



ESG Investor Presentation

February 2024



Disclaimer

This presentation has been prepared by Banco BPM ("Banco BPM"); for the purposes of this notice, "presentation" means this document, any oral presentation, any question and answer session and any written or oral material discussed following the distribution of this document.

The distribution of this presentation in other jurisdictions may be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of, and observe, these restrictions. To the fullest extent permitted by applicable law, Banco BPM and its subsidiaries disclaim any responsibility or liability for the violation of such restrictions by any person.

This presentation does not constitute or form part of, and should not be construed as, any offer or invitation to subscribe for, underwrite or otherwise acquire, any securities of Banco BPM or any member of its group or any advice or recommendation with respect to such securities, nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities in Banco BPM or any member of its group, or investment decision or any other commitment whatsoever. This presentation and the information contained herein does not constitute an offer of securities in the United States or to any U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933 (the "Securities Act"), as amended), Canada, Australia, Japan or any other jurisdiction where such offer is unlawful.

The information contained in this presentation is for background purposes only and is subject to amendment, revision and updating without notice. Certain statements in this presentation are forward-looking statements about Banco BPM. Forward-looking statements are statements that are not historical facts **and are based on information available to Banco BPM as of the date hereof, relying on scenarios, assumptions, expectations and projections regarding future events which are subject to uncertainties because dependent on factors most of which are beyond Banco BPM's control.** These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates" and similar expressions. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. Banco BPM does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation. All subsequent written and oral forward-looking statements attributable to Banco BPM or persons acting on its behalf are expressly qualified in their entirety by this disclaimer.

None of Banco BPM, its subsidiaries or any of their respective representatives, directors, officers or employees nor any other person accepts any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or otherwise arising in connection therewith.

By participating to the presentation of the Group results and accepting a copy of this presentation, you agree to be bound by the foregoing limitations regarding the information disclosed in this presentation.

This presentation includes mainly internal management data (which can also be based on estimates).

Agenda

| | | |
|---|---|----|
| 1 | Sustainability at Banco BPM: Key Achievements and Strategy | 4 |
| 2 | Governance | 11 |
| 4 | 2022 ESG Results: Facts & Figures | 17 |
| | Appendix <i>(Green, Social and Sustainability Bonds Framework)</i> | 35 |

Sustainability at Banco BPM:

Key Achievements and Strategy

1



Our path towards a sound sustainability strategy: the recent history

2018-2020

- **Internal Control and Risk Committee**¹ in charge of overseeing sustainability topics
- **Energy Manager & Mobility Manager** appointed
- Published the **rules for the environmental policy**, the **Workplace health and safety guidelines** and the **Guidelines regarding the integration of sustainable risks in the provision of investment services**
- **100% of electricity consumption from certified renewable sources**
- **Extraordinary measures for local communities and social projects in response to Covid crisis**
- **First ESG lending product** (Plafond for ESG investments)
- **ISO 45001 Occupational Health and Safety**, **ISO 50001 Energy** and **ISO 14001 Environmental certifications** obtained



2021

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



2022-2023

- **Sound progress in the ESG strategy and business integration with strong results in the main ESG KPIs**
- **Fundraising** and other **support measures** for **people from Ukraine**, in cooperation with **Caritas** in **2022** and for **Emilia Romagna** in **2023**
- **Update of the Code of Ethics** in **2022**
- 2022 CNFS wins **"Oscar di Bilancio"**
- In March 2023 **Banco BPM joined the NZBA**, with **5 priority sectors already identified**:
 - oil & gas
 - power generation
 - cement
 - automotive
 - coal
- **New Sustainability Committee** established at Board level in April 2023
- **New ESG Action Plan**, reshaped and launched in Q3 2023
- **NEW GS&S Bonds Framework aligned with Taxonomy** published in Nov. 2023
- Banco BPM **#1 Green bond issuer** among Italian banks in 2022 and #2 in 2023
- Publication of the 2022 and 2023 **Green Social & Sustainability Bonds Reports**
- Banco Bpm wins in 2023 the prestigious **Award for Impact Reporting** by **Environmental Finance**
- New 2023-2026 Strategic Plan: **Sustainability strategy and ambitions fully integrated throughout the Plan**



ESG Governance and Accountability

INTEGRATED ESG GOVERNANCE



Responsible for
ESG strategy & disclosure

Board sub-committee which oversees the Sustainability goals defined by the Bank in coordination with IC&RC¹

ESG Management Committee
(chaired by the CEO)

Dedicated corporate
ESG function

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

Targets coherent with Strategic Plan and with those monitored at RAF level by Risk Management

NEW ESG ACTION PLAN

4 WORKSTREAMS

- Governance ESG (Risk Management)
- Credit
- Markets (Finance & WM)
- Disclosure, Community & Inclusion

15 unit
involved

>50 people
involved

- Reshaped and launched in Q3 2023
 - ESG workgroups rationalized in **4 interlinked areas**
 - Supported by **Data, IT and Control Functions**
 - Directly overseen by **ESG Committee & CEO**

KEY INITIATIVES:

- Further consolidation of **internal climate risk measurement, scenario analysis, stress testing and risk reporting**, including its public **disclosure**
- Enhancement of **social and governance risks coverage**
- Development of credit policies to address **Net Zero strategy**
- Develop the **ESG strategy** at **Finance and WM level**
- Reinforcement of ESG organizational controls, processes and policies in line with the new **Corporate Sustainability Reporting Directive (CSRD)**
- Strengthening **ESG and financial awareness**

NEW STRATEGIC PLAN 2023-2026: SUSTAINABILITY AMBITIONS AND ESG INITIATIVES & TARGETS FULLY EMBEDDED IN THE PILLARS OF THE PLAN

Sustainability achievements: 2023 state-of-the-art



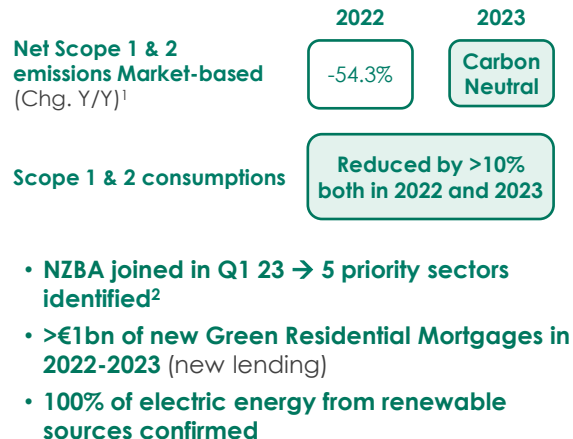
ENVIRONMENT



SOCIAL



GOVERNANCE



- >#164K hours of ESG training courses to employees in 2023
- Sustainability Committee at Board level established in April 2023
- Published Guidelines on respecting and safeguarding human rights (May 2023)
- New ESG Action Plan launched in Q3:
 - 4 interlinked areas (Risks; Credit; Finance & WM; Disclosure, Community & Inclusion)
 - Supported by Data, IT and Control Functions and directly overseen by ESG Committee & CEO



RECOGNITION OF OUR EFFORTS

2022 CNFS wins "Oscar di Bilancio"

BBPM wins the Award for Impact Reporting by Environmental Finance

Sustainalytics ESG risk score from 22.4 (Mid-Risk) to 15.7 (Low-Risk) → among the top-rated Italian banks

Standard Ethics Rating upgraded from EE to EE+

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

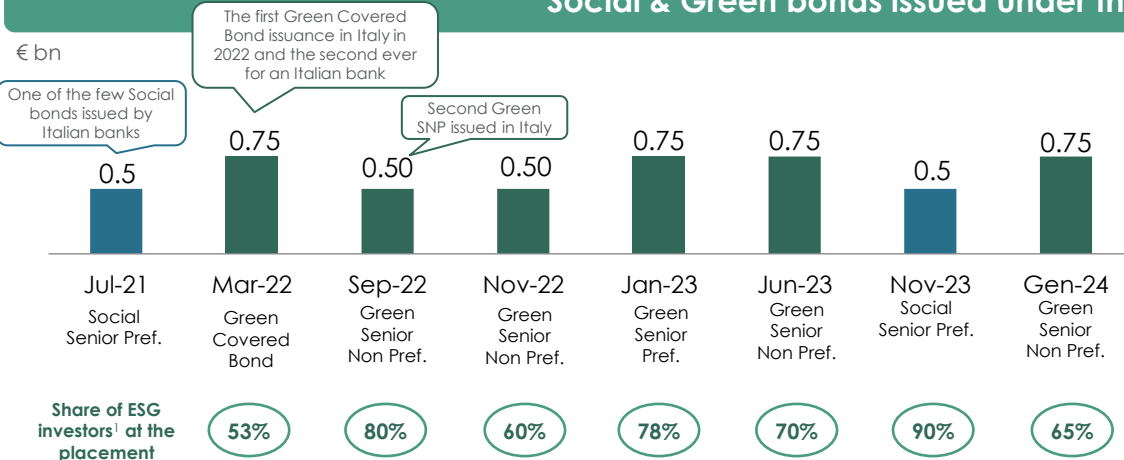
SIGNIFICANT ISSUANCE ACTIVITY OF GREEN & SOCIAL BONDS:

- €5.3bn Social & Green bonds issued in the period 2021-Jan. 2024 (o/w €5.0bn under the Green Social & Sustainability Bonds Framework)

NEW GREEN, SOCIAL & SUSTAINABILITY BONDS FRAMEWORK ALIGNED WITH TAXONOMY PUBLISHED ON 7 NOV. 2023:

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

Social & Green bonds issued under the framework



Additional €300m Green Senior Pref. bond issued as a private placement in July 2022

USE OF PROCEEDS:

- Social Bond:** refinance Italian **SME loans** guaranteed by the State granted in response to the Covid-19 crisis
- Green Covered bond:** refinance a portfolio of green mortgages granted to households for the purchase of houses which belong to the top 15% energy efficient buildings in Italy
- Green Senior Non-pref. & Pref. bonds:** refinance existing **Eligible Green Loans** as defined within the Green, Social & Sustainability Bonds Framework (such as green residential mortgages and loans for renewable energy)

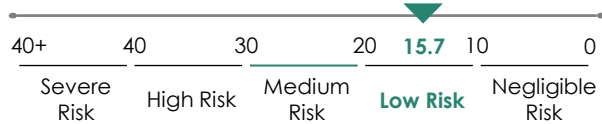
Second Green, Social and Sustainability Bond Reporting published in July 2023



Sound ESG Ratings and inclusion in the FTSE MIB ESG index & in the Bloomberg G-E Index



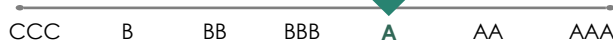
Upgraded from 22.4 (Mid Risk) to 15.7 (Low Risk) in Oct. 2023



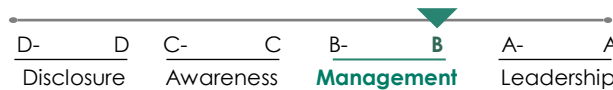
MSCI ESG RATINGS



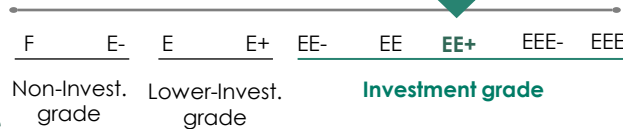
Upgraded from BBB to A in Mar. 2023



Confirmed at B in Feb. 2024



Upgraded to EE+ with Stable Outlook (from EE with Positive Outlook) in Nov. 2023



ISS ESG

Governance Quality Score

Confirmed at top level 1 in Dec. 2022



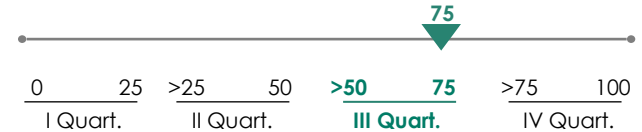
S&P Global

Upgraded from 56 to 57 in Sept. 2023



LSEG

Downgraded from the fourth to the third quartile, with a score of 75, in Feb. 2024



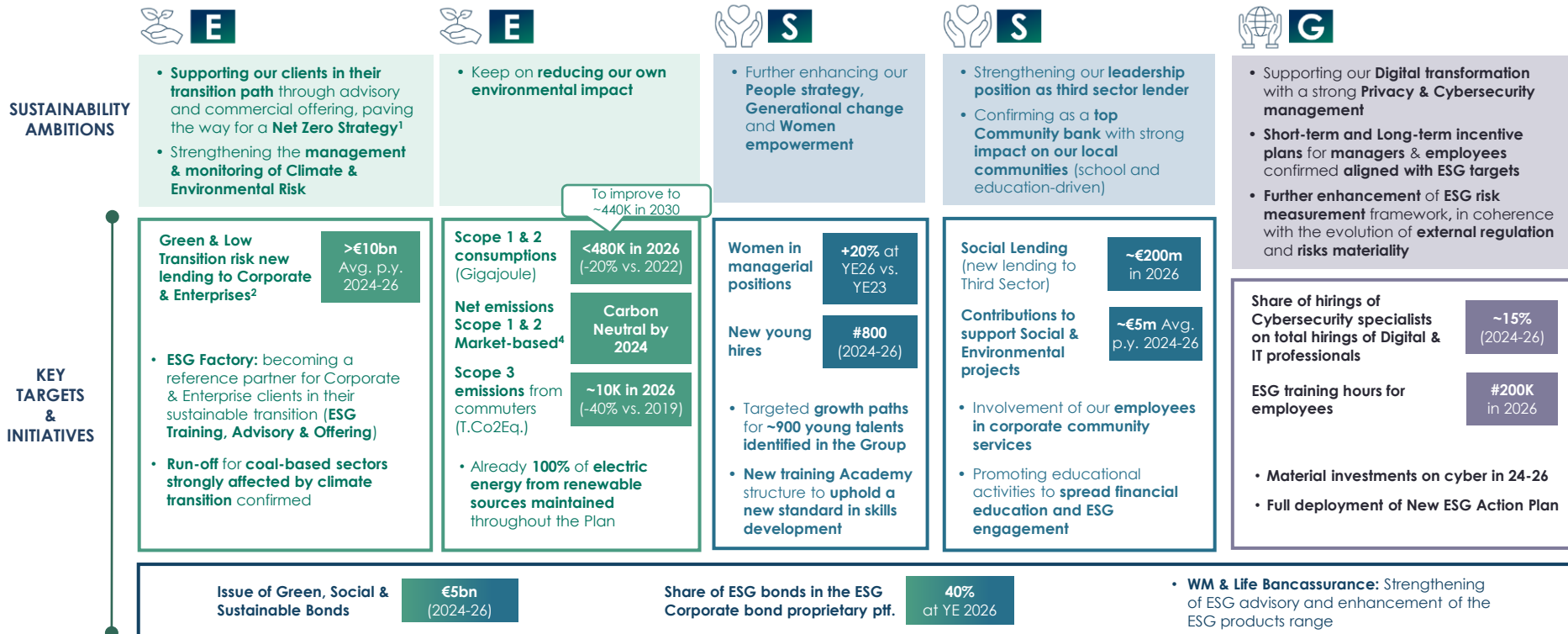
MIB ESG

- Inclusion in the Euronext MIB ESG index since its launch in October 2021



- First inclusion in Jan. 2022, with a score of 73.9
- Inclusion confirmed also in Jan. 2023 with a score improved to 79.7

Strategic Plan 2023-2026: Sustainability ambitions and ESG initiatives & targets fully embedded in the pillars of the Plan

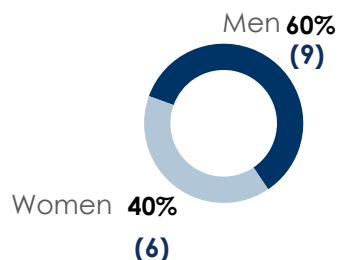
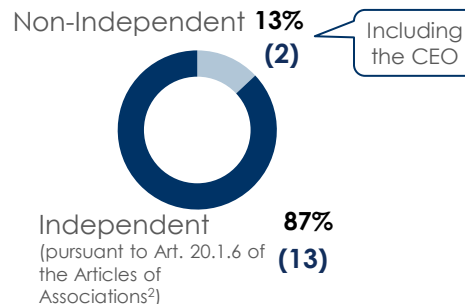


Governance

2

Composition of the main corporate bodies¹

Composition of the BoD: 15 members



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

Composition of the 5 Board Sub-Committees

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

NEW, ESTABLISHED IN APRIL 2023
Its activity was previously carried out by the Internal Control, Risk and Sustainability Committee now renamed the Internal Control and Risk Committee

Composition of the Board of Statutory Auditors

8 members, o/w:

- **5 standing**
- **3 alternate**
- **100% independent²**
- **50% women**

ESG Governance bodies and ESG corporate function

A thorough and integrated governance for a flawless ESG strategy

BOARD OF DIRECTORS

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

It is responsible for approving the internal Regulations, including ESG, and the Code of Ethics¹. It also draws up the remuneration and incentive policies (including ESG performance targets) to submit to the Shareholders' Meeting for approval, reviews them at least once a year, and handles their proper implementation.

