



**REPORT ON CORPORATE GOVERNANCE  
AND OWNERSHIP STRUCTURES**

**2021**

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(1 March 2022)



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## INTRODUCTION

The Banco BPM Società per Azioni, (hereinafter "Banco BPM" or the "Company") is a bank in the form of a company limited by shares, resulting from the merger (hereinafter the "Merger") between Banco Popolare - Società Cooperativa and Banca Popolare di Milano S.c. a r.l., which took effect on 1 January 2017 (hereinafter also referred to as the "Date of Establishment").

The main information regarding the Merger is set out below.

On 23 March 2016, subject to approval by the respective governing bodies, Banco Popolare and BPM signed a memorandum of understanding concerning the essential points of the merger (known as "own") between Banco Popolare and BPM, to be implemented, in accordance with articles 2501 et seq. of the Italian Civil Code, by creating a new company with the legal form of a company limited by shares and with the name "Banco BPM Società per Azioni". On 24 May 2016, the governing bodies of Banco Popolare and BPM approved the Merger Plan in accordance with article 2502 of the Italian Civil Code (hereinafter the "Merger Plan") as subsequently amended up to 12 September 2016. The extraordinary Shareholders' Meetings of Banco Popolare and BPM on 15 October 2016, approved the Merger Plan subject to the required authorisations being issued by the Supervisory Authorities.

The Merger took effect on 1 January 2017, subject to issue of the authorisations by Borsa Italiana S.p.A. for the newly issued Banco BPM shares from the Merger to be admitted to listing on the Electronic Stock Exchange, and authorisations from CONSOB to publish the prospectus needed for that purpose, and subject to registration, on said date, of the merger deed (entered into on 13 December 2016) with the applicable Company Registration Offices of Verona and Milan, in accordance with article 2504 of the Italian Civil Code.

Banco BPM has followed the Code of Best Practice of Listed Companies (hereinafter the "Borsa Italiana Code of Best Practice" or the "Borsa Italiana Code") of Borsa Italiana S.p.A. (hereinafter "Borsa Italiana") from its establishment (January 2017), with certain exceptions as described in more detail below.

Effective from 1 January 2021, the new Code of Corporate Governance came into force (accessible to the public on the website of the Corporate Governance Committee at the url <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>, (hereinafter also "the new Code" or "CCG"), which Banco BPM adhered to by means of resolution of the Board of Directors of 14-15 December 2020, replacing the Borsa Italiana Code of Best Practice previously in force, whose effectiveness therefore came to an end on 31 December 2020. The new Code is the result of in-depth discussions with listed companies, as well as careful analysis of international developments in corporate governance and the continuous monitoring of implementation of the Code performed over the years by the Italian Corporate Governance Committee. The recommendations of the new Code involved some updates to the internal regulations/documentation of Banco BPM through the gradual adoption of the said recommendations from 2021, notifying the market of them in the report on corporate governance to be published in 2022.

The aim of this document is to provide shareholders, investors and the market with adequate information on the corporate governance and the main actions taken to this end by Banco BPM, and how, first the Borsa Italiana Code of Best Practice, and then the Code of Corporate Governance were applied by Banco BPM, providing disclosure on the principles and application criteria that were fully adhered to and those from which the Company has decided to deviate only in part, also considering the date of establishment of the Company (1 January 2017) and the specific nature of banking companies, which have to strictly comply with the regulations contained in Italian Legislative Decree 385/1993 (Consolidated Banking Law) and the Supervisory Provisions of the Bank of Italy. Bear in mind that for the purposes of the Code of Corporate Governance, Banco BPM falls under "large companies"

(understood as those whose capitalisation exceeds € 1 billion, on the last open market day in each of the three previous calendar years).

This was prepared in accordance with article 123-bis of Italian Legislative Decree 58/1998, considering, in view of the nature and content of the information, the suggestions provided by Borsa Italiana in its "Format for the Report on corporate governance and ownership structures".

## EXECUTIVE SUMMARY

Banco BPM is a bank listed on the Electronic Stock Exchange, organised and managed by Borsa Italiana S.p.A. ("MTA", now Euronext Milan).

## CORPORATE GOVERNANCE MODEL

Banco BPM adopts the "traditional" administration and control model. The strategic supervision and management functions are attributed to the Board of Directors, while the control function is assigned to the Board of Statutory Auditors. Both bodies are appointed by the Shareholders' Meeting.

### Shareholders' Meeting

In accordance with article 11 of the Articles of Association, the Shareholders' Meeting, duly called and constituted, represents all the shareholders and its resolutions, passed in accordance with the law and the Articles of Association, shall apply to all shareholders even if absent or not in agreement.

The Shareholders' Meetings shall be ordinary or extraordinary in accordance with the law.

