

The remuneration policy represents an important management lever to attract, motivate and retain management and staff. This steers behaviour towards reducing the risks taken on (including legal and reputational), protecting customers and increasing loyalty while also being careful to manage conflicts of interest. The policy also pursues sustainable success, which produces long-term value for the benefit of shareholders in the interest of the Group's stakeholders.

The 2024 Policy defines the guidelines of the remuneration systems to pursue long-term strategies, objectives and results, in line with governance and risk management policies. **The correlation between variable remuneration of staff and ESG (Environmental, Social, Governance) factors is one of the elements of the 2024 Policy.** Variable remuneration is therefore related to strategic actions concerning environmental issues, health and safety, human resource management.

The remuneration policy for staff is gender neutral.

Below are the main elements of the ESG policy, referring to the full document approved by the shareholders' meeting on the 18 April 2024 available on the website:

[https://gruppo.bancobpm.it/download/policy-on-remuneration-report-2024\\_section-i](https://gruppo.bancobpm.it/download/policy-on-remuneration-report-2024_section-i)

## 1) SHORT TERM INCENTIVE (2024 objectives)

### • Chief Executive Officer of the Parent Company

The objective card of the Chief Executive Officer of the Parent Company provides for ESG financial indicators to be assessed over the annual performance period, referring to the annual definition of the ESG objectives of the Strategic Plan, with a weight of 10%, augmented by an additional sustainability objective for the areas related to the Net-Zero Banking Alliance, the operating and reputational risk, the dissemination of a risk culture and the promotion of a corporate culture, with a weight of 10%.

AREA	OBJECTIVE	WEIGHT	MINIMUM	TARGET	MAXIMUM
Profitability	Consolidated RORAC <sup>86</sup>	20%	-10%		+5%
	Consolidated Cost to Income ratio <sup>86</sup>	20%	+3%		-2%
Credit and asset quality	Credit Policies Indicator <sup>86</sup>	20%	-2.5%	Risk Appetite	+2.5%
Capital adequacy	Maximum Distributable Amount (MDA) Buffer <sup>86</sup>	20%	-5%		+3%
ESG <sup>87</sup>	- green and low transition risk disbursements <sup>86</sup> (weight 60%)	10%	-10%		+5%
	- share of ESG bonds in the owned corporate portfolio <sup>86</sup> (weight 40%)		-2%	32%	+1%
Sustainability <sup>87</sup>	Qualitative assessment formulated by the Board of Directors, after consultation with the Remuneration, Internal Control and Risk and Sustainability Committees, on the following drivers: <ul style="list-style-type: none"> <li>- monitoring and development of areas related to the Net-Zero Banking Alliance</li> <li>- monitoring of operational and reputational risks and dissemination of a risk culture</li> <li>- promotion of values and behaviour in line with the corporate culture</li> </ul>	10%	in line with expectations	above expectations	excellent

<sup>86</sup> Risk-based objective, RAF indicator.

<sup>87</sup> Objective of ESG nature.

- **Executives with strategic responsibilities**

- The objective-card of executives with strategic responsibilities that **do not belong to functions with control tasks**, including the Joint General Managers, provides for 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 a non-exhaustive example, those related to green and low transition risk disbursements, shares of ESG bonds in the owned corporate portfolio, People Strategy objectives, conclusion of strategic actions related to the Net-Zero Banking Alliance, augmented by an additional qualitative objective also related to sustainability with a weight of 10%.

AREA	INDICATORS	EXAMPLES	RANGE OF WEIGHT <sup>89</sup>
Cross-departmental objectives		Consolidated RORAC, operational risk indicators	25%
Structural objectives	Indicators related to growth, profitability, productivity or to strategic action directly relating to the scope of responsibility.	Net interest and other banking income, capital indicators, MDA buffer, consolidated cost/income ratio, indicators of compliance with credit policies or in the non-performing loan domain, digitalisation, managerial projects and initiatives included in annual planning, enhancement of the real estate and equity investments portfolio, customer satisfaction	55%
ESG	Quantitatively measurable indicators related to the Environmental, Social and Governance dimension.	Annual definition of the ESG objectives of the Strategic Plan, objectives linked to the Net-Zero Banking Alliance	10%
Quality performance	Assessment of specific drivers also referring to the area of sustainability.		10%

89 As a guideline.

- The objective-card of the managers with strategic responsibility of **functions with control tasks** provides for any quantitatively measurable non-financial ESG indicators, with a minimum weight of 10%, which may, by way of example, be related to the priority execution of activities relating to the ESG area envisaged in the annual plans or the conclusion of project actions.

AREA	INDICATORS	RANGE OF WEIGHT <sup>91</sup>
Operational excellence or compliance	Indicators related to the effectiveness of control activity, to the resolution of findings and remarks and to the risk culture, for internal control functions.	30%-35%
Structural objectives	KPIs related to the scope of responsibility or to activities performed with relation to the position, also with reference to the ESG area, such as by way of example, the preparation of the annual audit plan or specific projects also related to the entry into force of new legislation.	55%-60%
Quality performance	Assessment of specific drivers also referring to the area of sustainability.	10%

91 As a guideline.

- For **the remaining identified staff in the retail and corporate commercial network**, the objective card provides quantitatively measurable ESG indicators with a weight of 10%, broken down on the individual perimeters of competence, which incentivise green and low transition risk disbursements.
- For **the remaining identified staff**, the objective card may provide for the assignment of quantitatively measurable ESG indicators, with a weight of 10%, by way of a non-exhaustive example, those related to the annual definition of the ESG objectives of the 2023-2026 Strategic Plan and the conclusion of project actions related to the Net-Zero Banking Alliance.

