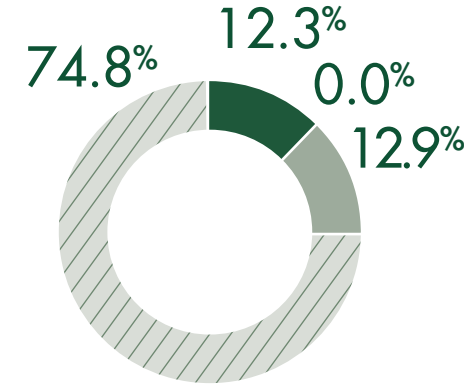
- VERY HIGH
- HIGH
- MEDIUM
- VERY LOW TO LOW

**WATER RISK**



- VERY HIGH
- HIGH
- MEDIUM
- VERY LOW TO LOW

**POLLUTION RISK**



- VERY HIGH
- HIGH
- MEDIUM
- VERY LOW TO LOW



### SUMMARY ASSESSMENT - CLIMATE AND ENVIRONMENTAL RISKS ON THE LOAN PORTFOLIO

On the whole, following the assessments conducted, it emerges that the current score is low overall 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 risk of loss of biodiversity 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.

### OTHER ANALYSIS - CREDIT RISK

In addition to the valuation models described above, Banco BPM performs specific sensitivity analyses aimed at estimating the impact of climate factors on the main risk parameters: Probability of Default (PD) and Loss Given Default (LGD). These analyses are conducted taking into account the expected developments over the different time horizons considered and in relation to the different scenarios used.

Specifically, Banco BPM has taken steps to:

1. integrate climate risks into IFRS9 provisioning measures<sup>15</sup> (as of December 2022);
2. integrate climate risks, adopting an advanced approach, into capital adequacy assessments - ICAAP (starting from March 2023);
3. defined the methodological framework for including climate risks in the internal rating system for management purposes.

### With reference to the first two points:

- *transition risk*: developed and implemented a methodological approach to stress the PD of counterparties (and, indirectly, LGD parameters) with climate factors, both for the calculation of Expected Credit Losses (ECL) and for the estimation of economic capital ;
- This methodology therefore considers the greater credit risk due to the impact of climate change and the costs of mitigation;
- *physical risk*: developed and implemented a methodological approach that directly stresses the LGD parameter by leveraging the flood scenario provided by the ECB. The latter assumes a shock in the price index of residential and commercial properties, making it possible to stress the guarantee portion of the Group's loan portfolio, thus impacting the expected recovery rate.

**With regard to the third point**, at the end of 2023 a framework was defined to support the Rating Desk structure, to attribute a credit rating to borrower customers. In particular, the framework envisages the definition of a *Climate rating* alongside the "traditional" internal rating model (AIRB)<sup>16</sup>, while waiting for the climate and environmental risk drivers to be directly included in the regulatory rating system.

The *Climate rating* can modify, either for the worse or for the better, the AIRB rating attributed to the counterparty by incorporating impacts on the debtor's credit assessment arising from exposure to physical and transition risks:

- *transition risk*: assessment - of the costs and investments impacting the debtor's "single-name" balance sheet projections under different climate scenarios; - the completed ESG questionnaires;
- *physical risk*: assessment: - the synthetic physical risk scores calculated at counterparty level; - the completed ESG questionnaires.

<sup>15</sup> International Financial Reporting Standards (IFRS) 9.

<sup>16</sup> Reference is made to the Advanced Internal Rating Based (AIRB) signal rating.

## CLIMATE AND ENVIRONMENTAL RISKS NOT RELATED TO CREDIT RISK

Analyses to measure our exposure to climate-related risks are not limited to the credit portfolio but also include **market, operational and liquidity risk** as well as other types of “**second-pillar**” risk.

The outcomes of monitoring each type of risk are periodically reported as part of the Group’s Risk Appetite Monitoring (RAM), which highlights the risk factors and impacts, including ESG, of each type of risk mentioned above.

Below is a summary of the actions taken by the Bank to measure climate risk exposure for each risk category.

\*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.

RISK CATEGORY	ANALYSES CONDUCTED
<b>MARKET RISK</b>	<p>The potential impacts of climate change on <b>market risk</b> 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.</p> <p>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.</p> <p>The assessment’s results showed that almost all of the financial instruments within the scope considered are marginally impacted by climate and environmental risks.</p> <p>In addition, with reference to the issuers (corporate and financial) of bonds and shares in the Group’s proprietary portfolios, Banco BPM conducts a materiality analysis of its exposure to ESG risks based on certain indicators assigned by the infoprovider Sustainability (Morningstar).</p>
<b>OPERATIONAL RISK</b>	<p>The potential impacts of climatic and environmental factors on <b>operational risk</b> 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*.</p> <p>We then analyse the potential exposure to such risk factors, both through the historical reporting of events and through prospective analyses.</p> <p>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.</p> <p>These impacts were also taken into account in the determination of second-pillar risks in the periodic capital adequacy assessment exercises (ICAAP).</p>
<b>LIQUIDITY RISK</b>	<p>The potential impacts of climate change are analysed in the area of <b>liquidity risk</b> 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 different risk scores, 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>Further analyses were conducted on the basis of ESG scores provided by external infoproviders. The results confirm a negligible exposure to counterparties/issuers characterised by a high ESG risk score.</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>

Climate risk assessments are also extended to the other **Pillar II risk** types:

RISK CATEGORY	ANALYSES CONDUCTED
<b>REPUTATIONAL RISK</b>	<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, the marginal contribution of the various climate and environmental risk factors was estimated with respect to 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>Banco BPM has also defined a framework for the ongoing monitoring and mitigation of reputational risk of the counterparties it entrusts. This framework is based on analyses from commercial network tools, credit policy processes, rating desk activities on the credit risk rating of counterparties and, finally, envisages second-tier controls carried out by the Risk Department for both monitoring purposes and ex-ante.</p>
<b>STRATEGIC RISK</b>	<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>
<b>PROPERTY AND EQUITY RISK</b>	<p>Banco BPM's <b>real estate risk</b> and <b>equity risk</b> models also include in the physical risk and transition risk components in their estimation methodologies, respectively.</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.**

## PILLAR 3 ESG

In January 2022, the European Banking Authority (EBA) published the final draft of implementing technical standards on Pillar 3 disclosure<sup>17</sup> that were subsequently approved by the European Commission<sup>18</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 quantitative disclosures as at 31 December 2023 are as follows:

RISK	TABLE
TRANSITION RISK	<b>Table 1</b> - Exposure to high-risk transition sectors broken down by sector, credit quality and residual maturity
	<b>Table 2</b> - 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)
	<b>Table 4</b> - Exposure to the world's top 20 most carbon intensive companies
PHYSICAL RISK	<b>Table 5</b> - Exposure to non-financial corporations on loans secured by real estate and recovered real estate collateral exposed to physical climate-related risks
MITIGATION ACTIONS	<b>Tables 6,7,8</b> - Exposures to support customer transition/adaptation (Green Asset Ratio)
	<b>Table 10</b> - Information on financial instruments aimed at climate risk mitigation that do not fall under the EU taxonomy

The Pillar 3 document can be found here: [gruppo.bancobpm.it](https://gruppo.bancobpm.it) > Investor Relations > Pillar 3

<sup>17</sup> <https://www.eba.europa.eu/eba-publishes-binding-standards-pillar-3-disclosures-esg-risks>.

<sup>18</sup> <https://eur-lex.europa.eu/legal-content/IT/TXT/PDF/?uri=CELEX:32022R2453&from=EN>.

## FINANCED EMISSIONS

Following membership of the Net Zero Banking Alliance, the main methodological choices aimed at measuring the baseline of financed emissions related to entrusted customers were articulated, allowing the identification of the top five priority areas.

Absolute greenhouse gas (GHG) data is required for the calculation of financed emissions. Where available, the Banco BPM Group considered the information provided directly by the individual counterparties under analysis, described in specific public reports (such as Non-Financial Statements and Sustainability Reports).

In cases where, on the other hand, the absolute emission figure is not communicated by the entrusted company, a specific estimation methodology is applied that includes the following steps:

1. definition of GHG intensities, differentiated by Scope 1, 2 and 3 and NACE codes, calculated with the support of external info-providers;
2. calculation of absolute emissions by multiplying GHG intensities by the turnover of each counterparty.

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 emissions, only counterparties operating in the business sectors defined in Delegated Regulation (EU) 2020/1818 - which in relation to such emissions envisages a gradual reporting approach - were selected.

Banco BPM has currently started the process of defining sectoral targets, refining the logic of defining the priority sectors identified, also in view of regulatory developments, and evaluating the methodological alternatives on metrics and scenarios to be used, as part of the Net Zero Banking Alliance target definition process.



## SCENARIO ANALYSIS

The Banco BPM Group already 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.

**With reference to ESG issues, particularly environmental and climate-related issues, the need to be able to conduct specific forward-looking assessments is becoming increasingly important in estimating the impacts of these factors not only over a short-term time horizon, but also, and above all, looking ahead to the medium and long terms.**

In recent years, therefore, it has become necessary to integrate the effects of climate and environmental components into the forward-looking scenarios adopted for capital and liquidity projections in order to assess their impact on the Bank's overall business.

This area includes monitoring the impacts of climate change and environmental degradation on the business environment of the Banking Group, in the short, medium and long terms, with regard to specific macroeconomic variables and in reference to its particular competitive context.

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 that incorporate the effects of climate change on the global economy and individual countries under different climate shock assumptions**. The NGFS scenarios are based on a framework consisting of four "macro-scenarios" ("*Orderly*", "*Disorderly*", "*Hot house world*" and "*Too little-too late*") 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 latest scenarios released by the NGFS in November 2023 (known as phase IV) were updated considering economic and climate data, new technologies, as well as the latest political objectives and the implications of the war in Ukraine on the energy market. Two new scenarios - "*Low Demand*" and "*Fragmented world*" - have been added in this update, while "*Divergent net Zero*", which was present in the previous version, has been removed due to the reduced likelihood of achieving environmental targets as a result of an uncoordinated transition. Further changes result from the improved modelling of physical risks with a more detailed definition of how acute physical risks might materialise.

The economic impact of the four scenarios is measured through the deviation of the cumulative GDP from a baseline assumption. These deviations are assessed over three distinct time horizons: 2030, 2050 and 2100. The assessments for Italy - on which the Banco BPM Group's economic activity is focused - show, also in the November 2023 NGFS document, that the growth differential between the various climate scenario assumptions by 2030 is small.

Finally, while using the NGFS scenarios (phase III version) in continuity with the ICAAP 2023, the Banco BPM Group is working to assess its capital adequacy in light of the financial KPIs generated by the information contained in the new ESG scenarios, with sectoral and territorial analyses and with increasingly sophisticated and precise approaches.