Ordinary Shareholders' Meetings shall:

- (a) appoint, in accordance with the number established by the Articles of Association and the mechanisms described under article 20.5 of the Articles of Association, the members of the Board of Directors, revoke said appointment, determine their remuneration and elect the Chairperson and the Deputy Chairperson, according to the provisions of article 20.8 of the Articles of Association;
- (b) appoint the Statutory Auditors and the Chairperson of the Board of Statutory Auditors with the mechanisms described under article 35 of the Articles of Association and establish their fees;
- (c) decide on the responsibilities of the members of the Board of Directors and the Board of Statutory Auditors;
- (d) approve the financial statements;
- (e) decide on the allocation and distribution of profits;
- (f) appoint, upon the justified proposal of the Board of Statutory Auditors, and revoke or change said appointment, where necessary, in agreement with the Board of Statutory Auditors, the company engaged to perform the statutory audit, and determine the relative fees;
- (g) resolves on the approval of (i) remuneration and incentive policies for Directors, Statutory Auditors and employees, including any proposal by the Board of Directors to set a limit on the ratio between the variable and fixed components of individual remuneration of key personnel of higher than 1:1 and within the limit established by the regulations in force from time to time; (ii) remuneration and/or incentive plans based on financial instruments; and (iii) criteria for determining payment to be agreed in the case of early termination of employment or office, including fixed limits such as payment in terms of annuity of fixed remuneration and the maximum amount that derives from implementation thereof;
- (h) approve and amend the shareholders' meeting rules;
- (i) resolve upon the other matters assigned to it by applicable laws pro tempore or the Articles of Association.

Extraordinary Shareholders' Meetings decide upon amendments to the Articles of Association (without prejudice to the powers allocated to the Board of Directors in accordance with article 24.2.2., letter aa) of the Articles of Association), and the appointment, revocation, replacement and powers of receivers or on any other matter assigned to it by law for which it is responsible and not exempted by the Articles of Association.

The Banco BPM Group pays close attention to the management of relations with shareholder, institutional investors and other operators in the national and international financial community, and to guarantee the regular and systematic disclosure of qualified, complete and prompt information on Group operations, results and strategies, also in the light of indications provided by Consob, the principles expressed in the Borsa Italiana Code and in national and international best practices.

The establishment and maintenance of constant and ongoing relations with all shareholders, through correct, transparent and differentiated forms of dialogue (*engagement*) contributes to ensure information transparency and continuous attention to the Bank's governance issues, with a view to fostering the creation of value in the medium to long term.

In addition to the methods through which, via the competent corporate functions, in particular, the Investor Relations function and, as regards retail relations, the Corporate Affairs Secretariat, the Bank interacts on a continuous basis with shareholders, investors and the financial community in general, Banco BPM, by means of board resolution of 23 November 2021, adopted the "*Regulation governing the management of dialogue with shareholders*", drafted in accordance with the provisions of the 35th update to Bank of Italy Circular no. 285 of 17 December 2013 and the recommendations in the Code of Corporate Governance.

This Regulation governs dialogue between the Board of Directors or its members and all shareholders of Banco BPM, meaning by this, and according to the definitions in force on each occasion, institutional investors, asset managers and the relevant trade associations, other holders of shares issued by the Bank, potential investors, proxy advisors, in relation to the matters within the competence of the Board of Directors, including corporate strategies, financial and non-financial results, the capital structure, *corporate governance*, the social and environmental impact, the internal control and risk management system and the remuneration policies (so-called "*Shareholder-Director Engagement*" or "*S-DE*").

## Board of Directors



In accordance with article 20.1.1. of the Articles of Association, the Board of Directors comprises 15 (fifteen) directors, including non shareholders, including a Chairperson and a Deputy Chairperson appointed by the Shareholders' Meeting in accordance with the provisions of article 20.8 of the Articles of Association.

On the basis of article 20.1.2. of the Articles of Association, the composition of the Board of Directors guarantees gender balance, in compliance with the currently applicable legislation and regulations.

In this regard, it should be noted that, in compliance with the legal and regulatory provisions that govern equal access to the administration bodies of listed companies on regulated markets, the current Board of Directors of Banco BPM is composed of 6 (six) directors out of 15 (fifteen) belonging to the less represented gender.

Subject to any other provisions of prevailing laws, at least 8 (eight) directors must hold the independence requirements set out under article 20.1.6. of the Articles of Association.

Pursuant to article 24 of the Articles of Association, the Board of Directors is responsible for supervising business strategy and management. For this purpose, the Board of Directors may take all required actions, which it deems necessary, useful or appropriate to implement the corporate purpose, relating to both ordinary and extraordinary administration, and has the right to permit the release or reduction of mortgages even if they have not been fully paid off, including through authorised parties if necessary.