The short-term incentive plan makes provision, for the retail network, continuing with the approach of last year, for a mechanism linked to customer profiling that also integrates the acquisition of customer ESG preferences. For the private network, considering the level of maturity achieved with reference to the ESG dimension, provision is made for a mechanism related to the consistency of the portfolio with the ESG preferences expressed by customers.

The objective related to green and low transition risk disbursements, the annual definition of the Strategic Plan objective, is also assigned to managers and staff of the commercial functions and to the entire sales chain that manages corporate and business customers, to promote an ESG commercial offer in line with the objectives of the strategic plan.

As part of the Short-Term Incentive Plan, through the ECAP Reputational Risk indicator that represents the amount of economic capital with respect to the reputational risk estimated using an internal model, the non-financial adjustment factor could reduce the economic resources of all staff in the event of a sudden deterioration of the Group's image, also in relation to the possible occurrence of ESG risks.

## **2) LONG TERM INCENTIVE (targets for the three-year period 2022-2024 and 2024-2026)**

The long-term incentive plan supports the 2023-2026 Strategic Plan, to pursue results that create long-term value for all relevant stakeholders and provides for two assessment periods (2022-2024 LTI plan and 2024-2026 LTI plan). The scope of the beneficiaries of the LTI plan includes around 80 positions (excluding those belonging to functions with control tasks), selected on the basis of the level of the position and the impact on the business or for retention purposes. The beneficiary roles include the Chief Executive Officer and executives with strategic responsibilities of the Parent Company.

**The incentive correlated to the LTI plan (LTI incentive) is fully assigned in Banco BPM ordinary shares (performance shares).**

In order to determine the number of shares to award (LTI incentive) at the end of each accrual period, verification of the level of achievement of the performance objectives indicated below is required, selected from the main objectives of the Group's Strategic Plan.

For the **2022-2024 LTI plan**, verification is performed at the end of 2024.

AREA	2022-2024 LTI PERFORMANCE OBJECTIVES	WEIGHT	FLOOR	CAP
Profitability	ROTE <sup>104</sup> as at 2024	35%	7%	9%
Asset quality	Gross NPE ratio <sup>104</sup> as at 2024	35%	6.3%	4.8%
Value creation for shareholders	Total Shareholder Return (TSR) <sup>105</sup>	15%	18% <sup>106</sup>	48%
ESG	Standard Ethics Rating <sup>107</sup>		EE+	EEE-
	Percentage of women in managerial positions as at 31/12/2024	15% <sup>108</sup>	28%	30%
	Social initiatives (hours) <sup>109</sup>		10,000	12,000

104 RAF indicator.

105 Banco BPM's TSR is compared in absolute terms with the floor and cap achievement levels. For the purpose of calculating the TSR, the average share price will be considered in the December 2021-January 2022 period and in the December 2024-January 2025 period, respectively.

106 In the event of a result below the threshold, the floor level will be awarded if Banco BPM's TSR is higher than the average of the TSR of the peer group consisting of: Intesa Sanpaolo, Unicredit, Banca Popolare dell'Emilia Romagna, Credito Emiliano, Banca Popolare di Sondrio, and Monte dei Paschi di Siena.

107 At present the group has a rating of EE+.

108 Each ESG objective is equally weighted.

109 Hours dedicated in the period of the Strategic Plan to the development of financial awareness of customers with specific attention to the female world, to meetings with corporate customers aimed at creating a culture of sustainable finance and corporate volunteering in support of non-profit associations.

For the **2024-2026 LTI plan**, verification is performed at the end of 2026.

AREA	2024-2026 LTI PERFORMANCE OBJECTIVES	WEIGHT	FLOOR	CAP
Profitability	ROTE <sup>110</sup> as at 2026	35%	10%	13.5%
Asset quality	Gross NPE ratio <sup>110111</sup> as at 2026	30%	4.0%	3.0%
Value creation for shareholders	Total Shareholder Return (TSR) <sup>112</sup>	20%	16% <sup>113</sup>	44%
ESG	Increase in women in managerial positions as at 31/12/2026 <sup>114</sup>	15% <sup>115</sup>	+15%	+20%
	Green, Social & Sustainable bond issues		€ 3.75 billion	€ 5 billion

110 In line with the Strategic Plan and the Risk Appetite Framework.

111 Consistent with the Strategic Plan and the Risk Appetite Framework. This is the Strategic Plan indicator gross NPE ratio.

112 Banco BPM's TSR is compared in absolute terms with the floor and cap achievement levels. For the purpose of calculating the TSR, the average share price will be considered in the December 2023-January 2024 period and in the December 2026-January 2027 period, respectively. The TSR is calculated considering the reinvestment of the dividend in the security.

113 In the event of a result below the threshold, the floor level will be in any case awarded if Banco BPM's TSR is higher than the average of the TSR of the peer group consisting of: Intesa Sanpaolo, Unicredit, Banca Popolare dell'Emilia Romagna, Credito Emiliano, Banca Popolare di Sondrio, and Monte dei Paschi di Siena.

114 Percentage increase in the percentage incidence of women in managerial roles out of total managerial roles, recorded as at 31/12/2023.

115 Each ESG objective is equally weighted.

In the long-term incentive plan, the performance objectives include ESG metrics related to the main objectives of the 2023-2026 Strategic Plan, with reference to the areas of People Strategy, and Green, Social & Sustainable Bond issues.