## CLIMATE STRESS TEST EXERCISES

During 2022, the Banco BPM Group actively participated in the “*Climate Risk Stress Testing*” exercise conducted by the European Central Bank, also drawing up medium/long-term bottom-up projections, which essentially represented an initial test of the ability of financial intermediaries to examine and quantify the potential impacts of climate and environmental risk factors.

This exercise constituted a useful learning tool with respect to the specific issues analysed, at the same time helping to strengthen both the internal methodologies defined by the Bank, and to further increase the relationship of dialogue and discussion with the Supervisory Authority.

With specific reference to credit risk, leveraging the methodology defined by the ECB as part of the 2022 “*Climate Risk Stress Testing*” and on the analyses of the exposure of its loan portfolio to climatic and environmental risks, Banco BPM already carried out an initial integration of climate risks in the Group’s independent capital adequacy assessment process (ICAAP) last year. The process of integrating climate risk factors into the capital adequacy and financial/liquidity assessments was further strengthened and completed in the current financial year.

It should also be noted that in the last quarter of 2023, the Group was engaged in preparatory activities for the first data collection exercise “Fit for 55 climate risk scenario analysis” conducted by the European Banking Authority (EBA) in collaboration with the ECB, which will take place in early 2024. Participating intermediaries will have to provide the “starting point” values, as of 31 December 2022, of the required climate data. The prospective results of the analysis will be obtained using the top-down climate risk stress test models defined by the ECB.

This exercise is part of the new mandates received from the EBA, as part of the renewed sustainable finance strategy of the European Commission. The main objective is to assess the overall resilience of the banking sector with respect to the targets defined with the “Fit for 55” package and to acquire information on the ability of the banks to support the transition to a low-carbon economy.

## EU TAXONOMY PROJECT

In order to comply with the regulatory requirements of EU Regulation 852/2020 and subsequent delegated acts, the Bank initiated a number of preparatory activities during 2023.

As part of the taxonomic activity, information and metrics were identified that were useful for assessing the criteria of substantial contribution and “do no significant harm”; this made it possible to identify gaps in information to enable the Bank to initiate a subsequent refinement of its lending processes.

Therefore, the necessary measures were defined to make the offer Taxonomy Aligned, both in terms of defining “green” products intended for the transition and decarbonisation process of companies according to more stringent criteria, and in terms of improving the concession processes on targeted operations (such as real estate projects and power generation from renewable sources).

## GREEN ASSET RATIO (GAR)

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 “EU Taxonomy”)** is placed, which aims to direct capital towards economic activities considered environmentally sustainable, by establishing a corresponding classification system for such activities.

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>19</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.**

The EU Taxonomy Regulation also defines specific reporting requirements for companies subject to the publication of non-financial information<sup>20</sup>.

<sup>19</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.

<sup>20</sup> Reference is made to the non-financial reporting obligation under Article 19a or Article 29a of Directive 2013/34/EU (Non Financial Disclosure).

## MANDATORY DISCLOSURE

In the 2023 disclosure, financial institutions are required to publish their Green Asset Ratio (GAR) for the first time.

The reported GAR is an **indicator of the level of alignment of the Group’s exposure to the objectives climate change mitigation (CCM) and climate change adaptation (CCA)**, in compliance with the Taxonomy Regulation (EU Regulation 2020/852) and related Delegated Acts and the Implementing Regulation (EU) 2022/2453, and is calculated as the ratio of assets that finance (Turnover) or invest (CapEx) in economic activities aligned with the Taxonomy to total covered assets, which includes loans and advances, debt securities, equity investments and recovered collateral.

As at 31/12/2023, **the stock GAR is 2.02% on Turnover and 2.28% on CAPEX**, with 70.81% coverage on total assets. The value assumed by the KPI to date is small and unrepresentative, partly due to the limited availability of timely data on the funded counterparties that publish a Non-Financial Statement (NFS) and the current absence of alignment information on financial firms. It should also be noted that the denominator of the KPI also includes several activities for which it is not feasible to verify eco-sustainability.

# 2.02%

Turnover-based GAR

# 2.28%

CapEx-based GAR



Please refer to [gruppo.bancobpm.it](http://gruppo.bancobpm.it) > Sustainability > Non-financial statement in the 2023 NFS section (italian version) for detailed Taxonomy information<sup>21</sup>.



<sup>21</sup> With the aim of providing a sound disclosure of the detailed mandatory information required in the Taxonomy for the 2023 Non-Financial Statement, we have chosen to postpone (no later than 30 June 2024) the publication of certain information that requires a greater effort in terms of data availability and timing.

In particular, on the date of publication of the 2023 CNFS (19 March 2024):

- a summary of the two GAR KPIs (Turnover and CapEx) is provided within the document;
- some information/templates are published on Banco BPM's website with reference to the two Taxonomy objectives related to climate change mitigation and climate change adaptation; in particular, for both GAR KPIs (turnover and capex), with regard to Annex VI, template 0 will be published with the exception of the GAR details related to off-balance sheet exposures (financial guarantees and managed financial assets) and GAR flow, which, as previously specified, require greater effort in terms of data availability and related timing; template 1 "Covered assets (GAR -Off-bal)", with the exception of off-balance sheet exposures (financial guarantees and managed financial assets, including details on debt securities and equity instruments); template 2 "Gar-Sector Information"; template 3 "Gar KPI-Stock". Data on the previous year ("t-1") will also be excluded, which will be published starting with the disclosure for the fiscal year 2024.

As regards the remaining mandatory information required for the 2023 Non-Financial Statement, by 30/06/2024 at the latest, all complete templates will be published on the Banco BPM website.

Therefore, in addition to those published on 19 March 2024 (see above for details), the remaining Annex VI templates (excluding Templates 6 "F&C KPIs", 7 "Trading KPIs" and the related summary KPIs of Annex VI Template 0, as they are not mandatory for disclosure 2023) and all Annex XII templates (gas and nuclear) will be published.

In addition, the 2023 Taxonomy eligibility and alignment disclosure does not take into account the insurance business (which accounts for about 1.5% of operating income and about 8% of the Group's assets) because:

- as at the date of approval of the 2023 CNFS by the BoD (27 February 2024), the Commission Notice on the interpretation and implementation of certain regulatory provisions of the Delegated Act disclosures pursuant to article 8 of the EU Taxonomy Regulation on reporting Taxonomy-eligible and Taxonomy-aligned economic activities and assets (Third Commission Notice) issued on 21 December 2023 is still in draft and not yet formally adopted;
- although the Banco BPM Group was granted financial conglomerate status on 7 March 2023, the process of integrating the insurance business was only completed on 14 December 2023 and, taking into account the fact that the Commission's Notice was published on 21 December 2023, the necessary project timelines for identifying the GAR related to the insurance business are not compatible with the dates of the necessary internal information and authorisation steps (Sustainability Committee, Board of Directors and Board of Statutory Auditors) related to the publication of the 2023 CNFS.

In particular, this information includes:

- **Table 0.** KPI Summary: shows the summary indicators of the Green Asset Ratio (GAR) on both Turnover and CAPEX, represented in detail in Tables 1 and 3 below;
- **Table 1.** Cov.assets (GAR,off-bal): requires information on the gross book value of loans and advances, debt securities and equity instruments in the banking portfolio, with a breakdown of information by type of counterparty, including financial corporations, non-financial corporations, households, local governments, as well as collateral repossessed in exchange for debt relief, and on Taxonomy eligibility and alignment of exposures with respect to the environmental objectives climate change mitigation and adaptation, as set out in Article 9, letters a) and b) of Regulation (EU) 2020/852;
- **Table 2.** GAR-Sector information: requires information on the gross book value of loans and advances, debt securities and equity instruments in the banking book for non-financial corporations divided by NACE sector by four digits;
- **Table 3.** GAR KPIs Stock: shows the percentage breakdown of Table 1 on the total assets covered by the denominator.

In line with the provisions of the reference legislation (Annex V - EC Delegated Regulation (EU) 2021/2178 of 6 July 2021), the assets considered for the calculation of the Green Asset Ratio - GAR indicator, for the purposes of preparing the Taxonomy disclosure, relate to exposures towards:

- 1. Financial corporations:** the identification of eligible exposure is done by weighting the Gross Carrying Amount by the percentage of eligibility for the Taxonomy punctually disclosed by the counterparty in the NFS during the reporting period. Eligibility percentage means the proportion of eligible business exposures in total assets covered or total activities, based on counterparty turnover. On the other hand, with regard to aligned exposure, it is not possible to report it at the moment, as these companies will publish this information with their December 2023 disclosure.
- 2. Non-financial firms subject to NFRD (Non Financial Reporting Directive) requirements:** only companies that prepare a non-financial disclosure on a mandatory basis were considered. The amount of eligible exposure aligned with the EU Taxonomy is calculated with the following peculiarities:
  - a.** in the case of general purpose, the gross book value of the exposures was weighted by the turnover KPI aligned with the EU Taxonomy that the non-financial corporation is required to report (within its non-financial disclosure) for each environmental objective;
  - b.** in the case of special purposes, the gross book value of the exposures is taken into account in proportion to the contribution that the financed project makes to financing an economic activity aligned with the Taxonomy.

- 3. Individuals:** including loans to households secured by residential real estate or granted only for the purpose of renovating residential buildings (dwellings) that are Taxonomy-aligned according to the technical screening criteria for buildings, namely for renovation, purchase and ownership in accordance with Annex I of Delegated Regulation 2021/2178.
- 4. Local governments:** the gross book value of project finance exposures to the public authority is taken into account in proportion to the contribution that the financed project makes to financing a taxonomy-aligned economic activity.
- 5. Recovered real estate collateral:** recovered commercial and residential real estate collateral held for sale at their gross value, based on the degree of conformity of the buildings, according to specific technical screening criteria.

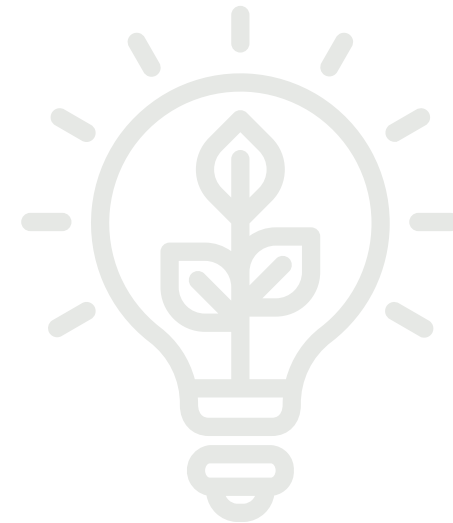
The following portfolios were also included in the denominator of the indicator, in addition to those included in the numerator:

- Exposures to EU and non-EU non-financial companies not subject to NFRD requirements;
- Interbank loans on demand;
- Derivatives;
- Liquidity and related assets;
- Other assets (e.g., goodwill, commodities, etc.).