The table below provides information on each member of the Board of Directors in office as at 31 December 2021:

Surname and Name	Office held	Year of birth	Date of first appointment	In office from	In office to	List I	Exec. II	Indep. Articles of Association III	Indep. C. C.G.. (corporate governance committee) IV	Indep. Cons. Law on Finance V	% BoD VI	Other offices VII
Massimo Tononi	Chairperson, Director	1964	4-Apr-2020 28-Feb-2020	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	1
Mauro Paoloni	Deputy Chairperson, Director	1960	1-Jan-2017	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	NO	NO	YES	100%	4
Giuseppe Castagna	Chief Executive Officer Director	1959	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2022	1	YES	NO	NO	NO	100%	1
Mario Anolli	Director	1963	1-Jan-2017	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	1
Maurizio Comoli	Director	1958	1-Jan-2017	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	NO	NO	YES	100%	6
Nadine Farida Faruque	Director	1960	4-Apr-2020	4-Apr-2020	Approv. financial statements as at 31.12.2022	2	NO	YES	YES	YES	100%	0
Carlo Frascarolo	Director	1956	1-Jan-2017	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	5
Alberto Manenti	Director	1952	4-Apr-2020	4-Apr-2020	Approv. financial statements as at 31.12.2022	2	NO	YES	YES	YES	90.91%	1
Marina Mantelli	Director	1956	4-Apr-2020	4-Apr-2020	Approval of financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	0
Giulio Pedrollo	Director	1972	1-Jan-2017	4-Apr-2020	Approval of financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	8
Eugenio Rossetti	Director	1956	4-Apr-2020	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	3



Manuela Soffientini	Director	1959	1-Jan-2017	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	95.45%	2
Luigia Tauro	Director	1962	4-Apr-2020	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	95.45%	1
Costanza Torricelli	Director	1961	1-Jan-2017	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	0
Giovanna Zanotti	Director	1972	4-Apr-2020	4-Apr-2020	Approv. financial statements as at 31.12.2022	3	NO	YES	YES	YES	100%	2

<sup>i</sup>: This column shows the number of the source list based on the order of presentation of the lists.

<sup>ii</sup>: This column indicates the Directors who are considered "executive" pursuant to the Code of *Corporate Governance*.

<sup>iii</sup>: This column indicates whether or not the Directors fulfil the independence requirement pursuant to article 20.1.6. of the Articles of Association.

<sup>iv</sup>: This column indicates whether or not the Directors fulfil the independence requirement pursuant to the application criterion indicated in article 2 of the Code of *Corporate Governance*.

<sup>v</sup>: This column indicates whether or not the Directors fulfil the independence requirement pursuant to article 148, paragraph 3 of the Consolidated Law on Finance.

<sup>vi</sup>: This column indicates the attendance, in percentage terms, at the meetings of the Board of Directors held in 2020, taking the period of application of the office as reference.

<sup>vii</sup>: This column shows the total number of directorship, management and control positions held in other listed, financial, banking, insurance or significantly sized companies; the latter have been identified in light of the provisions set forth in the Regulation "Limits to the accumulation of positions" adopted by Banco BPM. The detailed list of positions is provided in annex 1 to this report.

## Board of Statutory Auditors



Pursuant to article 33.1. of the Articles of Association, the Board of Statutory Auditors consists of five standing and three alternate auditors, who hold office for three years, expiring on the date of the Shareholders' Meeting called for the approval of the financial statements relative to the last financial year of their office, and can be reappointed. The Statutory Auditors must meet the requirements of eligibility, independence, professional competence and integrity as established in the legislation in effect at the time and the Articles of Association.

In compliance with article 33.2. of the Articles of Association, the composition of the Board of Statutory Auditors ensures, in compliance with the provisions of Italian Law no. 120 of 12 July 2011, as amended, as well as the legislation and regulations in force at the time, gender balance for the period envisaged under the same law.

In this regard, it should be noted that, in compliance with the legal and regulatory provisions that govern equal access to the control bodies of listed companies on regulated markets, two standing auditors out of five belong to the less represented gender on the current Board of Statutory Auditors of Banco BPM.

The table below provides information on each member of the Board of Statutory Auditors:

Name and Surname	Office held	Year of birth	Date of first appointment	In office from	In office to	List <sup>I</sup>	Indep. Cons. Law on Finance <sup>II</sup>	Indep. Code <sup>III</sup>	% B.S.A. <sup>IV</sup>	Other Positions <sup>V</sup>
Marcello Priori*	Chairperson	1964	01-Jan-2017	04-Apr-2020	Approval of financial statements as at 31.12.2022	1	YES	YES	100%	7
Wilmo Carlo Ferrari*	Standing Auditor (from 04.09.2020 to 15.04.2021)	1948	04-Apr-2020	04-Sep-2020	Approval of financial statements as at 31.12.2020	3	YES	YES	92.86%	2
Maurizio Lauri*	Standing Auditor	1962	04-Apr-2020	04-Apr-2020	Approval of financial statements as at 31.12.2022	2	YES	YES	82.5%	4
Silvia Muzi*	Standing Auditor (from 15.04.2021)	1969	15-Apr.-2021	15-Apr.-2021	Approval of financial statements as at 31.12.2022	NA	YES	YES	100%	4
Alfonso Sonato*	Standing Auditor	1951	01-Jan-2017	04-Apr-2020	Approval of financial statements as at 31.12.2022	3	YES	YES	100%	11