ESG activities of the BoD in 2022

- **20 ESG** topics covered during the meetings of the BoD (o/w: 9 on C&E risks) with a frequency of **at least once a month**

SUSTAINABILITY COMMITTEE

Board sub-committee which oversees the Sustainability goals defined by the Bank in coordination with Internal Control & Risk Committee

NEW COMMITTEE ESTABLISHED IN APRIL 2023²

ESG COMMITTEE

Chaired by the CEO, its permanent members include the two Joint General Managers as well as almost all the Bank's first-line managers.

Its main tasks include evaluating the Group's positioning and coordinating all the activities required to achieve the strategic sustainability objectives.

The Credit Committee, the Risk Committee and the Finance Committee also address specific sustainability issues

SUSTAINABILITY DEPARTMENT

It gives impetus to all the Group's activities aiming at orienting governance and corporate culture towards an ever-increasing focus on "E" and "S" issues

ESG AMBASSADORS

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

Other company departments involved in ESG:

CREDITS

definition of ESG credit policies and inclusion of physical & transition risks

RISKS

measurement and integration of ESG risks and, in particular, E&C risks into the overall corporate risk framework

COMMERCIAL & MARKETING

development and offering of ESG products and services and those against climate change; customer engagement on ESG issues

FINANCE

institutional funding operations within the ESG framework; finance of assets relating to sustainability; increase the share of proprietary portfolio invested in ESG securities

OPERATIONS

Measurement and management of direct and indirect environmental impacts; implementation of energy reduction and efficiency initiatives to achieve carbon neutrality; management of the supply chain from an environmental perspective

HUMAN RESOURCES

Promotion of specific training activities on environmental issues; definition of sustainable mobility policies for staff travel

Key policies and business conduct data

Our Policies

GOVERNANCE AND BUSINESS CONDUCT

(All documents published on Banco BPM's website)

- Articles of Association
- Code of ethics
- Organisational, management and control model pursuant to Italian legislative decree 231/01
- Code of Corporate Governance and Reports on Corporate Governance and Ownership structure
- Anti-corruption regulation
- Anti-money laundering regulation
- Regulation and procedures governing related party transactions
- Regulation on Internal Dealing
- Regulation on the management of Inside Information
- Remuneration Policy
- Shareholder-Director Engagement Policy
- Regulation on tax management
- Whistleblowing Statement

Key Business Conduct data in 2022

ANTI-CORRUPTION

86,290
Training hours

for
18,014
Employees

0 Confirmed incidents
and/or dismissals related
to corruption events

ANTI-MONEY LAUNDERING

>36,559
Training hours

for
7,463
Employees

ENVIRONMENT, HEALTH & SAFETY and HUMAN RIGHTS (All documents published on Banco BPM's website)

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

BUSINESS

- Lending policies integrated with ESG factors for all sectors (incl. a negative screening on sectors with a Very High transition risk: coal mining, manufacture of products using coal-fired blast furnaces, production of energy from coal)¹
- Guidelines on operations in the sector of weapon materials and systems (published on Banco BPM's website)
- Guidelines on the integration of sustainability risks in the provision of investment services (published on Banco BPM's website)
- Green Social & Sustainability Bonds Framework (published on Banco BPM's website)

PRIVACY, DATA GOVERNANCE, IT & BUSINESS CONTINUITY

- Cybersecurity and Privacy Statement (published on Banco BPM's website)
- Regulation on IT security, updated in line with PSD 2 *
- Regulation on Cyber risk *
- Business continuity plan and related regulation *
- Guidelines on computer incidents *
- Methodological manuals² *
- Process standards on: business impact analysis and cyber risk management; IT fraud prevention and management; security incident management and data breach; management of digital certificates *

* internal documents, reference is made on page 92 of the 2022 Non-Financial Statement

ESG targets integrated in Short & Long-Term incentive plans for CEO & Top Management since 2021

TARGETS COHERENT WITH THOSE DEFINED IN THE STRATEGIC PLAN AND WITH THOSE MONITORED AT RAF LEVEL BY RISK MANAGEMENT

SHORT-TERM INCENTIVE PLAN

- Between 40% and 60% deferred
- ≥ 50% payable in ordinary shares
- Limit of 1:1 for the ratio between the variable and fixed component of the remuneration for selected positions (incl. CEO)

ESG KPIs of the 2023 STI

- % new loans in green and low-risk transition sectors
- Corporate Bond in own portfolio (share of ESG bonds)
- Green or social bonds issues

+ Qualitative Sustainability KPI¹ (additional 10% weight of the score)

- ESG KPIs related to the area of responsibility or to the activities carried out in relation to the position
- KPI ESG-related (e.g. those related to the annual performance on the ESG targets of the Strategic Plan)

THE STI ALSO CONSIDERS THE ECAP REPUTATIONAL RISK INDICATOR

ALL ESG TARGETS OF THE 2022 STI HAVE BEEN OVERACHIEVED

MORE PEOPLE INVOLVED: ESG KPIs INCLUDED ALSO IN VARIABLE REMUNERATION OF THE NETWORK FOR 2023

- The target of "green" new loans is also assigned to managers and staff of the commercial functions and network
- The STI of commercial network also include a mechanism linked to the ESG customer profiling (acquisition of the customer ESG preferences)⁴

LONG-TERM INCENTIVE PLANS

- 40% upfront and 60% deferred
- 100% payable in ordinary shares
- Limit of 1:1 for the ratio between the variable and fixed component of the remuneration for selected positions (incl. CEO)

ESG KPIs of the LTI 2021-2023

- Standard Ethics rating by 2023 (Floor EE / Cap EE+)
- Increase of women in managerial positions as at 2023 vs 2021 (Floor +15% / Cap +33%)
- CO₂ emissions² (Floor -50% vs. 2019 / Cap: Carbon neutrality)
- Social initiatives – allocated hours³ (Floor 6K / Cap 8K)

ESG KPIs of the LTI 2022-2024

- Standard Ethics rating by 2024 (Floor EE+ / Cap EEE-)
- Women in managerial positions as at 2024 (Floor 28% / Cap 30%)
- Social initiatives – allocated hours⁴ (Floor 10K / Cap 12K)

NEW LTI ALIGNED TO THE NEW STRATEGIC PLAN HORIZON

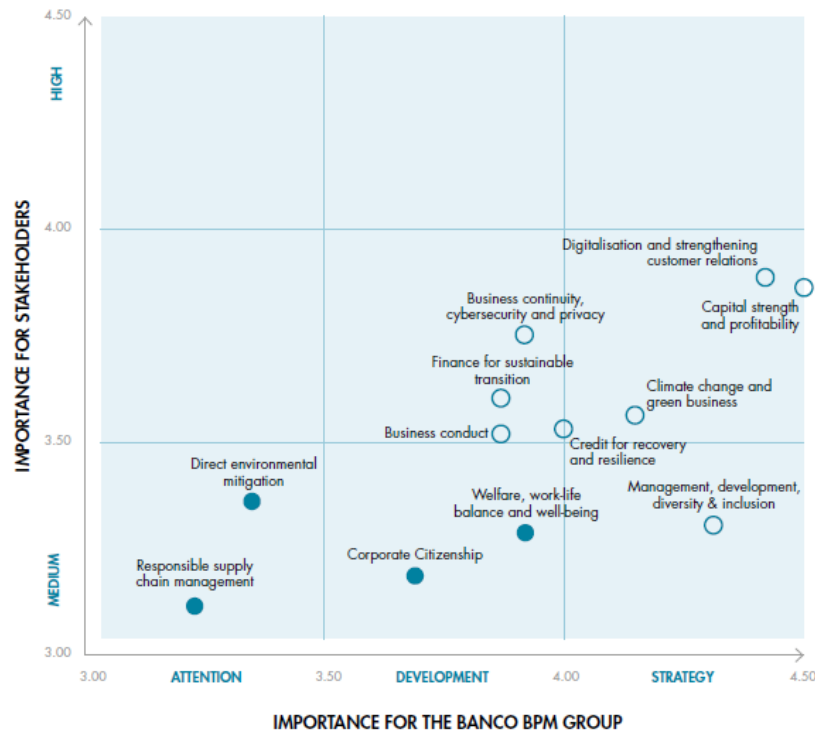
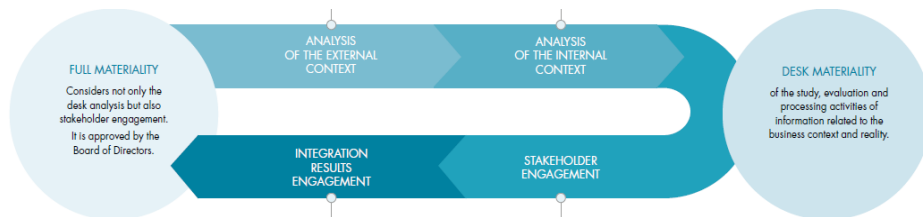
- Approved by the AGM in 2022, to stay alongside the LTI plan 2021- 2023 approved one year before