The following assets remain outside the scope of the KPI calculation:

- Trading book (held for trading);
- Exposures with sovereign nations;
- Exposures to Central Banks.

MAIN RISKS	MANAGEMENT METHODS / POLICIES ADOPTED
<p><b>CLIMATE AND ENVIRONMENTAL RISKS</b></p>	<ul style="list-style-type: none"> <li>• Strengthening the group’s risk identification with particular reference to C&amp;A risk analysis</li> <li>• Progressive refinement of methodology and accuracy of data used in risk exposure measurement exercises C&amp;A</li> <li>• Development of scenario analyses</li> <li>• Integration of C&amp;A factors into credit policies and the overall risk management</li> <li>• Defining C&amp;A goals within the framework of the Strategic Plan and through NZBA</li> </ul>
<p><b>NON-ALIGNMENT WITH THE EU TAXONOMY</b></p>	<ul style="list-style-type: none"> <li>• Definition of a “Taxonomy-aligned” commercial offer</li> <li>• Functional work on the integration of taxonomic logic into credit policies</li> <li>• Refining the Green Asset Ratio calculation</li> </ul>



# RECOGNITIONS

We studied, explored, observed, listened and learned.

We questioned, analysed, consulted and then **threw ourselves headlong into the challenges** that arose along the way.

We never backed down, because change does not frighten us, because **change makes us better**.

This is why **we are a solid reference point**, at the centre of the country's economy, someone with whom to build the future.

And this is **recognised**.





What we do  
stems from **conscious choices**.  
What we do is what we are.  
Our actions are actions  
that **help doing**.

Lucca, Church of San Michele in Foro

# Awards and Acknowledgements 2023

## FEBRUARY

### ITALIAN CERTIFICATES AWARDS 2022

"Best Distribution network banking networks" and "Best ESG Certificate": twice on the podium thanks to our products, integrated with sustainability issues, adaptable to different investment profiles and for the coordination between product factories and sales network for the benefit of customers and investors.

## MARCH

### ABI AWARD FOR INNOVATION IN BANKING SERVICES 2023

First place in the category: **Digital Transformation - Channels** for **"YouPlan Business: the Digital Business Financial Management for SMEs"**: an advanced and innovative platform that supports companies in their financial and cash flow forecast management.

## APRIL

### EUROPE'S CLIMATE LEADERS 2023

Present again this year in the **ranking that identifies the companies that are most successfully reducing their greenhouse gas emissions and making further climate commitments**. The result sees us among the 33 Italian and 500 European companies most committed to combating climate change.

### 2023 BANKING AWARDS

Awarded by Milano Finanza as **Best Retail Bank** for growth in results, thanks to activities in the retail market. We also won the **"Innovation Award" in the Value Proposition category** for customers with digital branches.

### 2023-2024 "HEALTH FRIENDLY COMPANY" (HFC)

Having joined the network of Fondazione Onda, the National Observatory on Women's and Gender Health, **we received the Health Friendly Company (HFC) Seal**: certification for companies that have stood out for ensuring the health and well-being of their employees.

### SUSTAINABILITY AWARDS 2023 3RD EDITION

For the second year in a row, **awarded in the Finance segment** with the project **"Health Environment Objective!"**: the 1<sup>st</sup> edition of the virtual, non-competitive challenge, inviting our people to implement virtuous behaviour every day in terms of environmental impact and healthy lifestyles, stimulating a balanced combination of free time, health and psycho-physical well-being.

## MAY

### SUSTAINABILITY LEADERS 2023

For the third year in a row, included **among Italy's 240 leading sustainability companies**, thanks to the commitment to achieving the ESG targets included in the Strategic Plan to 2024.

## AUGUST

**In its League Tables referring to the first half of 2023, TFX certified us as the tenth player in Europe** for export finance, buyer's credit, supplier's credit and guarantees/bonds with @SACE coverage.

Our customer-focused approach, close cooperation with SACE and the commitment of our colleagues have enabled us to achieve this position in five years.

## SEPTEMBER

### WORLD'S MOST TRUSTWORTHY COMPANIES 2023

Ranked first among Italian banks and 23rd, out of 67 banks present, internationally. A large survey (about 70,000 participants) conducted by Newsweek and the research company Statista, honoured us as one of the companies, with a turnover of more than USD 500 million, that inspire confidence in customers, investors and employees.

## NOVEMBER

### PRIVATE BANKING AWARDS

**Banca Aletti**, our private bank and investment centre, **was awarded in the "Best value generation" category for its contribution to value generation**, expressed in synergy with the Group, towards entrepreneurs, to whom Investment and Corporate Banking also address.

### FINANCE COMMUNITY AWARDS

**"Team of the Year leveraged Finance" to our Financial Sponsor structure**: for the quality of work and support provided to major Italian/European players active in various markets including infrastructure, fashion and high tech.

**Team of the year Mid-Market M&A for Banca Akros/Oaklins**: for the quality of the numerous and substantial mergers/acquisitions with a focus on high-tech SMEs contributing to the digitisation of the country's economic system.

## DECEMBER

### IMPACT AWARD 2023

The coveted award was presented to our **Sustainable Funding & Advisory** Team for the **Best Report on Green Emissions** by the prestigious magazine Environmental Finance, for our commitment to promoting sustainable practices and for excellence in the disclosure of transparent and insightful information related to the environment, social responsibility and corporate governance.

### OSCAR



In the event that assigns most important and recognised awards for corporate reporting, **Banco BPM won the Special "NON-FINANCIAL REPORTING" Award**. The reasoning emphasises precision and accuracy in reporting, but also ease of navigation, graphic design and language register, all aimed at multi-stakeholder communication.

Banco BPM was also a finalist in the "Financial Firms" category.

# Rating and Indices

## OCTOBER 23

### SUSTAINALYTICS IMPROVES OUR RATING

Banco BPM achieved a score improvement to 15.7 (low risk) from the previous 22.4 (medium risk). This result derives from an assessment of exposure to risks related to ESG factors and the ability to manage them.

### STANDARD & POOR GLOBAL IMPROVES SCORE

The improvement of the score **to 57/100** (from 56/100 in 2022) **reflects the recognition of our commitment on the path to sustainability**.

## NOVEMBER 23

### STANDARD ETHICS IMPROVES SUSTAINABILITY RATING FROM "EE" TO "EE+"

Standard Ethics raised Banco BPM's Corporate Sustainability Rating to **"EE+"** from the previous **"EE"** and confirmed the **"Positive"** Outlook. This improvement takes into account the continuation of our sustainability journey, which has seen the evolution of important governance tools and the high level of integration of sustainability issues achieved both within processes and business plans.

## DECEMBER 23

### MIB ESG

As a result of the review conducted by Euronext, **we were confirmed in the MIB ESG index**, which includes the best companies among the most sustainability-conscious large capitalisation companies. Remaining in the index is subject to verification, and we were again confirmed in 2023.

## FEBRUARY 24

### CDP CONFIRMS B RATING

Banco BPM's rating for the year 2023, on a scale between D- and A, was **confirmed at B**, a level indicating a good capacity to manage environmental issues. The CDP rating allows us to assess our environmental footprint through an international measurement methodology.

# ANNEXES







This section contains the document's **main indicators** and **insights into social environmental data**.

Specifically:

- the main indicators in the document show, for each chapter, the 2023, 2022 and 2021 values of the main indicators/KPIs reported;
- the in-depth environmental and social data show, for the environmental data, the 2023, 2022 and 2021 values of detailed data on environmental parameters, energy, emissions, consumables, water use and waste; for social data, the 2023 and 2022 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	2023	2022	2021
<b>Organisational and governance model</b>	<b>Composition of the Board of Directors</b>				
	Directors	no.	15	15	15
	<i>of which executive</i>	no.	1	1	1
	<i>of which non-executive</i>	no.	14	14	14
	<i>of which independent*</i>	no.	13	12	12
	<i>of which women</i>	no.	6	6	6
	<i>of which men</i>	no.	9	9	9
	<i>of which &lt; 30 years</i>	no.	0	0	0
	<i>of which 30-50 years</i>	no.	0	2	2
<i>of which &gt; 50 years</i>	no.	15	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	2023	2022	2021
<b>Organisational and governance model</b>	<b>Composition by Board member skills*</b>				
	Financial and/or banking markets	no.	15	-	-
	Banking and financial activities and products	no.	13	-	-
	Global dynamics of the domestic and international economic and financial system and of the trends and prospects in the reference sector	no.	15	-	-
	Internal control systems and other operational mechanisms	no.	11	-	-
	Risk management	no.	13	-	-
	Accounting and financial information	no.	15	-	-
	Guidelines and strategic planning	no.	14	-	-
	ICT systems and new technology applicable to the banking and finance sector	no.	5	-	-
	Regulations in the banking, financial and insurance sector	no.	15	-	-
	Organisational and corporate governance structures	no.	15	-	-
Human resources, remuneration systems and policies	no.	9	-	-	
ESG/social and environmental sustainability	no.	10	-	-	

\*A comparison with the years 2021 and 2022 is not possible since, in December 2022, in view of the renewal of the Board, which took place in April 2023, the new document on the qualitative-quantitative composition of the Board of Directors was approved, within which the areas of competence/experience required of Directors were redefined - in compliance with the reference regulations - both individually and as regards "collective suitability", in order to incorporate the regulatory updates and guidelines of the Regulator that have occurred in the meantime, as well as the findings of the Board of Directors' self-assessment.

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
Organisational and governance model	<b>Internal Control, Risks Committee Composition**</b>				
	Directors	no.	5	5	5
	<i>of which executive</i>	no.	0	0	0
	<i>of which non-executive</i>	no.	5	5	5
	<i>of which independent*</i>	no.	5	4	4
	<i>of which women</i>	no.	1	2	2
	<i>of which men</i>	no.	4	3	3
	<i>of which &lt; 30 years</i>	no.	0	0	0
	<i>of which 30-50 years</i>	no.	0	0	0
	<i>of which &gt; 50 years</i>	no.	5	5	5
	<b>Sustainability Committee Composition***</b>				
	Directors	no.	3		
	<i>of which executive</i>	no.	0		
	<i>of which non-executive</i>	no.	3		
	<i>of which independent*</i>	no.	3		
	<i>of which women</i>	no.	2		
	<i>of which men</i>	no.	1		
	<i>of which &lt; 30 years</i>	no.	0		
	<i>of which 30-50 years</i>	no.	0		
<i>of which &gt; 50 years</i>	no.	3			

\*Independent pursuant to Article 20.1.6 of the Articles of Association and Article 148 of the Consolidated Law on Finance.

\*\*Until April 2023, Internal Control, Risks and Sustainability Committee.