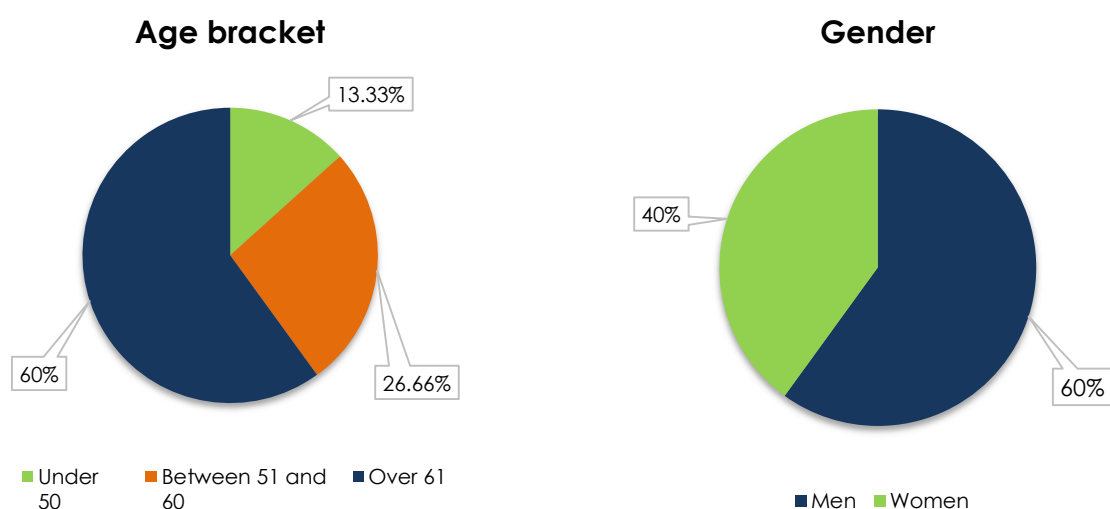
<p>All members must possess, individually and collectively, adequate knowledge, skills and expertise regarding the selection process and adequacy requirements, also pursuant to the Guidelines prepared by the competent Authorities.</p> <p>The Appointments Committee, established by the Board of Directors at the meeting on 10 January 2017 and renewed by board resolution of 7 April 2020, comprises the following <b>three</b> Directors on the date of this report (and until the approval of the financial statements for 2022):</p> <ul style="list-style-type: none"> <li>- <b>Carlo Frascarolo (Chairperson);</b></li> <li>- <b>Marina Mantelli;</b></li> <li>- <b>Mauro Paoloni.</b></li> </ul> <p>All members of the Committee are non-executive, a majority of whom are independent, including the Chairperson.</p> <p>The Appointments Committee is responsible for the functions and tasks assigned to it by the Code of Corporate Governance and the applicable supervisory regulations (see Circular No. 285/2013, First Part, Title IV, Chapter 1, Section IV).</p>	<p>member of the Committee must have suitable knowledge and experience in the financial field or of remuneration policies.</p> <p>The Remuneration Committee, established by the Board of Directors at the meeting on 10 January 2017 and renewed by board resolution of 7 April 2020, comprises the following <b>three</b> Directors on the date of this report (and until the approval of the financial statements for 2022):</p> <ul style="list-style-type: none"> <li>- <b>Manuela Soffientini (Chairperson);</b></li> <li>- <b>Alberto Manenti;</b></li> <li>- <b>Giulio Pedrollo.</b></li> </ul> <p>All members of the Committee are non-executive directors, independent (including the Chairperson) and collectively possess the necessary professional knowledge, expertise and experience regarding the remuneration policies and practices and the risk management and control activities.</p> <p>The Remuneration Committee is responsible for the functions and tasks assigned to it by the Code of Corporate Governance and the applicable supervisory regulations (see in particular Circular No. 285/2013, First Part, Title IV, Chapter 2, Section II, as recently amended by the 37th update of 24 November 2021).</p>	<p>Committee will comprise five Directors, all non-executive and the majority of whom (including the individual appointed as Chairperson) will meet the independence requirements established in the Articles of Association. It is also expected that the members of the Committee have the knowledge, expertise and experience to be able to fully understand and monitor the Group's risk strategies and guidelines; at least one member of the Committee must have suitable experience in accounting and financial matters, or in risk management.</p> <p>The composition of the Committee also meets the requirements of the following:</p> <ul style="list-style-type: none"> <li>- Code of Corporate Governance which requires the Committee to possess, as a whole, adequate expertise in the sector in which the company operates (requirement conducive to evaluating its associated risks) and at least one member to have adequate accounting and financial or risk management experience;</li> <li>- Committee Regulation, pursuant to which the members must have such knowledge, expertise and experience as to be able to fully understand and monitor the strategies and risk guidance of the Group.