Understanding material sustainability factors and ESG strategic roadmap impacts

THE MATERIALITY MATRIX

- To respond to the logic of the new standard GRI, we have identified the **aspects on which we generate the most significant impacts on the economy, environment and people, including on their human rights.** Subsequently, **the identified impacts were grouped into material topics**
- In order to place them within the matrix, we shared the topics of the materiality analysis "desk" with our stakeholders (personnel, clients, territorial committees and financial analysts) and to the top management of the Banco BPM Group and collected their ratings (from 1 "not important" to 5 "strategic")
- The **average ratings assigned by the stakeholders and top management start from the level of "importance" for all issues considered (average rating greater than 3), confirming the materiality of the themes proposed**

THE METHOD



2022 ESG Results:

Facts & Figures

4

-
- Business
 - Risk & Credit
 - People
 - Environment
 - Community



Business – our ESG approach in a nutshell

- 1 Material support to Italian economy, thanks to a business model focused on Households & SMEs
- 2 Concrete achievements in the ESG integration into our commercial and business model
- 3 Growing offering of “Green” loan products and SLLs
- 4 Significant development of digital banking, coupled with strong safeguard of Business Continuity, Cybersecurity and Privacy

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

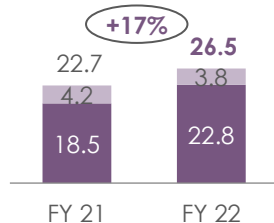
Client base as at 31/12/2022

>3.8m clients, with the core segments represented by:

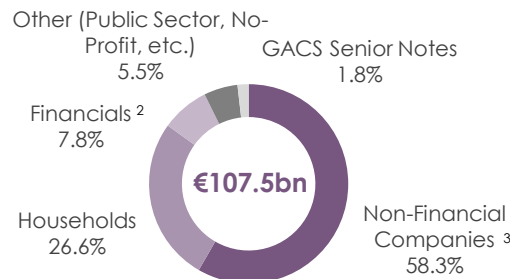
- >3.3m Households¹ (o/w: ~50% women)
- >390K Professionals, Small Businesses, SMEs and Corporates (o/w: ~35K Non-profit organisations active in the third sector)

New Lending to our customers

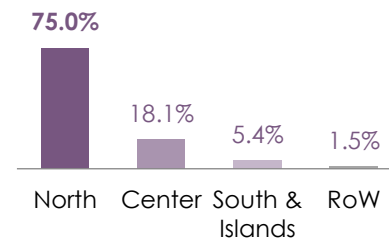
- Households
- Corporate, Enterprise, Small Business & Institutional segments



Stock of Performing customer loans as at 31/12/2022 (GBV)



Geographic breakdown⁴



Breakdown of performing loans to NFCs by sector

Stock as at 31/12/2022 (GBV)⁵

| | GBV, €bn |
|---|----------|
| Agriculture, forestry and fishing | 1.7 |
| Mining and quarrying | 0.2 |
| Manufacturing | 21.8 |
| Electricity, gas, steam and air conditioning supply | 1.6 |
| Water supply | 0.7 |
| Construction of Buildings | 3.4 |
| Civil engineering and specialised constructions | 2.0 |
| Wholesale and retail trade | 9.6 |
| Transport and storage | 2.2 |
| Accommodation and food services | 2.2 |
| Real estate activities | 5.1 |
| Other sectors | 8.8 |



Concrete achievements in the ESG integration into our commercial and business model

Lending with environmental features

- New lending to corporate and enterprises belonging to green/low transition risk sectors and green lending products to corporate and enterprise segments



55.6% of total new lending to corporate & enterprises¹

- Green residential mortgages at **€620m**

Lending with social features

- New lending to **third sector** in FY 2022 at **€183m (+3% Y/Y)**
- €16.7bn of Covid-related loans as at 31/12/2022** (stock, GBV) assisted by State guarantee

ESG corporate bonds³ in the proprietary portfolio

Stock in € m

| | 2022 | 2021 | % Chg. |
|-------------------------------------|----------------|--------------|------------|
| Green bonds | 746.3 | 413.3 | 81% |
| Social bonds | 178.0 | 99.5 | 79% |
| Sustainability & Sust. Linked Bonds | 198.9 | 81.2 | 145% |
| Transition Bonds | 22.5 | - | |
| TOTAL | 1,145.7 | 594.0 | 93% |

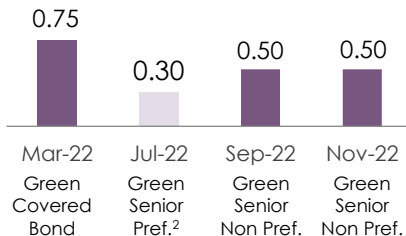
>24% of total Corp. bonds

2022 KEY ACHIEVEMENTS IN WM & CIB:

- €20.7bn** stock of **AUM third party products** classified as **art. 8 and art. 9** of the SFDR → **35% of total AUM** as at 31/12/2022⁴
- WM:** Due Diligence of issuers/producers and products and Product Classification Model developed in order to **match client sustainability preferences and manage greenwashing risks**, in line with MIFID 2
- CIB:** **Banca Akros** participated in the placement, as **joint bookrunner** or **joint lead manager**, of 9 ESG bond issues⁵ of our customers, **with a total countervalue of €8.05bn in 2022**
- ESG Training initiatives** also on regulatory framework of sustainable investments: EFPA ESG Advisor Certification for ~200 colleagues (Private Banking, WM, Advisory and Banca Akros)

Green bonds issued (€bn)

Banco BPM #1 Green bond issuer among Italian banks in 2022: €2.05bn



Managerial data.

Note: 1. Excluding small business & institutional segments. 2. Private Placement, issued out of the Green Social and Sustainable Bonds Framework.

3. Classification based on information provided by Bloomberg → (89% of ESG corporate bonds aligned with ICMA principles according to Bloomberg).

4. Products managed by asset managers with whom Banco BPM has collaborative relationships; the definition of instruments with sustainability and risk management features risks is given by the asset managers themselves. 5. Sustainability-linked bonds, Green hybrid bonds, Sustainability bonds, Green bonds and Social bonds.

Growing offering of “Green” loan products and SLLs

NEW PRODUCTS DEVELOPED IN 2022

Loans with SACE Green Guarantee

Green Loan

Check of the purpose with support from SACE (or independently if activated “in convenzione”)

Public guarantee from SACE after verification of the requirements

Loans with Sustainability Target “Obiettivo Sostenibilità”

Sustainable Linked Loan¹

Loan with ESG KPIs selectable from a predefined catalog validated by an independent third party

KPIs must be consistent with the company's activities and objectives, as well as easily measurable

Product consistent with the “Sustainability Linked Loan Principles” provided by the Loan Market Association

Reporting by the client in formal documents

Financing of Renewable Energy Sources

Green Loan

Loan supporting the construction of plants for production of energy from renewable sources for the main purpose of self-use of the company.