\*\*\*Established in April 2023.

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
Organisational and governance model	<b>Composition of the Remuneration Committee</b>				
	Directors	no.	3	3	3
	<i>of which executive</i>	no.	0	0	0
	<i>of which non-executive</i>	no.	3	3	3
	<i>of which independent*</i>	no.	2	3	3
	<i>of which women</i>	no.	1	1	1
	<i>of which men</i>	no.	2	2	2
	<i>of which &lt; 30 years</i>	no.	0	0	0
	<i>of which 30-50 years</i>	no.	0	1	1
	<i>of which &gt; 50 years</i>	no.	3	2	2
	<b>Composition of the Appointments Committee</b>				
	Directors	no.	3	3	3
	<i>of which executive</i>	no.	0	0	0
	<i>of which non-executive</i>	no.	3	2	3
	<i>of which independent*</i>	no.	3	2	2
	<i>of which women</i>	no.	2	1	1
	<i>of which men</i>	no.	1	2	2
	<i>of which &lt; 30 years</i>	no.	0	0	0
	<i>of which 30-50 years</i>	no.	0	0	0
<i>of which &gt; 50 years</i>	no.	3	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	2023	2022	2021
Organisational and governance model	<b>Composition of the Related Parties Committee</b>				
	Directors	no.	3	3	3
	<i>of which executive</i>	no.	0	0	0
	<i>of which non-executive</i>	no.	3	3	3
	<i>of which independent*</i>	no.	3	3	3
	<i>of which women</i>	no.	2	2	2
	<i>of which men</i>	no.	1	1	1
	<i>of which &lt; 30 years</i>	no.	0	0	0
	<i>of which 30-50 years</i>	no.	0	2	2
	<i>of which &gt; 50 years</i>	no.	3	1	1
	<b>Composition of the Board of Statutory Auditors</b>				
	Statutory Auditors	no.	8	8	8
	<i>of which women</i>	no.	4	3	3
	<i>of which men</i>	no.	4	5	5
	<i>of which standing</i>	no.	5	5	5
	<i>of which alternative</i>	no.	3	3	3
	<i>of which &lt; 30 years</i>	no.	0	0	0
	<i>of which 30-50 years</i>	no.	2	2	2
<i>of which &gt; 50 years</i>	no.	6	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	2023	2022	2021
<b>Organisational and governance model</b>	<b>Meetings with analysts and the institutional financial community</b>				
	Events/Meetings	no.	163	153	97
	Investment companies and other institutional financial entities	no.	718	473	453
	Conferences/webcasts to present results and Strategic Plan*	no.	5	4	5
	Events/meetings with ESG focus	no.	11	14	5
<b>Business Conduct</b>	<b>Anti-corruption / anti-money laundering</b>				
	Anti-corruption training hours	no.	46,905.0	86,290.0	110,963.3
	Number of target employees	no.	17,166	18,014	14,339
	Anti money-laundering training hours	no.	27,446.0	36,559.0	88,544.3
	Number of target employees	no.	6,799	7,463	13,143
	Confirmed incidents and dismissals related to corruption events	no.	0	0	0
	<b>Reporting Violations</b>				
	Number of reports from Whistleblowing platform	no.	16	16	3
	Number of reports from Supervisory Body inboxes	no.	11	12	6

\* The 2023-2026 Strategic Plan was presented in 2023.



## VALUE CREATION

CHAPTER	INDICATORS/KPIS	Unit	2023	2022*	2021
<b>Economic value generated and distributed</b>	Interest and similar income	€ million	6,559	2,937	2,425
	Interest and similar expense (-)	€ million	(3,188)	(596)	(409)
	Fee and commission income	€ million	1,992	1,998	2,019
	Fee and commission expense (net of the costs of external networks) (-)	€ million	(207)	(150)	(125)
	Dividends and similar income	€ million	79	61	54
	Net trading income	€ million	85	174	80
	Fair value gains/losses on hedging derivatives	€ million	(1)	1	(1)
	Gains (Losses) on disposal or repurchase	€ million	(27)	(166)	(129)
	Net Gains (Losses) from other financial assets and liabilities measured at fair value through profit or loss	€ million	(112)	(9)	16
	Net losses / recoveries on credit risk	€ million	(516)	(483)	(631)
	Profit/loss from contractual amendments without derecognitions	€ million	-	2	(9)
	Insurance proceeds from insurance contracts issued and reinsurance ceded	€ million	109	46	0
	Balance of other income/expenses from insurance activities	€ million	(223)	(82)	0
	Other operating income/expense	€ million	357	346	363
	Profits (Losses) on equity investments (the share of "profits/losses on disposals")	€ million	-	(11)	0
	Gains (losses) on disposal of investments	€ million	31	2	0
	<b>Total economic value generated</b>		<b>€ million</b>	<b>4,938</b>	<b>4,088</b>

Figures enclosed in brackets within these financial statements indicate negative figures, such as losses, debts or negative balances.

\*The figures relating to the previous year have been restated following the retrospective application of accounting principle IFRS 17 by the Group's controlled and subsidiary insurance companies, as well as IFRS 9 for associates.

CHAPTER	INDICATORS/KPIS	Unit	2023	2022*	2021
<b>Economic value generated and distributed</b>	Economic value distributed to suppliers**	€ million	615	605	(562)
	Economic value distributed to employees and contractors	€ million	1,653	1591	(1,664)
	Economic value distributed to third parties	€ million	-	1	-
	Economic value distributed to shareholders	€ million	849	(348)	(288)
	Economic value distributed to central and peripheral administration	€ million	560	584	(454)
	Economic value distributed to the community and environment	€ million	5	(4)	(5)
	Total economic value distributed	€ million	3,682	3,313	(2,973)
	<b>Total economic value retained</b>	<b>€ million</b>	<b>1,256</b>	<b>957</b>	<b>680</b>
<b>Capital strength and profitability</b>	Net profit stated	€ million	1,264.5	685.0	569.1
	ROTE	%	12.4	7	5.5
	Profit (loss) from operations	€ million	2,770	2,144	1,995
	CET1 Ratio (Fully Loaded)	%	14.2	12.8***	13.4
	Cost/Income	%	48.0	54.0	55.8
	GROSS NPE ratio	%	3.5	4.2	5.6
	Net NPE ratio	%	1.8	2.2	3.0
	Cost of credit	p.b.	53	62	81
	Dividend per Share	€	0.56	0.23	0.19
	NSFR	%	>100	>100	>100
LCR	%	187	191	> 200	

Figures enclosed in brackets within these financial statements indicate negative figures, such as losses, debts or negative balances.

\*The figures of the economic statement relating to the previous year have been restated following the retrospective application of IFRS 17 by the Group's controlled and subsidiary insurance companies, as well as IFRS 9 for associates.

\*\*The value "Suppliers" refers only to the item classified in the income statement as "Other administrative expenses".

\*\*\*Values calculated without the application of the Danish Compromise.

## CUSTOMERS

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
<b>Finance for a sustainable transition</b>	New disbursements of green residential mortgages	€ billion	0.48	0.62	0.7
	Purchase of property tax credits	€ billion	1.68	1.5	0.9
	Managed ESG assets*	€ billion	23.2	20.7	9.3
	Managed ESG assets as a percentage of total AUM*	%	37.5	34.9	14.2
	Green Bond Issue	€ billion	1.5	2.05	0.0
	Social Bond Issue	€ billion	0.5	0.0	0.5
	ESG bonds owned portfolio	€ million	1,804.0	1,475.0	756.0
	ESG corporate bonds owned portfolio	€ million	1,512.0	1,146.0	594.0
	Incidence of ESG corporate bonds on corporate bonds owned portfolio	%	29.1	24.2	14.3
	ESG bond issues backed by Banca Akros	€ billion	8.1	8.1	8.0
	<b>Total ESG bonds in the ownership portfolio</b>	<b>€ million</b>	<b>1,512.0</b>	<b>1,145.7</b>	<b>594.0</b>
	<i>of which Green Bonds</i>	<i>€ million</i>	<i>1,033.8</i>	<i>746.3</i>	<i>413.3</i>
	<i>of which Social Bonds</i>	<i>€ million</i>	<i>209.5</i>	<i>178.0</i>	<i>99.5</i>
	<i>of which Sustainability Bonds and Sustainability Linked Bonds</i>	<i>€ million</i>	<i>236.2</i>	<i>198.9</i>	<i>81.2</i>
<i>of which Transition Bonds</i>	<i>€ million</i>	<i>32.5</i>	<i>22.5</i>	<i>-</i>	

\*It should be noted that for the 2022 and 2021 data, the Art. 8 and Art. 9 SFDR classifications considered refer to the definitions of instruments with sustainability and risk management characteristics provided by asset managers at the historical reporting date, and therefore do not consider any classification changes subsequently made by these entities. With specific reference to the 2021 data, it should also be noted that their comparability is particularly impacted by a subsequent major transformation of products from Art. 6 to Art. 8 SFDR by some asset managers, which changed the scope of reference.

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
<b>Credit for the country</b>	Stock of loans to customers	€ billion	105.4	109.0	111.0
	Customer loans/Total Assets	%	52	58.0	55.0
	New loans to customers	€ billion	19.4	26.5	22.7
	Performing loans to non-financial corporations	%	56.6	59.4	58.4
	Performing loans to consumer households	%	27.2	27.1	26.6
	Performing loans to financial corporations	%	12.1	7.9	9.6
	Performing loans to public administrations	%	1.5	1.7	1.5
	Performing loans Banca Akros	%	-	1.5	1.7
	Performing loans to non-profit institutions	%	0.8	0.9	0.8
	Performing loans to others	%	1.8	1.5	1.4
	Stock of performing corporate loans	€ billion	58.0	62.7	60.9
	Stock of performing loans to individuals	€ billion	27.9	28.6	27.7
	Performing mortgages/Stock of Performing Loans to Persons	%	> 90	92	91
Stock of performing loans to other customers - of which to non-profit organisations	€ billion	0.808	0.955	0.859	

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
<b>Credit for the country</b>	Loans to companies in the manufacturing sector*	%	27.6	28.6	28.4
	Loans to real estate companies*	%	17.0	16.5	17.5
	Loans to trade companies*	%	15.4	16.1	16.4
	Loans to companies in the services sector*	%	13.8	13.7	13.8
	Loans to companies in the Agri-food sector*	%	11.2	10.8	10.7
	Loans to companies in other sectors*	%	15.0	14.3	13.3
	Value of arms operations Italian Law 185/90	€ billion	0.33	0.25	0.22
	Anti-wear operations performed	no.	87	174	167
	Credit related to anti usury transactions carried out	€ million	1.2	2.7	2.4
	Anti-wear stock operations	no.	633	738	652
Credit stock related to usury operations	€ million	7.7	11.4	8.6	

\*Incidences calculated on total performing exposure to non-financial corporations.