</li> </ul> <p>The Committee, established by the Board of Directors at the meeting on 10 January 2017 and renewed by board resolution of 7 April 2020, comprises the following <b>five</b> Directors on the date of this report (and until the approval of the financial statements for 2022):</p> <ul style="list-style-type: none"> <li>- <b>Eugenio Rossetti (Chairperson);</b></li> <li>- <b>Mario Anolli;</b></li> <li>- <b>Maurizio Comoli;</b></li> <li>- <b>Nadine Faruque;</b></li> <li>- <b>Luigia Tauro.</b></li> </ul> <p>All members of the Committee are non-executive, a majority of whom are independent, including the Chairperson.</p>	<p>be in charge of ensuring the linear, unequivocal management of the CONSOB rules on Related Parties and the Provisions of the Bank of Italy on risk activities and conflicts of interest with respect to Connected Persons.</p> <p>The Related Parties Committee, established by the Board of Directors at the meeting on 10 January 2017 and renewed by board resolution of 7 April 2020, comprises the following three Directors on the date of this report (and until the approval of the financial statements for 2022):</p> <ul style="list-style-type: none"> <li>- <b>Costanza Torricelli (Chairperson);</b></li> <li>- <b>Giulio Pedrollo;</b></li> <li>- <b>Giovanna Zanotti.</b></li> </ul> <p>All members of the Committee meet the statutory independence requirement.</p> <p>The Committee fulfils its duties and exercises the powers attributed to the independent directors:</p> <ul style="list-style-type: none"> <li>a) from article 2391-bis of the Italian Civil Code and related implementing and regulatory provisions (Consob Decision no. 17221 of 12 March 2010 and subsequent amendments and additions, Consob Communication DEM / 10078683 of 24 September 2010 subsequent amendments and additions) and company rules (Regulation of the Procedure to Govern Related Party Transactions adopted by Banco BPM S.p.A.);</li> <li>b) by article 53, paragraphs 4 and 4-quater of the Consolidated Banking Law and related implementing and regulatory provisions (Bank of Italy Circular no. 285/2013 subsequent amendments and additions) and company rules (Regulation on the Procedures relating to risk activities and conflicts of interest with respect to Connected Persons adopted by the Parent</li> </ul>
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		<p>With regard to the scope of its activities, it should be noted that, at the meeting on 29 April 2021, the Board of Directors - in order to further emphasise the tasks performed by the Committee in the Environmental, Social and Governance (ESG) domain incorporated in the update to the regulation approved during said meeting - saw fit to change the name of the internal board body to the "Internal Control, Risks and Sustainability Committee", appointing the Director Luigia Tauro to supervise the Bank's activities in relation to ESG matters, taking account of the sensitivity and expertise accrued on the subject.</p> <p>The Internal Control, Risks and Sustainability Committee is charged with the duties envisaged by the supervisory provisions of the Bank of Italy as well as by the Code of Corporate Governance, in particular performing duties to assist the Board of Directors of the Issuer with regard to risks and the internal control system, the scope of which applies to the entire Group.</p>	Company and the other Group Banks).
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## Board of Directors