Scope of interventions supported by the NRP

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

Green Real Estate

Green Loan

Real Estate operations certified in terms of efficiency and energy class

Loans with Green Transition Target

Green Loan

Loan that can support customers' green transition to low-carbon business models

NEW PRODUCT IMPLEMENTED IN EARLY 2023

Green Residential Mortgages

Green Loan

Mortgages related to the purchase of properties in classes A, B and C or renovated for energy efficiency

Mortgages with green factor²: a clause that allows for a 10 bps saving on the contracted rate and that can be activated throughout the life of the loan provided that:

- a reduction in consumption of at least 30% is achieved or
- the energy rating of the home is improved by two classes

“You Giovani Green Mortgage” with the guarantee “Fondo Prima Casa” intended for customers under 36 of age

HOUSEHOLDS

2022 KEY ACHIEVEMENTS:

- **Dedicated training for Corporate salesforce on “Obiettivo Sostenibilità”**: >2,000 Relationship Managers involved
- Strengthening the **central support to commercial network** for technical / operational issues in the ESG area
- **Improving CRM tools** and development of new algorithms for **analysis** of the **potential green/ESG growth of Corporate & SMEs**
- Identification of **~5,000** agri-food companies potentially interested in installing photovoltaic panels on their buildings

ENTERPRISES AND CORPORATE CLIENTS



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

Significant development of digital banking...

Digital adoption: continuing growth

85.8% Remote transactions - Households

Web + ATM transactions, alternatives to traditional channels (vs. ~85.0% in 2021)

81.6% Remote transactions - Enterprises

Web + ATM transactions, alternatives to traditional channels (vs. ~79.5% in 2021)

+24.3% APP transactions vs. 2021

+79.1% APP transactions vs. 2020

+177.9% APP transactions vs. 2019

~860K clients enrolled on
Digital Identity

Key 2022 initiatives

- **50% OF TOTAL SALES** ALREADY DRIVEN BY **ADVANCED ANALYTICS** / **OMNICHANNEL CUSTOMER JOURNEYS**
- **NEW VALUE ADDED SERVICES DEDICATED TO SME/BUSINESS CLIENTS LAUNCHED** (e.g. **BUSINESS FINANCIAL MANAGEMENT**)
- **DIGITAL IDENTITY AND DEMATERIALIZATION**

Strong development of **remote sales processes** both in terms of **product availability** on digital channels (financial advisory and investment products, cards, consumer loans, small business loans) and of **customer adoption** (e.g. over 20% of financial advisory remotized)

Further boost in **paperless** processes

TRAINING PROGRAM FOCUSED ON DIGITAL TRANSFORMATION, to facilitate the knowledge, informed adoption and promotion of the services, products and language created under the .DOT Programme



...coupled with strong safeguard of Business Continuity, Cybersecurity and Privacy

0 serious IT security incidents in 2022¹

DATA GOVERNANCE AND IT SECURITY
Data and information management and security

BUSINESS CONTINUITY, CYBERSECURITY AND PRIVACY

PRIVACY
Protection of the information assets of the Group

0 losses of data or unauthorised access in 2022

• EDUCATIONAL ACTIVITIES

- ✓ **Cybersecurity Specialist, Security Engineering and Business Continuity**
- ✓ **IT Transformation and Data Quality**
- ✓ **Internal anti-Phishing Campaign**
- ✓ **GDPR** and Data protection training activities aimed at management and delivered in the context of activities related to regulatory compliance

• POLICY:

- ✓ **The Business Continuity Plan** defines the principles, procedures and resources required to manage business continuity
- ✓ **The Security Plan** provides internal assessments in line with the **standard NIST Cybersecurity Framework**
- ✓ **Secure code** development guidelines

• INSURANCE COVERAGE

- Two insurance policies completely cover:
- ✓ **Cyber incidents:** breaches of security and confidentiality of personal data, Group damage, third-party claims and media liability
 - ✓ **IT incidents:** direct material damage, damage due to theft of Group or third-party property, damage resulting from the reconstitution of archives)

• SPECIALIST EXPERTISE

- ✓ Procedures and regulations are constantly enriched, updated and followed by the **Data Protection Officer (DPO**, identified as the Compliance department manager) supported by a dedicated organisational unit

• PARTNERSHIPS

- ✓ **CERTFin**²
- ✓ **OF2CEN**³
- ✓ **"I Navigati"**⁴
- ✓ **European Payment Council**⁵

• STANDARDS

- ✓ The Group's safety management system follows the **ISO 27001 standard**



Risk & Credits – our ESG approach in a nutshell

- 1 Progress in ESG-oriented lending policies
- 2 Progress in the integration of ESG into Risk Management
- 3 Portfolio transparency: Transition, Physical and Environmental risks

Progress in ESG-oriented lending policies

ESG oriented lending policies in 2022

EVALUATION OF ESG AND CLIMATE CHANGE RISKS INTEGRATED WITHIN LENDING POLICIES FOR THE DEFINITION OF AN ESG SCORE, THROUGH:

- **Sector analysis** to capture potential transition risks on the basis of EU Taxonomy
- **Questionnaire** for evaluating both the **counterparty** and the **transaction**
- Analyse if the counterparty has defined policies and strategies to mitigate the main ESG risks through qualitative questions and quantitative KPIs
- Assess whether the transaction is directly linked to ESG targets and is therefore virtuous regardless of the counterparty's activity

SPECIFIC APPROACH FOR REAL ESTATE SECTOR TO EVALUATE THE ENVIRONMENTAL SUSTAINABILITY OF THE RE INITIATIVES

The ESG score may change the final credit policy strategy

SPECIFIC GUIDELINES DEVELOPED FOR HIGH AND VERY HIGH TRANSITION RISK SECTORS, PROVIDING FOR:

- the **run-off for coal-related sectors**¹ ➡
- the offer of lending products to support transition

In 2022 the stock of loans to corporates operating in coal-related sectors reduced by 57% Y/Y to €25m



Upgrade of ESG lending policies already approved in 2022, to be implemented in 2023

- Evolution of the transition risk methodology classification, **with greater relevance of emissions**
- Inclusion of **physical risk assessment** both on **counterparty operations and on collaterals**
- Dedicated strategies on **priority sectors with high emissions**
- Introduction of **ESG credit guidelines** to support the **green transition**
- **Upgrade of the questionnaire to verify:**
 - green transition path of companies (emissions baselines and targets)
 - presence of mitigating factors of physical risk (business continuity plan and/or insurance policies)
 - existence of any pending litigations and/or litigations with negative outcomes concerning Social and Governance matters
- **Questionnaire mandatory for:**
 - large corporates and corporates drafting the Non-Financial report
 - all corporates operating in High and Very High Transition Risk sectors and in priority-considered sectors (on the basis of emissions)

Progress in the integration of ESG into Risk Management

Risk Identification

- Confirmed also in 2022 materiality and relevance of the **Climate & Environmental risks**

TRANSITION RISK IMPACTS IDENTIFIED:

Legislative, Technological,
Market-related and Reputational

PHYSICAL RISK IMPACTS IDENTIFIED:

Acute and Chronic and related
sub-risks

TIME HORIZONS IDENTIFIED:

Short Term: up to 1Y / Mid Term: up to
3-5Y / Long Term >5Y

- Included the **new Governance & Social sustainability risk in 2022¹**

Risk Appetite Framework

- Integration of ESG risks within RAF**, taking into account the impacts of ESG factors on business model, competitive scenario and Group's strategy
- Further strengthening of our RAF **with the inclusion of additional ESG KPIs, coherent with main Strategic Plan targets**



Measurement and Management of Climate & Environmental risks

CREDIT RISK

- "C&E" risk scoring calculated for Credit Risk, considering sectorial information, geographic data and additional info provided by clients

Estimated the impact on PD & LGD → first integration of "E" risks in the main processes of credit risk evaluation (IFRS 9 and ICAAP) already deployed

COMPLETION OF THE C&E RISK SCORING FOR THE MATERIALITY ASSESSMENT

TRANSPARENCY EXERCISE ON
TRANSITION, PHYSICAL AND
ENVIRONMENTAL RISKS
(SEE THE FOLLOWING SLIDES)

PUBLISHED THE FIRST
PILLAR III ESG RISK
DISCLOSURE AS PER
THE EBA ITS

CALCULATION OF THE ELIGIBILITY RATIO AS PER THE EU TAXONOMY

~23%

Mandatory Eligible economic activities for
Climate Change Adaptation & Mitigation
on total covered assets
(KPI turnover & capex)²

OTHER RISKS

- "C&E" risk-related potential impacts are also evaluated for **market, operative and liquidity risk**
- Inclusion of the ESG risk within the **Reputational Risk Framework**

Climate Scenario Analysis & Stress Test

- Climate scenarios identified and first sensitivity analysis for all impacted risks already implemented in ICAAP and ILAAP**
- First ECB Climate Stress test performed in 2022**

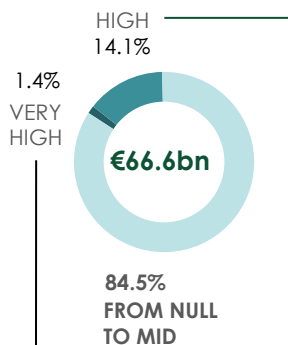
Notes: 1. Capacity to govern effectively the planning, management and reporting of these issues, integrating fully the components related to the social sphere (such as human rights, gender equality, sustainable supply chain management, labor practices) and governance within our business operations. 2. Total Covered Assets at €137bn (73% of Total Assets) exclude exposures to central governments, central banks & supranational issuers and trading book. Share of eligible exposures (Turnover and Capex) represented by loans to companies subject to NFRD, loans to households secured by residential RE, loans to households aimed at the renovation of RE and vehicle purchases, and from collateral obtained by taking possession (residential and commercial properties); See the 2022 Consolidated non-financial Statement for further details.