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
<b>Strengthening customer relations and digitalisation</b>	Total customers	no.	3,755,906	3,822,198	3,854,655
	<i>of which customers NORTH</i>	%	74.8	74.8	74.9
	<i>of which customers CENTRE</i>	%	14.5	17.5	17.5
	<i>of which customers SOUTH AND ISLANDS</i>	%	10.7	7.6	7.6
	<i>of which customers ABROAD</i>	%	0.6	0.5	0.5
	Individuals	no.	3,180,713	3,239,171	3,269,547
	<i>of which &lt; 18 years</i>	%	0.7	0.7	0.7
	<i>of which 19 to 25 years</i>	%	3.9	4.1	4.2
	<i>of which 26 to 45 years</i>	%	25.7	26.1	26.4
	<i>of which 46 to 65 years</i>	%	39.7	39.6	39.5
	<i>of which 66 to 75 years</i>	%	14.4	14.2	14.2
	<i>of which &gt; 75 years</i>	%	15.7	15.3	15.0
	Corporate customers	no.	350,138	358,990	363,664
	<i>of which SERVICES</i>	%	34	34	34
	<i>of which TRADE</i>	%	23	22	23
	<i>of which CONSTRUCTION AND REAL ESTATE ACTIVITIES</i>	%	19	20	19
	<i>of which MANUFACTURING AND MINING ACTIVITIES</i>	%	16	16	16
	<i>of which AGRICULTURE, FORESTRY AND FISHING</i>	%	6	6	6
	<i>of which PUBLIC ADMINISTRATION AND OTHER</i>	%	2	2	2

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
<b>Strengthening customer relations and digitalisation</b>	Non profit organisation customers	no.	35,386	34,764	32,983
	<i>of which associations</i>	%	42.7	44.6	45.4
	<i>of which Entities</i>	%	36.3	35.5	34.1
	<i>of which Social Cooperatives</i>	%	4.0	3.3	4.0
	<i>of which Religious Bodies</i>	%	12.0	12.4	12.6
	<i>of which Others</i>	%	5.0	4.2	3.9
	Retail network (no.)	no.	1,358	1,427	1,427
	Centres for businesses with a turnover > €75 million	no.	22	21	18
	Centres for businesses with a turnover < €75 million	no.	70	68	na
	Centres for businesses with a turnover > €1 million	no.	2	1	1
	Central department for non-profit and public sector customers	no.	1	1	1
	Centres with advisors dedicated to institutional customers	no.	3	3	3
	Dedicated points for Banca Aletti's high net worth customers	no.	53	52	55
	Virtual Webbank branch for 'pure digital' customers	no.	1	1	1
	Branches dedicated to the partnership with Azimut	no.	17	17	18
	Total remote operations - PRIVATE	%	86.1	85.8	85
	Total remote operations - COMPANIES	%	83.1	81.6	79.5

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
<b>Strengthening customer relations and digitalisation</b>	Customers involved in customer satisfaction surveys	no.	168,000	200,000	187,000
	NPS (Net Promoter Score) Index	no.	25	24	23
	Mystery shopping visits to the branch	no.	2,000	2100	2100
	Bank complaints received	no.	5,770	6,356	6,673
	Investment complaints received	no.	438	405	581
	Insurance complaints received	no.	146	132	164
	Complaints accepted	no.	844	1,507	2,175
	Complaints partially accepted	no.	1,702	1,495	1,944
	Complaints rejected	no.	3,932	3,921	4,069
	Dossier processing (average days) for banking services	no.	24	20	29
Dossier processing (average days) for investment products	no.	22	20	34	
<b>Business continuity, cybersecurity and privacy</b>	Serious IT security incidents	no.	1	0	0
	Losses of data or unauthorised access	no.	0	0	0



## PEOPLE

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
<b>Management, development, diversity &amp; inclusion</b>	Total employees	no.	19,761	20,156	20,436
	<i>of which women</i>	%	46.45	46.14	45.55
	Employees on permanent contracts <sup>1</sup>	no.	19,367	19,643	19,957
	<i>of which women</i>	%	46.14	45.82	45.31
	Employees on apprenticeships	no.	392	513	479
	<i>of which women</i>	%	61.73	58.48	55.53
	Part-time employees	no.	3,357	3,408	3,413
	<i>of which women</i>	%	93.71	93.49	93.85
	Full-time employees	no.	16,404	16,748	17,023
	<i>of which women</i>	%	36.77	36.51	35.87
	People in smart working mode	no.	5,627	5,687	5,948
	New recruits	no.	252	369	467
	<i>of which &lt; 30 years</i>	%	49.20	67.75	85.44
	<i>of which women</i>	%	44.84	46.88	53.10
	<i>of which graduates</i>	%	57.54	56.37	73.23
	Ceased	no.	672	790	1,693
	<i>for retirement and Solidarity Fund</i>	%	61.01	62.15	84.88
	Employees belonging to the Commercial Structure	%	61.40	62.60	63.74
	Employees belonging to the Support Structure	%	38.60	37.40	36.30

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021	
<b>Management, development, diversity &amp; inclusion</b>	<b>Breakdown of employees by contractual category</b>					
	Executives	%	1.39	1.33	1.45	
	<i>of which women</i>	%	14.54	13.81	13.13	
	Middle Managers	%	39.70	38.87	38.10	
	<i>of which women</i>	%	33.03	32.59	31.49	
	Professional areas/other staff	%	58.90	59.80	60.44	
	<i>of which women</i>	%	56.25	55.67	55.20	
	Average age of employees	years	49.70	49.03	48.63	
	Average employee seniority	years	22.90	22.30	21.96	
	<b>Breakdown of employees by qualification</b>					
	Degree	%	40.50	40.05	40.59	
	Upper secondary school	%	56.00	56.04	55.33	
	Lower secondary school	%	3.50	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			49	52	n.a.
	<b>Ratio of average remuneration of men/women by professional level (excluding part-time and the CEO)</b>					
	Executives			0.77	0.7521	0.7289
Middle Managers			0.93	0.9273	0.9298	
Professional areas/other staff			0.99	0.9916	0.9889	

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
<b>Management, development, diversity &amp; inclusion</b>	<b>Ratio of average remuneration of men/women by professional level (excluding part-time and the CEO)</b>				
	Executives		0.71	0.7027	0.6573
	Middle Managers		0.93	0.9273	0.9276
	Professional areas/other staff		0.99	0.9921	0.9887
	Women in managerial positions	%	29.7	26.0	23.4
	Amount invested in training	€	8,000,000	7,150,000	5,877,000
	Total training hours	h	1,118,180	1,101,976	1,019,725
	<i>of which ESG training hours</i>	<i>h</i>	<i>164,205</i>	<i>174,200</i>	<i>105,300</i>
	Hours of training per capita	h	57	55	50
	ESG Ambassadors	no.	100	75	52
	Vacancies filled through internal resources	%	~ 97	~ 98	~ 98
	Hours of training provided in occupational health and safety	h	35,106	48,894	45,343
	Number of employees trained in occupational health and safety		5,363	7,392	7,393
<b>Welfare, Work-Life Balance and Well-being</b>	Total number of accidents		202	190	181
	<i>of which at work</i>		<i>53</i>	<i>28</i>	<i>34</i>
	<i>of which commuting</i>		<i>149</i>	<i>162</i>	<i>147</i>
	Accident rate (number of accidents/hours worked* 1,000,000)		6.50	6.04	5.67
	Number of days lost due to accidents		6,540	7,746	6,931
	Severity index (days lost through injury/workable hours* 1,000)		0.21	0.25	0.21
	Absenteeism rate (total number of days of absence/number of working days)	%	4.77	5.31	4.63
	Absenteeism rate due to illness (total number of days of absence due to illness/number of working days)	%	3.86	4.40	3.75

## COMMUNITY

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
<b>Corporate Citizenship</b>	ESG projects	no.	166	137	127
	ESG sponsorships and donations	€ million	~ 2.4	2.1	2.0
	Economic contribution to foundations	€ million	~ 3.4	> 2.5	1.7
	Contribution to the community in research and health	%	28.1	31.3	52.9
	Contribution to the community in the solidarity and social sphere	%	22.6	21.6	12.8
	Contribution to the community in the field of art and culture	%	12.6	14.6	13
	Contribution to the community in the sport sphere	%	10.7	5.9	2.6
	Contribution to the community in education and training	%	17.1	9.3	14.7
	Contribution to the community in the field of environment and territory	%	8.8	12.5	3.8
	Contribution to the community in other areas	%	-	4.8	0.2
	AIRC - funded/supported projects	no.	> 700	~ 700	~ 700
	Financial education meetings	no.	28	76	48
	Participants in financial education meetings	no.	~ 5,500	5,900	3,852
	<i>of which schools</i>	no.	> 1,000	3,700	1,200
	Financial education	h	5,135	10,662	6,835
	ESG awareness meetings for companies	no.	19	13	13
	ESG awareness hours for companies*	h	> 1,500	1,175	694
	Participants in ESG awareness meetings for companies	no.	> 1,000	800	390

\*This includes 210 hours of ESG awareness for non-Banco BPM customers.