Board of Directors	
Appointment	4 April 2020
Duration	three financial years
Expiry	Approval of financial statements as at 31.12.2022
Members	15
Directors from less represented gender	6
Executive Directors	1
Independent directors	12
Average age	60.33

## Board of Directors statistics



Average age 60.33 years old.

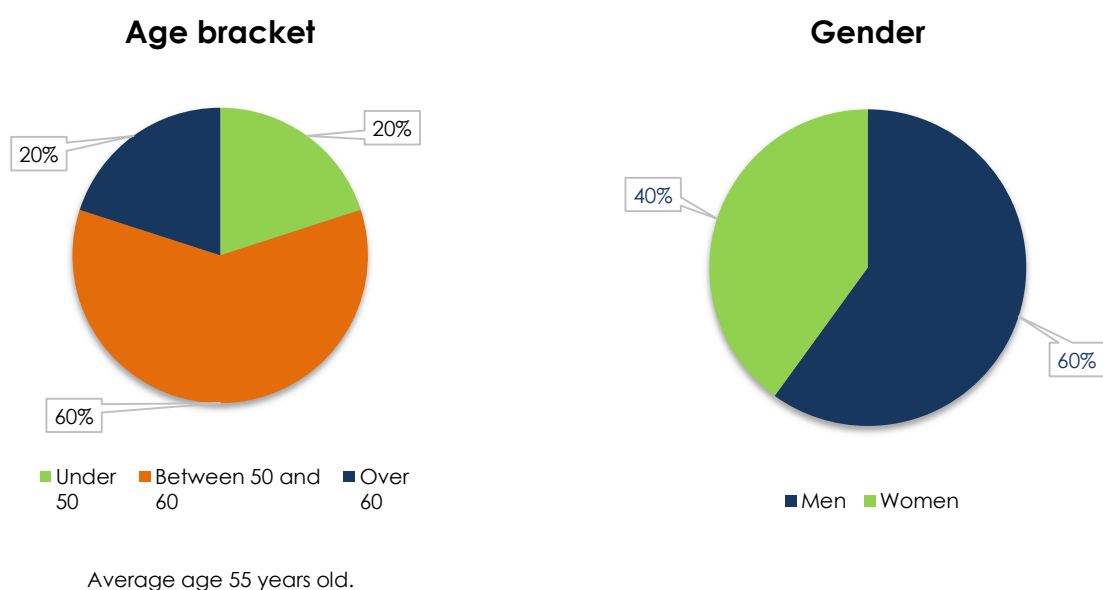
## Meetings of the Board of Directors

Number of meetings in 2021	22
Average duration (h)	5.20
Percentage attendance	98.79%
Meetings of Independent directors	2
Meetings scheduled for 2022	21

## Board of Statutory Auditors

Board of Statutory Auditors	
Appointment	4 April 2020
Duration	three financial years
Expiry	approval of financial statements as at 31.12.2022
Members	5
Statutory auditors from less represented gender	2
Average age	55

## Board of Statutory Auditors statistics



## Meetings of the Board of Statutory Auditors

Number of meetings in 2021	40
Average duration (h)	3.5
Percentage attendance	96%
Meetings scheduled for 2022	42

## Internal Board Committees

	Appointments Committee	Remuneration Committee	Internal Audit, Sustainability and Risks Committee	Related Parties Committee
Members	3	3	5	3
Number of meetings in 2021	18	26	20	6
Average meeting duration (h)	0.30	1.22	6.40	0.45

## THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

<p><b>The Internal Control System comprises the set of rules, functions, structures, resources, processes and procedures which, in order to contribute to the sustainable success of the company, aim to ensure, in respect of sound and prudent management, the pursuit of the following objectives:</b></p>	<ul style="list-style-type: none"><li>• verification of the implementation of company strategies and policies;</li><li>• reduction of risk within the limits indicated in the reference framework for determining the Group's risk appetite (Risk Appetite Framework - "RAF");</li><li>• safeguarding of the value of assets and protection against losses;</li><li>• effectiveness and efficiency of company processes;</li><li>• reliability and security of company information and IT procedures;</li><li>• prevention of the risks of involvement, including involuntarily, in unlawful activities, to which the Group is exposed (with particular reference to those connected with money laundering, usury and financing of terrorism);</li><li>• operating and regulatory compliance with respect to the law, the supervisory regulations as well as the internal policies, plans, regulations and procedures.</li></ul>
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### *Internal control functions*

From a technical-operational standpoint, the internal control system includes, in addition to the line controls carried out by the operational structures and incorporated in the IT procedures (first level controls), the Company's second level (Risk, Internal audit, Compliance, Anti-money Laundering), and third level (Audit) control functions.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)



With reference to Environmental, Social and Governance (ESG) topics, the Internal Control, Risks and Sustainability Committee supports the Board of Directors in defining and approving the Group's strategic guidelines, also monitoring the Group's activities in said domain, verifying their consistency with the strategic guidelines and expressing an opinion on the assessment of the "Consolidated Non-Financial Statement", a document that describes the Group's ability to generate value through the management of non-financial matters and is available on Banco BPM's website [www.gruppo.bancobpm.it/sostenibilita](http://www.gruppo.bancobpm.it/sostenibilita), to which reference should be made for all relevant information.

In addition, in order to monitor the theme of sustainability, a specific managerial committee has also been set up called the "Environmental, Social and Governance Committee", which has proposal-making tasks in order to define the Group's social responsibility model and to supervise the implementation of the company strategies and initiatives regarding Environmental, Social and Governance matters.



## 1) PROFILE OF THE ISSUER

The governance of Banco BPM, intended as the set of rules that governs and controls the company and that it has to refer to in order to provide guidelines for its line of conduct and to fulfil its responsibilities with respect to the shareholders, investors and all the stakeholders, is in line with the principles indicated in the new Code and the recommendations made by CONSOB to that effect, and also takes account of the specific nature of Banco BPM, a company resulting from the merger between two companies established as cooperatives and "people's" banks, with strong roots in their respective territories.

The governance adopted by Banco BPM is also in line with the best practices that can be found at a national and international level, where the goal is to ensure an adequate distribution of responsibilities and powers through a proper balance between management and control functions.

Banco BPM adopted, upon its establishment, the traditional governance system, based on the presence of a Board of Directors and a Board of Statutory Auditors pursuant to articles 2380-bis et seq. of the Italian Civil Code.

In establishing the corporate governance structure, account was always taken of the instructions, for listed issuers, contained in the Borsa Italiana Code and the new Code, and when defining the division of powers, special attention was paid to protecting the various roles of the Bodies (Board of Directors, Chairperson of the Board of Directors, Chief Executive Officer, General Manager where appointed, Co-General Managers and Board of Statutory Auditors), also in accordance with their respective responsibilities, both with respect to general law and regulations, while ensuring the necessary coordination of their actions.