Portfolio transparency: Transition Risk

Methodology

- **Micro-sectorial analysis** (NACE classification), aimed at providing an indication of the **transition risk associated with the Industry** of the counterparty
- For larger corporates or those operating in the sectors most impacted, the methodology **involves also individual data** collected from Non-financial reporting, ESG questionnaires (completed as part of the credit disbursement process) or based on estimates of GHG emissions sourced by qualified external info-providers
- Construction and RE sectors assessed with an ad hoc methodology (taking into account also the characteristics of the property/initiative)
- **Risk scoring** for from 0 "Very Low" to 4 "Very High"
- **Exposure to sectors with High and Very High transition risk limited at 15.5%**

GBV as at 31/12/2022



High risk exposures:

- include sectors whose companies should make significant investments, in order to realize their transition towards more sustainable business models
- ~67% is represented by counterparties with **sound financial profile** (low or medium-low credit risk categories)

Very High risk exposures:

- include sectors whose companies will have to gradually reconver their business or substantially change their production process
- within this cluster, **0.04% relates to sectors put in run-off**:
 - Mining and quarrying of hard coal
 - Manufacture of coke oven products
 - Coal-based energy production

| VERY HIGH | GBV, in € M | IN % ON TOTAL LOANS TO NFCs |
|--|-------------|-----------------------------|
| 19-Manufacture of coke and refined petroleum products | 418 | 0.6% |
| 46-Wholesale trade, except of motor vehicles and motorcycles | 394 | 0.6% |
| 47-Retail trade, except of motor vehicles and motorcycles | 129 | 0.2% |
| Other | 5 | 0.0% |
| Total Very High | 946 | 1.4% |

TRANSITION RISK (Loans to NFCs)

| HIGH | GBV, in € M | IN % ON TOTAL LOANS TO NFCs |
|---|--------------|-----------------------------|
| 01-Crop and animal production, hunting and related service activities | 3,383 | 5.1% |
| 24-Manufacture of basic metals | 1,178 | 1.8% |
| 49-Land transport and transport via pipelines | 914 | 1.4% |
| 23-Manufacture of other non-metallic mineral products | 490 | 0.7% |
| 29-Manufacture of motor vehicles, trailers and semi-trailers | 449 | 0.7% |
| 17-Manufacture of paper and paper products | 435 | 0.7% |
| 20-Manufacture of chemicals and chemical products | 421 | 0.6% |
| 10-Manufacture of food products | 324 | 0.5% |
| 15-Manufacture of leather and related products | 244 | 0.4% |
| 77-Rental and leasing activities | 219 | 0.3% |
| 50-Water transport | 191 | 0.3% |
| Other | 1,127 | 1.7% |
| Total High | 9,376 | 14.1% |

MANAGEMENT OF TRANSITION RISK

- ESG integrated **lending policies & risk management & measurement**
- Development of **lending products for supporting corporates' transition**
- Initiatives of **ESG awareness for our client companies** (13 conferences organised in 2022 with >800 entrepreneurs involved)
- **Signing of the NZBA** (March 2023)

Managerial Data. This transition risk distribution analysis does not take into account either the component of turnover or investments considered already "eligible/aligned" with respect to the objectives of the taxonomy, nor the presence, within these shares of exposure, of loans aimed at support the transition. See the 2022 Consolidated Non-financial report for further information and details.



Portfolio transparency: Physical Risk

Methodology

- The analysis considers the RE collateral underlying exposures towards Households and NFCs and the productive assets of NFC clients:
 - Mapping of the Italian territory** according to exposure to the different risk events considered;
 - Geo-location of the property** (real estate collateral or productive asset), through its address and positioning within the maps of risk;
 - Identification of a risk event score** based on the exposure level of the property
 - Calculation of the synthetic physical risk exposure score** of the property (from 0 “Very Low” to 4 “Very High”) through aggregation
- Sources used: public data¹ and third-party proprietary data
- The low exposure to physical risks is driven by the geographical distribution of our credit portfolios, concentrated in the North of Italy**

MANAGEMENT OF PHYSICAL RISK

- Physical risk assessment** on **counterparty operations and on collaterals** to be included in the evaluation of credit risk in 2023
- ESG questionnaire to be integrated in 2023 with **questions regarding the presence of mitigating factors of physical risk** (business continuity plan and/or insurance policies)

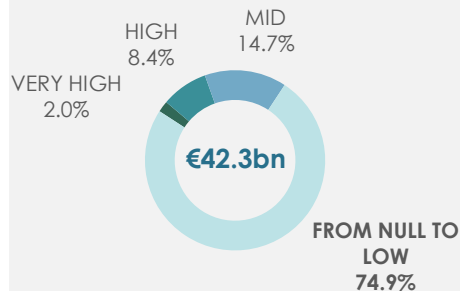


PHYSICAL RISKS

Collateral values underlying exposures towards Households and NFCs

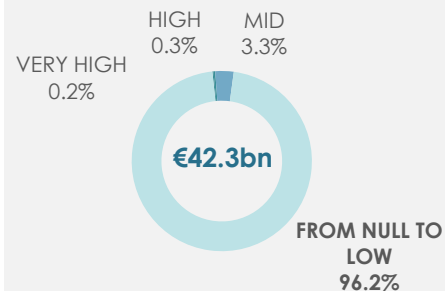
GBV as at 31/12/2022

ACUTE



| | | | |
|--------------------------------|-------------|-----------------|---------|
| ACUTE RISK EVENTS ² | Landslide | Flood | Storm |
| | Fire | Anomalous waves | Frost |
| | Heat events | Heat waves | Drought |

CHRONIC



| | |
|----------------------------------|-----------------|
| CHRONIC RISK EVENTS ² | Coastal erosion |
| | Land erosion |
| | Sea level rise |

A focus on the exposure of productive assets of the non-financial counterparties operating in the sectors of agriculture, construction and tourism is provided in FY 2022 Consolidated Non-financial Report

Portfolio transparency: Environmental Risks

Methodology

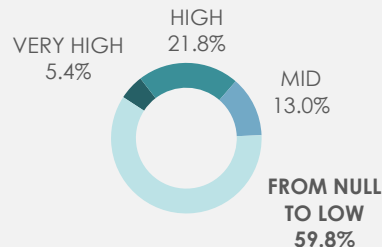
- Initial exercise aimed at measuring the exposure of our loan portfolio towards NFC clients with respect to environmental risks performed in 2022
- **The variables of environmental risk considered are consistent with the EU taxonomy**
- The methodology is based on **a sectoral approach** aimed at providing an indication of the environmental risks associated with the industry of the counterparty
- When such risks are deemed relevant or when information is available, **the methodology involves the use of public data on individual counterparties (e.g. certifications)**