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
<b>Corporate Citizenship</b>	Corporate volunteering	h	2,950	2,728	3,020
	Supported voluntary associations	no.	21	15	n.a.
	Students participating in employer branding activities	no.	~ 1600	~ 2,400	~ 2,000
	Restored works of art	no.	66	43	43
	Heritage works	no.	~ 19,500	~ 19,500	~ 19,500
	Blood bags collected through in-house blood donation	no.	> 230	> 200	> 200
<b>FOUNDATIONS</b>					
	Contribution to the community in research and health	%	17.2	13.3	5.9
	Contribution to the community in the solidarity and social sphere	%	33.4	38.9	31.8
	Contribution to the community in the field of art and culture	%	33.4	32.6	30.3
	Contribution to the community in the sport sphere	%	0.5	0.3	1.0
	Contribution to the community in education and training	%	11.8	11.8	23.6
	Contribution to the community in the field of environment and territory	%	0.03	n.a.	n.a.
	Contribution to the community in other areas	%	3.7	3.1	7.4

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
<b>Responsible Supply Chain Management</b>	Number of suppliers	no.	1,252	1,535	1,279
	Turnover	€ million	773.6	816.8	702.0
	<i>of which for SERVICES</i>	%	39	35.3	38
	<i>of which for REAL ESTATE</i>	%	15.6	16.4	16
	<i>of which for TECHNOLOGIES</i>	%	45.5	48.3	46
<b>Suppliers by macro-area</b>					
	North-western Italy	%	59.3	60.9	59
	North-eastern Italy	%	16.3	15.5	18
	Central Italy	%	17.7	16.9	17
	Southern Italy	%	3.8	3.2	3
	Islands Italy	%	2.2	1.8	2
	Abroad (EU + Non-EU)	%	0.7	1.7	1
<b>Turnover by macro area</b>					
	North-western Italy	%	74.2	70	68
	North-eastern Italy	%	9.7	11	12
	Central Italy	%	13.7	17	18
	Southern Italy	%	1.1	0.9	1
	Islands Italy	%	0.5	0.7	0.6
	Abroad (EU + Non-EU)	%	0.8	0.4	0.6

## ENVIRONMENT

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
<b>Environmental mitigation</b>	Materials used: paper	t	1,903.0	2,025.2	2,220.2
	Materials used: toner	t	76.2	76.4*	80.3
	Water consumption	thousands m3	423.8	547.0	367.5
	Recycled input materials used: paper	t	1,334.8	1,427.2	1,565.5
	Recycled input materials used: toner	t	66.1	66.7	70.2
	Energy consumption	GJ	498,421.5	562,502.6*	637,063.5*
	Energy consumption intensity: per employee	GJ/employee	25.2	27.9*	31.2
	Electricity consumption intensity: per employee	kWh/employee	4,503.5	4,897.8	5,337.9
	Electricity consumption intensity: per square metre	kWh/sq.m.	86.5	93.5	88.6
	Indirect emissions (Scope 1)	tCO <sub>2</sub> eq	10,602.9	11,475.9	12,279.0
	Indirect emissions (Scope 2 - Location-Based)	tCO <sub>2</sub> eq	26,803.9	29,195.9*	34,409*
	Indirect emissions (Scope 2 - Market-Based)	tCO <sub>2</sub> eq	2,851.8	3,404.9*	3,944.1*
	Total net emissions	tCO <sub>2</sub> eq	0.0	6,880.7*	15,423.1*
	Indirect emissions (Scope 3)	tCO <sub>2</sub> eq	13,193.9	12,920.8	13,426.7
	Emission intensity: per employee	tCO <sub>2</sub> eq/employee	0.0	0.3*	0.8
	Emission intensity: square metre	tCO <sub>2</sub> eq/thousands of sq.m.	0.0	6.5*	12.5*
	Total net intensity: for operating income**	tCO <sub>2</sub> eq/million €	0.0	1.5*	3.4*
	Total emissions avoided	tCO <sub>2</sub> eq	25,318.2	27,244.7	32,435.9
	<i>of which for commuting</i>	tCO <sub>2</sub> eq	1,229.5	1,349.3	1,736.3
	Total waste	t	2,240.5	2,150.4	2,643.0

\*Corrected figure. Please refer to the Environmental and Social Data Insights.

\*\*Operating income from the reclassified profit and loss account.

CHAPTER	INDICATORS/KPIS	Unit	2023	2022	2021
Climate change	NFC loan portfolio - Gross cash exposure	€ billion	61.0	66.6	n.a.
	<i>of which very high transition risk exposures</i>	%	1.5	1.4	n.a.
	<i>of which high transition risk exposures</i>	%	16.9	14.1	n.a.
	<i>of which zero to medium transition risk exposures</i>	%	81.6	84.5	n.a.
	Real estate guarantees Non-financial corporations and consumer households - Gross cash exposure	€ billion	40.5	42.3	n.a.
	<i>of which very high acute physical risk exposures (synthetic score)</i>	%	2.9	2.0	n.a.
	<i>of which high acute physical risk exposures (synthetic score)</i>	%	9.5	8.0	n.a.
	<i>of which medium acute physical risk exposures (synthetic score)</i>	%	16.4	15.0	n.a.
	<i>of which very low-low acute physical risk exposures (synthetic score)</i>	%	71.2	75.0	n.a.
	<i>of which very high chronic physical risk exposures (synthetic score)</i>	%	0.0	0.2	n.a.
	<i>of which high chronic physical risk exposures (synthetic score)</i>	%	0.2	0.3	n.a.
	<i>of which medium chronic physical risk exposures (synthetic score)</i>	%	3.8	3.3	n.a.
	<i>of which very low-low chronic risk exposures (synthetic score)</i>	%	96.0	96.2	n.a.
	Green asset ratio (GAR) - KPI Turnover	%	2.02	n.a.	n.a.
	Green asset ratio (GAR) - KPI CapEx	%	2.28	n.a.	n.a.



# Insights into environmental and social data

## SOCIAL DATA

GROUP EMPLOYEES	Unit	2023	2022	2021
<b>Total employees</b>	<b>no.</b>	<b>19,761</b>	<b>20,156</b>	<b>20,436</b>
Employees on permanent contracts <sup>1</sup>	no.	19,367	19,643	19,957
of which North	%	79.9	80.0	79.8
of which Centre	%	13.2	13.2	13.3
of which South, Islands and Abroad	%	6.9	6.8	6.9
Fixed-term employees	no.	2	0	0
of which North	%	1	0	0
of which Centre	%	1	0	0
of which South, Islands and Abroad	%	0	0	0
Employees on apprenticeships	no.	392	513	479
of which North	%	88.8	90.2	88.3
of which Centre	%	7.1	6.8	7.9
of which South, Islands and Abroad	%	4.1	3.0	3.8
Parttime employees	no.	3,357	3,408	3,413
of which North	%	82.5	82.4	82.1
of which Centre	%	14.4	14.5	14.7
of which South, Islands and Abroad	%	3.1	3.1	3.2
Full-time employees	no.	16,404	16,748	17,023
of which North	%	79.5	79.8	79.6
of which Centre	%	12.8	12.7	12.8
of which South and Islands and Abroad	%	7.7	7.5	7.6

NON-EMPLOYEE STAFF	Unit	2023	2022	2021
Other contractors	no.	1	3	5
Trainees/apprentices	no.	17	19	17
Outsourced labour	no.	0	1	0
Secondment	no.	0	0	1
<b>Total</b>	<b>no.</b>	<b>18</b>	<b>23</b>	<b>23</b>

## ENVIRONMENTAL DATA

PARAMETERS	Unit	2023	2022	2021	2023/2022	2022/2021
Employees	no.	19,761	20,156	20,436	-2%	-1.4%
Consultants	no.	0	0	0		
Emp. = Employees + Consultants	no.	19,761	20,156	20,436	-2%	-1.4%
Kilometres car fleet	thousands of km	13,666.1	11,262.6	9,781.7	21%	15.1%
Kilometres travelled by train	thousands of km	3,168.5	1,697.7	743.2	87%	128.4%
Kilometres travelled by plane	thousands of km	1,980.5	914.8	168.6	116%	442.6%
Total Smart Working days	no.	363,558.0	384,298.0	523,843.0	-5%	-26.6%
Total home-work commutes	thousands of km	112,653.9	113,562.9	104,405.2	-1%	8.8%
Average remote worker home - work distance	km	15.5				
All Group average distance home - work	km	14.0				
Floor area	thousands of sq.m.	1,029.3	1,055.6	1,231.1	-2%	-14.3%
Operating income*	million €	5,341.4	4,674.0	4,510.7	14.3%	4.3%

\*Operating income from the reclassified profit and loss account. The 2022 figure was restated following the retrospective application of IFRS 17 by the Group's insurance Companies, as well as IFRS 9 for associates.

## ENERGY CONSUMPTION BY SOURCE

Energy consumption	Unit	2023	2022	2021	2023/2022	2022/2021
Consumption of natural gas for independent heating	GJ	102,640.8	124,954.7	156,097.7	-17.9%	-20.0%
Consumption of fuel oil for independent heating	GJ	84.2	162.1	427.9	-48.1%	-62.1%
Fuel oil consumption for generator sets	GJ	130.2	308.8		-57.8%	
Consumption of petrol and diesel for the company fleet	GJ	26,179.1	23,126.0	19,683.3	13.2%	17.5%
Consumption from renewable electricity	GJ	320,377.9	355,390.2	392,706.6	-9.9%	-9.5%
Consumption from solar panels	GJ	328.0	241.5	505.6	35.8%	-52.2%
Consumption from non-renewable electricity	GJ	0.0	0.0	0.0		
Consumption from district heating systems*	GJ	19,910.0	21,184.4	26,622.3	-6.0%	-20.4%
Consumption of natural gas for building heating systems**	GJ	28,771.3	37,134.9	41,020.1	-22.5%	-9.5%
<b>Total</b>	<b>GJ</b>	<b>498,421.5</b>	<b>562,502.6</b>	<b>637,063.5</b>	<b>-11.4%</b>	<b>-11.7%</b>
Consumption of electricity from renewable sources	%	100	100	100		
Other indirect energy consumption	Unit	2023	2022	2021	2023/2022	2022/2021
Rail***	GJ	2,135.7	1,148.5	550.7	86.0%	108.6%
Air travel	GJ	4,689.3	2,127.7	371.3	120.4%	473.0%
Consumption intensity indicators	Unit	2023	2022	2021	2023/2022	2022/2021
Total energy consumption per employee	GJ/emp.	25.2	27.9	31.2	-9.7%	-10.6%
Consumption of electricity per employee	kWh/emp.	4,503.5	4,897.8	5,337.9	-8.1%	-8.2%
Consumption of electricity per square metre	kWh/sq.m.	86.5	93.5	88.6	-7.5%	5.5%
In-house paper consumption per employee	kg/emp.	73.9	77.4	84.2	-4.5%	-8.1%
Toner consumption per employee****	kg/emp.	3.9	3.8	3.9	2.6%	-2.6%
Water consumption per employee	m <sup>3</sup> /emp.	21.4	27.1	17.9	-21.0%	51.4%

\*Adjusted 2022 figure (19,242 GJ) due to refinement of property scope.

\*\*Adjusted 2022 (47,408 GJ) and 2021 (52,988 GJ) figures for alignment to new calculation methodology.

\*\*\*Adjusted 2022/2021 change due to correction of miscalculation on rounded decimal.

\*\*\*\*Adjusted 2022 figure (3.9 kg/emp.) due to toner consumption adjustment.