In accordance with the provisions of prevailing law, Banco BPM identified, within the scope of its governance, its corporate bodies, and as at the date of this report, organised as described below:

- the Shareholders' Meeting, which generally meets once a year to decide on, inter alia, the approval of the financial statements for the financial year, the allocation and distribution of the profits, the appointment of the members of the Board of Directors and the Board of Statutory Auditors, determining their remuneration;
- the Board of Directors, comprising 15 members;
- the Chairperson of the Board of Directors;
- the Deputy Chairperson of the Board of Directors;
- the Chief Executive Officer;
- the General Management, comprising two Co-General Managers;
- the Board of Statutory Auditors, comprising 5 Standing Auditors and 3 Alternate Auditors.

Banco BPM can also operate using, inter alia, as traditional distinctive marks of local significance "Banca Popolare di Verona", "Banca Popolare di Verona - Banco S.Geminiano e S.Prospiero", "Banco S. Geminiano e S. Prospero", "Banca Popolare di Lodi", "Banca Popolare di Novara", "Cassa di Risparmio di Lucca Pisa Livorno", "Cassa di Risparmio di Lucca", "Cassa di Risparmio di Pisa", "Cassa di Risparmi di Livorno", "Credito Bergamasco", "Banco San Marco", "Banca Popolare del Trentino", "Banca Popolare di Cremona", "Banca Popolare di Crema", "Banco di Chiavari e della Riviera Ligure", "Cassa di Risparmio di Imola", "Banco Popolare Siciliano", "Banca di Legnano" and "Cassa di Risparmio di Alessandria", "Banca Popolare di Milano" and the names and/or trademarks or distinctive marks used over time by BP and BPM and any companies merged into the Company over time.

The Company operates in accordance with the values represented by strong roots of BP and BPM in their respective historical areas.

The Company is organised into territorial Departments ("Departments") corresponding to one or more of the areas in which they had been traditionally rooted.

- The most significant elements that describe the Banco BPM governance system include:
- the central importance of the Shareholders, which materialises especially at the Shareholders' Meeting, a significant and essential event in the life of the bank;
  - the role of the Board of Directors in charge of the strategic supervision and management of the social enterprise that it exercises using the support of the Chief Executive Officer and General Management;
  - the role of the Board of Statutory Auditors, which exercises the control functions provided under prevailing law and more specifically which oversees: a) compliance with laws, regulations and the articles of association as well as compliance with the principles of proper administration; b) the adequacy of the Company's organisational and administrative/accounting structure and the financial reporting process; c) the effectiveness and adequacy of the risk management and control system, as well as the internal audit system, and the functioning and adequacy of the overall internal control system; d) the separate and consolidated accounts auditing process; e) the independence of the auditing firm, particularly as regards the provision of non-auditing services.

In this regard, it should be noted that the Extraordinary Shareholders' Meeting of 4 April 2020 resolved, based on prior issue of the authorisation by the competent authority, some amendments to the articles of association; the main ones are outlined below:

- in order to provide support to the territories where it has been historically rooted, provision was made to amend the articles of association to reflect the most recent territorial structure of the Bank resulting from the adoption of the new Sales Network model and the establishment of new Foundations;
- it was decided to no longer make provision, among the corporate bodies, for the presence of the Executive Committee;
- amendments were made aimed at eliminating the specific reference to the position of Acting Deputy Chairperson since the other two Deputy Chairpersons will no longer be in the new governance structure so it will not be necessary to distinguish between them;
- the number of members on the Internal board committees was reviewed;
- an amendment was approved to acknowledge the managerial independence of the governing body in the choice of whether to establish the figure of General Manager or not or appoint one or more Co-General Managers even without a General Manager.

It should be noted that, at the Ordinary and Extraordinary Shareholders' Meeting of 15 April 2021, further amendments to the articles of association were submitted for approval of the shareholders in order to acknowledge the changes introduced, with particular reference to the requirement of directors' independence, by the new Code of Corporate Governance, which Banco BPM has applied, as well as to reflect in the text of the articles of association certain refinements stemming (i) from the updates made to the "Supervisory Provisions for Banks" by the Bank of Italy (ii) from the experience accrued in current bank operations and (iii) from the opportunity to best explain the meaning of certain provisions contained therein.

It should also be noted that, on 14 December 2021, the Board of Directors resolved further proposed amendments to the articles of association which will be presented, subject to obtaining the authorisations from the competent Supervisory Authorities, for approval of the Ordinary and Extraordinary Shareholders' Meeting called for 7 April 2022. In this regard, it should be pointed out that the proposed amendments to the articles of association derive primarily from the regulatory changes regarding banking governance introduced (i) by Italian Ministerial Decree no. 169 of 23 November 2020, containing the regulation governing requirements and suitability criteria for the performance of the office of corporate representatives of banks (hereinafter, also "Italian Ministerial Decree no. 169/2020"), (ii) by Update no. 35 of Title IV, Chapter 1 of the First Part of the "Supervisory Provisions for Banks" (Circular no. 285 of 17 December 2013), issued by the Bank of Italy on 30 June 2021 following the entry into force of Italian Ministerial Decree 169/2020, and (iii) by the provisions of the new Code of Corporate Governance for Listed Companies issued by the Corporate Governance Committee, to which the Bank has complied with.