ENVIRONMENTAL RISKS

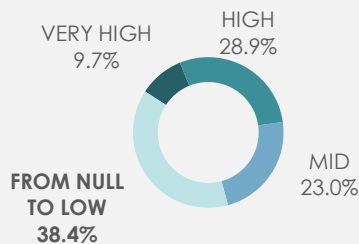
Loans to NFCs

€ 66.6bn, GBV as at 31/12/2022

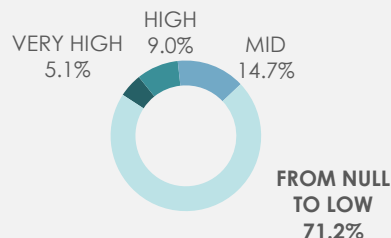
Biodiversity loss



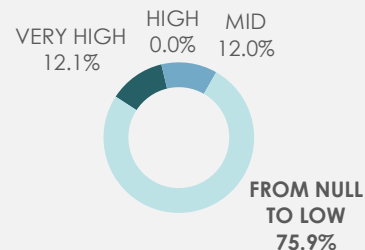
Circular Economy



Use of water resources



Pollution



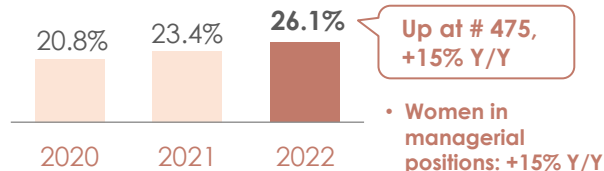
People – Composition of Group employees, inclusion & diversity and new hires

Key figures

| GROUP EMPLOYEES | 2021 | 2022 |
|---|---------------|---------------|
| Total employees | 20,436 | 20,156 |
| Employees on permanent contracts | 19,957 | 19,643 |
| of which women | 45% | 46% |
| of which men | 55% | 54% |
| Employees on apprenticeships | 479 | 513 |
| of which women | 55% | 58% |
| of which men | 45% | 42% |
| Part-time employees | 3,413 | 3,408 |
| of which women | 94% | 94% |
| of which men | 6% | 6% |

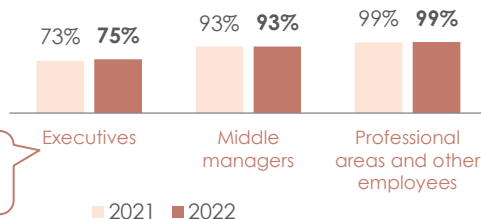
- **97%** of employees with **permanent contracts** and 3% of employees on apprenticeships
- **49 years** of average age
- **>22 years** of average length of service

Share of Women in managerial positions¹



PAY GAP

Average female-to-male base pay ratio by classification (excluding part-time)



From 66% in 2021 to 70% in 2022 including also variable remuneration

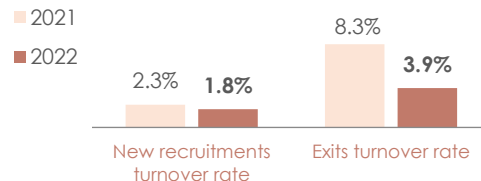
New hires and turnover in 2022

369 total hires
47% Women

790 exits
(62% related to solidarity fund)

- New hirings related to the Solidarity Plan perimeter in the period 2021-2022: **743**, o/w **89.5% <30 years of age**

Turnover rates

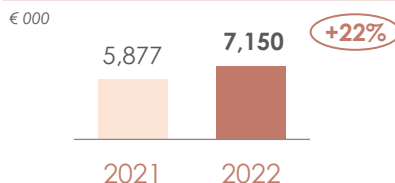


People – Training, Safety, Work-Life Balance and Wellbeing

Training & people development programs

| TRAINING HOURS | 2021 | 2022 | % Chg. |
|---------------------------|-----------|-----------|--------|
| Total training hours | 1,019,725 | 1,101,976 | 8.1% |
| o/w: ESG training hours | 105,300 | 174,200 | 65.4% |
| Training hours per capita | 50 | 55 | 10.0% |
| of which women | 51 | 56 | 9.8% |
| of which men | 49 | 53 | 8.2% |

Amount invested in training



KEY PROGRAMS

- **ESG training for all employees**, with a more specialized focus on resources involved in the workstreams of our ESG Action Plan: **>174,000 hours**
- **Gender Program**: a tailor-made paths of female empowerment: **294 women involved** → **Assessment step to support development actions on a first tranche of >100 women**
- **Respect Project** (valuing diversity, respect and recognition of individual differences for an inclusive working environment): **~8,400 people involved**
- **Youth Program** (train, engage and accompany young people in their first years of experience): **692 people involved**
- **Mentoring program**: **84 young people involved**
- **Talent Program** (skill strengthening for future new roles): **involved 60 people**
- **Disability management**: **72 people involved**

Safety management

| TRAINING IN HEALTH & SAFETY | 2021 | 2022 | % Chg. |
|---|--------|--------|--------|
| Total training hours | 45,343 | 48,894 | 7.8% |
| People involved | 7,393 | 7,392 | 0.0% |
| INJURIES | 2021 | 2022 | % Chg. |
| In the workplace | 34 | 28 | -17.6% |
| In transit | 147 | 162 | 10.2% |
| Injury rate ¹ (frequency rate) | 5.7 | 6.0 | 6.5% |
| Severity rate ² | 0.21 | 0.25 | 19.0% |

UNI ISO 45001:2018

CERTIFICATION
FOR OCCUPATIONAL HEALTH AND
SAFETY MANAGEMENT SYSTEM

Since 2020

Work-life balance and Wellbeing

- **5,687** people in **smart work**
- **>3,400** people in **part-time**
- **574** people involved a project dedicated to **care-givers**
- **100** women involved in the "Welcome back mom" project

~65,000 people with
coverage of medical expenses³

~25,000 supplementary
**pension arrangements with
company contribution**



Environment – Keep on reducing our own impact

Key figures

| Energy consumption (GJ in '000) | 2020 | 2021 | 2022 | % Chg. vs. 2021 | % Chg. vs. 2020 |
|--|--------------|--------------|--------------|-----------------|-----------------|
| Of natural gas, diesel oil and gasoline ¹ | 174.6 | 176.2 | 148.6 | -15.7% | -14.9% |
| Of electric energy | 402.1 | 393.2 | 355.6 | -9.6% | -11.6% |
| o/w: from renewable sources | 100% | 100% | 100% | 0.0% | 0.0% |
| Other ² | 78.4 | 79.6 | 66.7 | -16.3% | -15.0% |
| TOTAL | 655.1 | 649.0 | 570.8 | -12.0% | -12.9% |

| GHG emissions (T Co2 Eq. in '000) | 2020 | 2021 | 2022 | % Chg. vs. 2021 | % Chg. vs. 2020 |
|-----------------------------------|-------------|-------------|------------|-----------------|-----------------|
| Scope 1 | 12.1 | 12.3 | 11.5 | -6.5% | -5.4% |
| Scope 2 Market-Based | 4.5 | 4.6 | 3.9 | -16.1% | -14.3% |
| GROSS EMISSIONS | 16.7 | 16.9 | 15.4 | -9.2% | -7.9% |
| Carbon credits | 0 | -0.8 | -8.0 | n.m. | n.m. |
| TOTAL NET EMISSIONS | 16.7 | 16.1 | 7.4 | -54.3% | -55.8% |

2020 consumption and emissions data strongly impacted by the Covid-related lockdowns

100%

Consumptions of electric energy from renewable sources since 2020

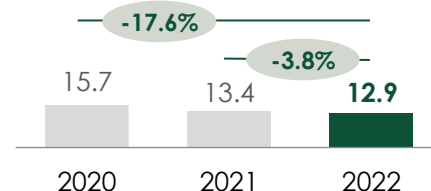
Avoided emissions for
~25,800

tons of Co2 eq. in 2022 thanks to electric energy from renewable sources

-8,8%

Consumption of paper vs. 2021

Scope 3 emissions from commuters, paper purchased, personnel mobility and other



(Tons/000 Co2 equivalent)
Exclude Scope 3 emissions of the financed portfolio

OTHER 2022 ACHIEVEMENTS:

- Maintenance of the **ISO Environmental, Energy and Occupational Health and Safety certifications (ISO 14001, ISO 50001 and ISO 45001)**
- Compensation Project (Tanzania Project, REED + certified – Zimbabwe Project REED + certified – India Project) → **compensating ~8,000 t. of CO2 eq.**

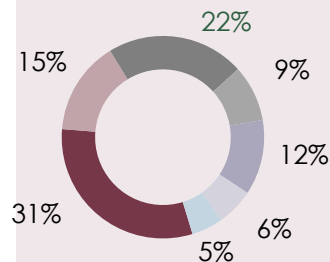


Communities – Our contribution to the sustainable development of local territory

>€4.6m donations and sponsorship
for social and environmental projects
(+€0.9m vs. 2021)

In addition, €0.9m collected
from fundraising and donated
for people from Ukraine, in
cooperation with Caritas

o/w: €2.1m



- For 137 social and environmental projects

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

5,000
Researchers
supported by
partnership



o/w: >€2.5m

- For the care, charity and public interest projects of our **7 foundations** active on local territories