## GREENHOUSE GAS EMISSIONS

Indirect emissions (Scope 1)	Unit	2023	2022	2021	2023/2022	2022/2021
Natural gas emissions from independent heating	t CO <sub>2</sub> eq	6,040.1	7,279.9	9,048.4	-17.0%	-19.5%
Emissions from HFC gas	t CO <sub>2</sub> eq	2,605.8	2,445.8	1,736.7	6.5%	40.8%
Fuel oil emissions from independent heating	t CO <sub>2</sub> eq	6.3	12.1	31.8	-47.9%	-61.9%
Fuel oil emissions for generator sets	t CO <sub>2</sub> eq	9.7	23.1	n.a.	-58.0%	n.a.
Emissions from petrol and diesel for the company fleet	t CO <sub>2</sub> eq	1941.0	1,715.0	1,462.1	13.2%	17.3%
<b>Total emissions (Scope 1)</b>	<b>t CO<sub>2</sub>eq</b>	<b>10,602.9</b>	<b>11,475.9</b>	<b>12,279.0</b>	<b>-7.6%</b>	<b>-6.5%</b>
Indirect emissions (Scope 2)	Unit	2023	2022	2021	2023/2022	2022/2021
Emissions from acquired electricity - Location-based	t CO <sub>2</sub> eq	23,952.1	25,791.0	30,464.9	-7.1%	-15.3%
Emissions from acquired electricity - Market-based	t CO <sub>2</sub> eq	0.0	0.0	0.0		
Emissions from district heating systems*	t CO <sub>2</sub> eq	1,158.7	1,241.4	1,566.3	-6.7%	-20.7%
Natural gas emissions for building heating systems**	t CO <sub>2</sub> eq	1,693.1	2,163.5	2,377.8	-21.7%	-9.0%
<b>Total emissions (Scope 2) - Location-based</b>	<b>t CO<sub>2</sub>eq</b>	<b>26,803.9</b>	<b>29,195.9</b>	<b>34,409.0</b>	<b>-8.2%</b>	<b>-15.2%</b>
<b>Total emissions (Scope 2) - Market-based</b>	<b>t CO<sub>2</sub>eq</b>	<b>2,851.8</b>	<b>3,404.9</b>	<b>3,944.1</b>	<b>-16.2%</b>	<b>-13.7%</b>
Total Emissions (Scope 1 + Scope 2)***	Unit	2023	2022	2021	2023/2022	2022/2021
Total direct + indirect emissions (Scope 1 + Scope 2 Location-based)	t CO <sub>2</sub> eq	37,406.8	40,671.8	46,688.0	-8.0%	-12.9%
Total direct + indirect emissions (Scope 1 + Scope 2 Market-based)	t CO <sub>2</sub> eq	13,454.7	14,880.8	16,223.1	-9.6%	-8.3%
Towards carbon neutrality - Carbon credits	t CO <sub>2</sub> eq	15,000.0	8,000.0	800.0		
<b>Total net emissions****</b>	<b>t CO<sub>2</sub>eq</b>	<b>0.0</b>	<b>6,880.7</b>	<b>15,423.1</b>	<b>-100.0%</b>	<b>-55.4%</b>

\*Adjusted 2022 figure (1,128 t CO<sub>2</sub> eq) due to district heating systems consumption adjustment.

\*\*Adjusted data for 2022 (2,762 t CO<sub>2</sub> eq) and 2021 (3,072 t CO<sub>2</sub> eq) due to condominium district heating system consumption adjustment.

\*\*\*Due to the adjustment of some items listed above, the totals for 2022 and 2021 have been revised.

\*\*\*\*Total direct and indirect emissions (Scope 1 & 2 Market Based) net of those already offset.

<b>Other indirect emissions (Scope 3)</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023/2022</b>	<b>2022/2021</b>
Commuting	t CO <sub>2</sub> eq	11,060.2	11,034.1	11,535.2	0.2%	-4.3%
Paper purchased	t CO <sub>2</sub> eq	1,532.9	1,648.1	1,806.7	-7.0%	-8.8%
Air	t CO <sub>2</sub> eq	339.1	153.8	26.8	120.5%	473.1%
Rail	t CO <sub>2</sub> eq	112.5	60.5	29.0	86.0%	108.6%
Disposable plastics for dining areas and canteens	t CO <sub>2</sub> eq	n.a.	23.1	29.0	n.a.	-20.3%
IT equipment	t CO <sub>2</sub> eq	149.2	1.2	n.a.	12,341.7%	n.a.
<b>Total indirect emissions (Scope 3)</b>	<b>t CO<sub>2</sub>eq</b>	<b>13,193.9</b>	<b>12,920.8</b>	<b>13,426.7</b>	<b>2.1%</b>	<b>-3.8%</b>
<b>Emission Intensity Indicators</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023/2022</b>	<b>2022/2021</b>
Total net emissions (Scope 1 + Scope 2 Market-based) per employee	t CO <sub>2</sub> eq./emp.	0.0	0.3	0.8	-100%	-62.5%
Total net emissions (Scope 1 + Scope 2 Market-based) per thousand square metres	t CO <sub>2</sub> eq./thousand m <sup>2</sup>	0.0	6.5	12.5	-100%	-48.0%
Total net emissions for operating income	t CO <sub>2</sub> eq./million €	0.0	1.5	3.4	-100%	-55.9%
<b>Cost Indicators</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023/2022</b>	<b>2022/2021</b>
Internal carbon pricing*	€/t CO <sub>2</sub> eq	17.8	17.3	n.a.	0.0	n.a.
<b>Greenhouse gas emissions avoided</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023/2022</b>	<b>2022/2021</b>
Scope 1 - natural gas**	t CO <sub>2</sub> eq	41.8	25.9	25.9	61.4%	0.0%
Scope 2 - electricity***	t CO <sub>2</sub> eq	70.3	55.0	169.5	27.8%	-67.6%
Scope 2 - electricity (photovoltaic panels)	t CO <sub>2</sub> eq	24.5	17.6	39.3	39.2%	-55.2%
Scope 2 - electricity (purchased renewable)**	t CO <sub>2</sub> eq	23,952.1	25,791.0	30,464.9	-7.1%	-15.3%
Scope 3 - commuting (avoided emissions per remote worker)	t CO <sub>2</sub> eq	1,229.5	1,349.3	1,736.3	-8.9%	-22.3%
Scope 3 - unused single-use plastic	t CO <sub>2</sub> eq	n.a.	5.9	n.a.	n.a.	n.a.
<b>Total emissions avoided</b>	<b>t CO<sub>2</sub>eq</b>	<b>25,318.2</b>	<b>27,244.7</b>	<b>32,435.9</b>	<b>-7.1%</b>	<b>-16.0%</b>

\*Weighted average of GO cost and carbon credits.

\*\*Consumption reduction resulting from the installation of condensing boilers.

\*\*\*Consumption reduction resulting from the installation of high-efficiency chillers and heat pumps.

\*\*\*\*With GO certification.

## MATERIAL AND WATER CONSUMPTION

Consumables	Unit	2023	2022	2021	2023/2022	2022/2021
Paper consumed in-house	t	1,459.5	1,560.2	1,719.8	-6.5%	-9.3%
<i>of which A4 Paper</i>	t	1,337.6	1,428.3	1,566.7	-6.4%	-8.8%
Outsourced paper consumption	t	443.5	465.0	500.3	-4.6%	-7.1%
<b>Total paper consumed</b>	<b>t</b>	<b>1,903.0</b>	<b>2,025.2</b>	<b>2,220.2</b>	<b>-6.0%</b>	<b>-8.8%</b>
<i>of which recycled paper</i>	t	1,334.8	1,427.2	1,565.5	-6.5%	-8.8%
Recycled paper out of total	%	70.1	70.5	70.5	-0.6%	0.0%
<b>Total toner used*</b>	<b>t</b>	<b>76.2</b>	<b>76.4</b>	<b>80.3</b>	<b>-0.3%</b>	<b>-4.9%</b>
<i>of which regenerated toner</i>	t	66.1	66.7	70.2	-0.9%	-5.0%
Regenerated toner to total ratio	%	86.7	87.3	87.4	-0.7%	-0.1%
Disposable plastics for dining areas and canteens	t	n.a.	7.4	9.3		-20.5%
<b>Water consumption</b>	<b>Unit</b>		<b>2022</b>	<b>2021</b>		<b>2022/2021</b>
<b>Total water consumed</b>	<b>thousands m3</b>	<b>423.8</b>	<b>547.0</b>	<b>367.5</b>	<b>-22.5%</b>	<b>48.8%</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.  
Adjusted 2022 figure (75.3 t) due to refinement of the weight calculation.

## WASTE PRODUCED, BY TYPE AND DISPOSAL METHOD

Waste Produced	Unit	2023	2022	2021	2023/2022	2022/2021
Toner	t	26.3	25.8	33.0	2%	-21.9%
Paper and cardboard packaging	t	188.5	168.4	260.0	12%	-35.2%
Mixed material packaging	t	539.6	545.5	710.0	-1%	-23.2%
Discontinued equipment	t	51.7	25.0	22.0	107%	13.4%
Paper and Cardboard	t	1,305.5	1,331.9	1,568.0	-2%	-15.1%
Bulky waste	t	109.6	38.8	37.0	182%	4.9%
Plastic packaging	t	12.6	9.3	10.0	35%	-7.0%
Metal packaging	t	0	3.6	n.a.	-100%	n.a.
Packaging containing residues of hazardous substances	t	0	0.2	n.a.	-100%	n.a.
Absorbents, filtering materials	t	0.3	0.8	1.0	-63%	-19.9%
Organic waste containing hazardous substances	t	0	0.5	1.0	-100%	-48.0%
Medical waste	t	1.0	0.6	1.0	61%	-38.0%
Paints	t	0.9	0.0	0.0		
Non-hazardous filters	t	1.4	0.0	0.0		
Electronic Components	t	3.0	0.0	0.0		
Biodegradable waste	t	0.1	0.0	0.0		
<b>Total waste</b>	<b>t</b>	<b>2,240.5</b>	<b>2,150.4</b>	<b>2,643.0</b>	<b>4.2%</b>	<b>-18.6%</b>
<i>of which sent for recovery</i>	<i>t</i>	<i>2,238.2</i>	<i>2,148.3</i>	<i>2,640.0</i>	<i>4.2%</i>	<i>-18.6%</i>
<i>of which for landfill</i>	<i>t</i>	<i>2.1</i>	<i>2.1</i>	<i>3.0</i>	<i>1.8%</i>	<i>-30.3%</i>
<i>of which hazardous</i>	<i>t</i>	<i>2.1</i>	<i>2.1</i>	<i>3.0</i>	<i>1.8%</i>	<i>-30.3%</i>
<i>of which non-hazardous</i>	<i>t</i>	<i>2,238.2</i>	<i>2,148.3</i>	<i>2,640.0</i>	<i>4.2%</i>	<i>-18.6%</i>
<b>Waste generation intensity indicators</b>	<b>Unit</b>		<b>2022</b>	<b>2021</b>		<b>2022/2021</b>
Waste per employee	t/employees	0.1	0.1	0.1	0.0%	0.0%
waste per sq.m.	t/sq.m.	2,176.6	2,037.1	2,146.8	6.8%	-5.1%
<b>Separate waste collection efficiency indicator</b>	<b>Unit</b>		<b>2022</b>	<b>2021</b>		<b>2022/2021</b>
Waste sent for recovery/waste disposed of	%	99.9	99.9	99.9	0.0%	0.0%

# 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 2022 was published in March 2023) 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 239-245.

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 62-68 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 2023. 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 2023. With reference to 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.

With reference to data on greenhouse gas emissions, emission factors were considered, according to the ABI LAB Guidelines on the application in the Bank of the GRI (Global Reporting Initiative) standards on environmental matters, version 14/12/2023.

## 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 and the subsequent data warehouse in ESGeo. 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 Sustainability Committee and Board of Statutory Auditors 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 CNFS is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), a correlation table that 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 CNFS 2023 also contains the disclosure of information required under Art. 8 of the EU Taxonomy Regulation (852/2020) on page 190 of this document.

## Correlation table

MATERIAL TOPIC	DEFINITION AND RELEVANCE	GRI Standard Disclosure	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>Profitability and capital strength</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 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
<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), subsidised finance and the channelling of savings and proprietary finance towards financial initiatives and instruments that take sustainability criteria into account.	Product portfolio <b>(GRI G4)</b> Marketing and labelling <b>(GRI G4)</b>	Banco BPM Group	Customers

MATERIAL TOPIC	DEFINITION AND RELEVANCE	GRI Standard Disclosure	INTERNAL IMPACTS	EXTERNAL IMPACTS
<b>Climate change</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 and in particular in credit in order to reduce indirect environmental impacts.	Product portfolio <b>(GRI G4)</b>	Banco BPM Group	Customers
<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
<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>Strengthening customer relations and digitalisation</b>	The topic of relational and digital 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>Credit for the country</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. It is fundamental to support the recovery and contribute to the resilience of the Italian economic and social system, in line with the NRRP.	Product portfolio <b>(GRI G4)</b> <b>GRI 413:</b> Local Communities 2016	Banco BPM Group	Customers

MATERIAL TOPIC	DEFINITION AND RELEVANCE	GRI Standard Disclosure	INTERNAL IMPACTS	EXTERNAL IMPACTS
<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 Opportunity 2016	Banco BPM Group	Personnel
<b>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 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>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>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

# 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. Risk management 35
	b) Description of management's role in assessing and managing climate-related risks and opportunities.	Identity. Organisational and governance model 24-33
		Identity. Remuneration policies 40-43
		People. Management, Development, Diversity & Inclusion 128
<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 54-58
	b) Description of the impact of climate-related risks and opportunities on the organisation's operations, strategy and financial planning.	Identity. Business conduct 46-47
		Customers. Finance for a sustainable transition 78; 80-90
	c) Description of the resilience of the organisation's strategy, considering different climate scenarios , including those of 2°C or less.	Environment. Climate change 168-172
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THEMATIC AREAS	TCFD RECOMMENDATIONS	REFERENCES
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	c) Description of how the processes for identifying, assessing and managing climate risks fit into overall risk management.	Environment. Climate change 168-185; 188
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	b) Disclosure of Scope 1, 2 and, where applicable, Scope 3 greenhouse gas emissions and related risks.	Environment. Climate change 168-193
	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 160-167
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# GRI

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<b>GRI 305: Emissions 2016</b>					
<b>2-25 3-3</b>	Management model for material topics and processes to mitigate negative impacts	103-1; 103-2; 103-3	62-69;107-108		
<b>305-1</b>	Direct (Scope 1) GHG emissions	305-1	164; 226		7 and 8
<b>305-2</b>	Indirect (Scope 2) GHG emissions	305-2	164; 226		7 and 8
<b>305-3</b>	Other indirect (Scope 3) GHG emissions	305-3	227		7 and 8
<b>305-4</b>	GHG emissions intensity	305-4	226-227		8
<b>305-5</b>	Reduction of GHG emissions	305-5	226-227		8 and 9
<b>GRI 400: Social topics</b>					
<b>GRI 401: Employment 2016</b>					
<b>2-25 3-3</b>	Management model for material topics and processes to mitigate negative impacts	103-1; 103-2; 103-3	62-69;107-108		
<b>401-1</b>	New hires and employee turnover	401-1	124		6
<b>401-2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2	134		6
<b>GRI 403: Occupational Health and Safety 2016</b>					
<b>2-25 3-3</b>	Management model for material topics and processes to mitigate negative impacts	103-1; 103-2; 103-3	62-69;107-108		
<b>403-1</b>	Occupational Health and Safety Management System	403-1	136-138		

STANDARD DISCLOSURE	DISCLOSURE	GRI 2016	PAGE NUMBER (OR DIRECT REFERENCE)	OMISSIONS	GC PRINCIPLES
403-2	Hazard identification, risk assessment and incident investigation	403-2	136-138		
403-3	Occupational health services	403-3	136-138		
403-4	Worker participation, consultation, and communication on occupational health and safety	403-4	136-138		
403-5	Worker training in occupational health and safety	403-5	136-138		
403-6	Promotion of worker health	403-6	136-138		
403-7	Prevention and mitigation of occupational health and safety impacts within business relationships	403-7	136-138; 155-156		
403-8	Workers covered by an occupational health and safety management system	403-8	136-138		
403-9	Work-related injuries	403-9	136-138		
<b>GRI 404: Training and Education 2016</b>					
2-25 3-3	Management model for material topics and processes to mitigate negative impacts	103-1; 103-2; 103-3	62-69;107-108		
404-1	Average hours of training per year per employee	404-1	126		6
404-3	Percentage of employees receiving regular performance and career development reviews	404-3	129		6
<b>GRI 405: Diversity and Equal Opportunities 2016</b>					
2-25 3-3	Management model for material topics and processes to mitigate negative impacts	103-1; 103-2; 103-3	62-69;107-108		
405-1	Diversity of governance bodies and employees	405-1	28-31; 122-123		6
405-2	Ratio of basic salary and remuneration of women to men	405-2	132		6

STANDARD DISCLOSURE	DISCLOSURE	GRI 2016	PAGE NUMBER (OR DIRECT REFERENCE)	OMISSIONS	GC PRINCIPLES
<b>GRI 418: Customer Privacy 2016</b>					
<b>2-25 3-3</b>	Management model for material topics and processes to mitigate negative impacts	103-1; 103-2; 103-3	62-69;107-108		
<b>418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1	110; 113		
<b>TOPICS NOT COVERED BY GRI ASPECTS</b>					
<b>Indicator of specific Sector Supplement - G4 - PRODUCT PORTFOLIO</b>					
<b>2-25 3-3</b>	Management model for material topics and processes to mitigate negative impacts	103-1; 103-2; 103-3	62-69;107-108		
<b>G4-FS6</b>	Customer portfolio	G4-FS6	100		
<b>G4-FS7</b>	Products and services designed to deliver a specific social benefit	G4-FS7	81; 84-85		
<b>G4-FS8</b>	Products and services designed to deliver a specific environmental benefit	G4-FS8	80-83		7, 8 and 9
<b>Indicator of specific Sector Supplement - G4 - LOCAL COMMUNITIES</b>					
<b>2-25 3-3</b>	Management model for material topics and processes to mitigate negative impacts	103-1; 103-2; 103-3	62-69;107-108		
<b>G4-FS14</b>	Initiatives to improve access to financial services for disadvantaged people	G4-FS14	84-85		
<b>Indicator of specific Sector Supplement - G4 - MARKETING AND LABELLING</b>					
<b>2-25 3-3</b>	Management model for material topics and processes to mitigate negative impacts	103-1; 103-2; 103-3	62-69;107-108		
<b>G4-FS16</b>	Initiatives to enhance financial literacy by type of beneficiary	G4-FS16	145-146		



# Independent Auditors' Report

## **Relazione della società di revisione indipendente sulla dichiarazione consolidata di carattere non finanziario**

ai sensi dell'art. 3, c. 10, D.Lgs. 254/2016 e dell'art. 5 regolamento consob adottato con delibera n. 20267 del gennaio 2018

Al Consiglio di Amministrazione di Banco BPM SpA

Ai sensi dell'articolo 3, comma 10, del Decreto Legislativo 30 dicembre 2016, n. 254 (di seguito "Decreto") e dell'articolo 5, comma 1, lett. g) del Regolamento CONSOB n. 20267/2018, siamo stati incaricati di effettuare l'esame limitato ("limited assurance engagement") della dichiarazione consolidata di carattere non finanziario di Banco BPM SpA e sue controllate (di seguito il "Gruppo") relativa all'esercizio chiuso al 31 dicembre 2023 predisposta ex art. 4 Decreto, e approvata dal Consiglio di Amministrazione in data 27 febbraio 2024 (di seguito "DNF").

L'esame da noi svolto non si estende alle informazioni contenute nel paragrafo "TASSONOMIA UE - INDICE DI AMMISSIBILITÀ" della DNF del Gruppo, richieste dall'art. 8 del Regolamento europeo 2020/852.

### **Responsabilità degli Amministratori e del Collegio Sindacale per la DNF**

Gli Amministratori sono responsabili per la redazione della DNF in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e ai "Global Reporting Initiative Sustainability Reporting Standards" definiti nel 2016 e successivamente aggiornati dal GRI - Global Reporting Initiative (di seguito "GRI Standards"), da essi individuato come standard di rendicontazione.

Gli Amministratori sono altresì responsabili, nei termini previsti dalla legge, per quella parte del controllo interno da essi ritenuta necessaria al fine di consentire la redazione di una DNF che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili, inoltre, per l'individuazione del contenuto della DNF, nell'ambito dei temi menzionati nell'articolo 3, comma 1, del Decreto, tenuto conto delle attività e delle caratteristiche del Gruppo e nella misura necessaria ad assicurare la comprensione dell'attività del Gruppo, del suo andamento, dei suoi risultati e dell'impatto dallo stesso prodotti.

Gli Amministratori sono infine responsabili per la definizione del modello aziendale di gestione e organizzazione dell'attività del Gruppo, nonché, con riferimento ai temi individuati e riportati nella DNF, per le politiche praticate dal Gruppo e per l'individuazione e la gestione dei rischi generati o subiti dallo stesso.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sull'osservanza delle disposizioni stabilite nel Decreto.

### **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 (including International Independence Standards - IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In the period this engagement refers to our firm applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Auditor's responsibilities***

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with "International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the NFS is free from material misstatement. Therefore, the procedures performed were less in extent than for a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, 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 included inquiries, mainly of personnel of the company responsible for the preparation of the information presented in the NFS, inspection 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 in relation 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 standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation perimeter, 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 in 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 item 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 Akros SpA, Ge.Se.So Srl and Banco BPM Vita SpA, which we selected on the basis of their activities, their contribution to the key 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 indicators.

#### **Limited Assurance Conclusion**

Based on the procedures 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 2023 is not prepared, in all significant respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusion above does not extend to the information set out in the paragraph titled "EU TAXONOMY PROJECT" of the NSF, required by article 8 of European Regulation 2020/852.

Milan, 19 March 2024

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.*