Corporate volunteering, ESG awareness
and financial education: >14,500 hours

>11,800 hours of
financial and ESG awareness
training for customers,
new generations, businesses
and other stakeholders

Focus on ESG
Awareness training

**“ESG FACTORY”
INITIATIVE FOR
COMPANIES**

- 13 conferences organized
- 1,175 hours
- >800 entrepreneurs involved

Topics discussed:

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

>2,700 hours
of company
volunteerism



Communities – Responsible management of the Supply chain

Key 2022 figures

1,535 suppliers

€817m value of
invoices registered in 2022
>99% in Italy

Our approach

- **Supplier Register:** a comprehensive repository of information but also a management, evaluation and monitoring application
- **IT interface** to manage:
 - supplier applications
 - selection
 - supplier registration
 - competitive biddings

ESG integration

- **Request of Quality, Environmental and Energy Certifications¹** for a better screening of our suppliers
- All suppliers must **certify** that they:
 - know the **Model of organization, management & control and the Code of Ethics** of Banco BPM and assume conduct in accordance with these documents;
 - act in strict compliance with current **regulations on labor matters, provisions on social security, accident prevention and insurance**
 - operate in full compliance with current regulations on the **protection of health and safety in the workplace, environmental protection, anti-money laundering and anti-corruption**

ESG RATING FOR SUPPLIERS IMPLEMENTED IN H2 2022 IN ORDER TO ANALYZE THEIR DEGREE OF SUSTAINABILITY

The rating is based on a questionnaire (developed in collaboration with Consorzio ABC) calibrated to the EU classification of the enterprise (micro/small/medium/large) and developed on the UNI ISO 26000:2010 guidelines for the Social Responsibility of Organizations

Appendix

-
- Green, Social and Sustainability Bonds Framework, published in July 2021
 - NEW Green, Social and Sustainability Bonds Framework, published in November 2023



Green, Social & Sustainability Bonds Framework, published in July 2021:

Detailed description

USE OF PROCEEDS

- New and existing financings belonging to the following **Eligible Categories**:
 - Green Buildings
 - Renewable Energy
 - Energy Efficiency
 - Pollution prevention & control
 - Sustainable Water Infrastructure
 - Low-carbon transportation
 - SMEs and Covid Loans
 - Third and Public Sector
 - Healthcare

PROJECT EVALUATION & SELECTION

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

MANAGEMENT OF PROCEEDS

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

REPORTING

- **Annual allocation and impact reporting**, starting a year after the issuance of each Bond on a portfolio approach basis.
- Banco BPM will make its Reports available for stakeholders on its website

The second Green, Social and Sustainability Bond Reporting was published in July 2023:
[BBPM Green Social Sustainability Bonds Report 2023.pdf](#)
([bancobpm.it](#))

EXTERNAL REVIEW



- **ISS ESG** reviewed the alignment of the Framework with ICMA²'s Green Bond Principles / Social Bond Principles / Sustainable Bond Guidelines
- An **independent auditor** will verify the compliance of the Eligible Portfolio with the framework on an annual basis

NEW Green, Social & Sustainability Bonds Framework, published in Nov. 2023:

Detailed description (1/2)

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



Framework update

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

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

- Banco BPM is then one of the few issuers in Europe that can **offer the (re)financing of Sustainability-linked loans for SMEs via its GSS Bond Framework.**

External review ISS ESG

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

NEW Green, Social & Sustainability Bonds Framework, published in Nov. 2023:

Detailed description (2/2)

USE OF PROCEEDS

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

PROJECT EVALUATION & SELECTION

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

MANAGEMENT OF PROCEEDS

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

REPORTING

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

EXTERNAL REVIEW



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

NEW Green, Social & Sustainability Bonds Framework, published in Nov. 2023:

Use of Proceeds (1/2)

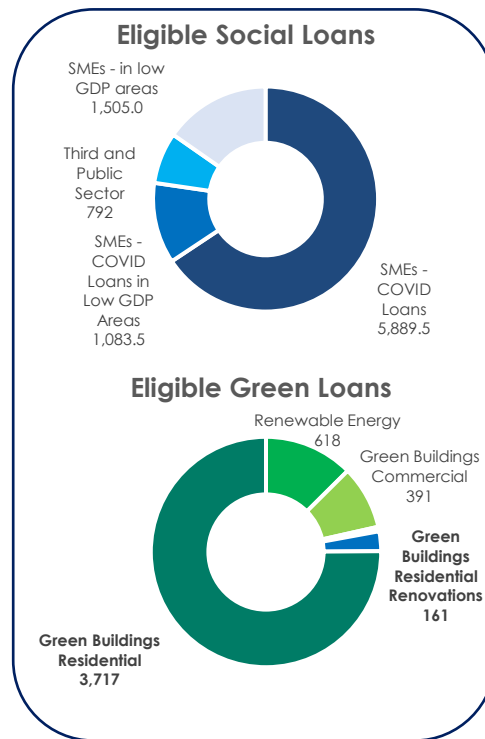
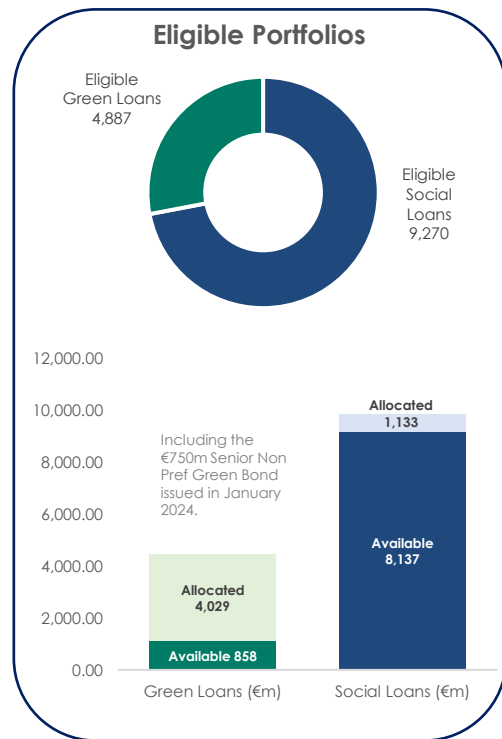
| Eligible Green Loans categories | | Eligibility Criteria | |
|--|-------------|--|--|
| | | For assets aligned with the Substantial Contribution Criteria of the EU Taxonomy | For assets aligned with other green Eligibility Criteria |
| Green Buildings | Residential | <ul style="list-style-type: none">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

NEW Green, Social & Sustainability Bonds Framework, published in Nov. 2023:

Use of Proceeds (2/2)

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

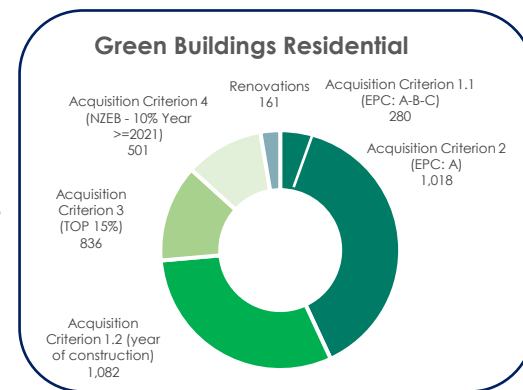
NEW Green, Social & Sustainability Bonds Framework, published in Nov. 2023: Eligible Portfolios




The total amount of eligible assets under the Green, Social & Sustainability Bonds Framework published last **November 2023** amounted to **~€14.2bn** as at 31/12/23, of which:

- **€4.9bn** of **Eligible Green Loans**
- **€9.3bn** of **Eligible Social Loans**

With the **8 outstanding issuances** (including the €750m Senior Non Pref Green Bond issued in January 2024), proceeds are allocated to green and social assets for **~€5,2bn**.



Contacts for Investors and Financial Analysts

| | | |
|------------------|---|------------------|
| Tom Lucassen |  | +39 045 867.5537 |
| Arne Riscassi |  | +39 02 9477.2091 |
| Silvia Leoni |  | +39 045 867.5613 |
| Carmine Padulese |  | +39 02 9477.2092 |

Banco BPM

Registered Offices: Piazza Meda 4, I-20121 Milano, Italy

Corporate Offices: Piazza Nogara 2, I-37121 Verona, Italy

investor.relations@bancobpm.it

www.gruppo.bancobpm.it (IR section)