For further details on the amendments to the articles of association, please refer to the illustrative Report available on the website [www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) under the Corporate Governance section – Shareholders' Meeting – Ordinary and Extraordinary Shareholders' Meeting of 4 April 2020, Ordinary and Extraordinary Shareholders' Meeting of 15 April 2021 and the Ordinary and Extraordinary Shareholders' Meeting of 7 April 2022.

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The Board of Directors of Banco BPM, at its meeting of 3 March 2020, approved the Group 2020-2023 Business Plan (the "Plan"). The Plan is characterised by ambitious, but achievable objectives, even in the difficult macroeconomic environment of 2020.

In this regard, it should be noted that said Plan was based on assumptions and objectives determined prior to the adoption of the restrictions relating to the Coronavirus emergency (so-called lock-down), which led to major uncertainty over the global and Italian economy, directly or indirectly related to the aforementioned COVID-19 epidemiological emergency. In particular, it should be noted that a scenario characterised by the worst global recession in post-war history, the Italian economy, given its structure, its already high public debt and the relative weight of industries such as tourism, which have been particularly hit by the current health crisis, risks being one of the most fragile in Europe. The time horizon for the recovery of what was lost in 2020 in the coming years is currently uncertain. Given this context, the objectives of the 2020-2023 Strategic Plan, announced at the beginning of March, were no longer considered relevant to the current scenario, as they were drawn up on the basis of assumptions formulated before the outbreak of the global COVID-19 pandemic, in a very different macroeconomic scenario from the one that subsequently emerged. Therefore, once the future scenario has been better defined, the Group prepared a new Plan so that it can be based on new and updated assumptions, both in macroeconomic and industry terms.

In light of the above, on 4 November 2021, the Board of Directors approved the new 2021-2024 Business Plan - presented to the market on 5 November 2021 - based on the presumed balances both regarding the recovering macroeconomic scenario, and in relation to the Group's solidity and its ability to act in changing contexts.

On that occasion, the Chief Executive Officer emphasised that, during the health emergency, Banco BPM firmly demonstrated its organisational capabilities and its ability to react from a commercial perspective, which have enabled it to deal with the emergency and rapidly take the necessary steps to support customers, including with the use of technology, which has allowed operations to be carried out remotely, aided by personnel who remain present in local branches. This has all taken place while keeping asset quality under control and maintaining constant profitability.

"The new Plan, notable for its ambitious but attainable objectives, due in part to the consolidated track record in recent years, is guided by strategic priorities which aim to ensure significant remuneration for shareholders, meet the expectations of the other main stakeholders (customers, staff, people, Supervisory Authorities), and seize the opportunities offered by the processes underway such as digitalisation and sustainability. This is all with the aim of further bolstering Banco BPM's competitive positioning as a solid bank throughout the country, the benchmark of excellence for families, businesses and communities.

Three of the enabling factors of the aforementioned Plan:

1. confirmation of a strong "risk control culture" applied to the management of loans and the securities portfolio

2. development of the talent and diversity of human resources and digital, organisational and process transformation, confirming strong cost control;
3. full integration of the ESG strategy in the group's business model.

With reference, to talent development and respect for the diversity of human resources, it should be noted that:

- at the meeting on 25 May 2021, the Board of Directors approved the document called "Plans for the coverage of positions of responsibility in the Banco BPM Group", with the objective of enhancing merit and skills, in full respect for gender diversity and equal opportunities, and targeted at promoting personal growth through a strategy focussed on identifying and developing talented people to fill roles of responsibility (talent management) in terms of the development of skills, including soft skills, and professionalism.
- in January 2022, Banco BPM, joined the Bloomberg Gender Equality Index for the first time – the international gender equality index of listed companies - with a score of 73.9, well above the minimum access threshold of 60, the average of the financial sector of 72.6 and the maximum possible score as regards the extent and level and data transparency. The index, which measures companies' commitment to promoting and supporting gender policies internally and in the communities in which they operate, includes 418 companies with offices in 45 countries.

At Banco BPM, the objective of promoting inclusion awareness and the enhancement of the talent and diversity of each individual is one of the enabling factors of the new 2021-2024 Strategic Plan, recently presented to the market, which is based on a people-oriented approach to developing skills and competencies. In this regard, also with the aim of adopting measures geared towards promoting equal gender treatment and opportunities throughout the entire company organisation, *two dedicated structures have recently been established: "Inclusion, Diversity and Social" and "Key People and Talents"*. The first was created to encourage cultural evolution towards ESG issues and the objectives of the 2030 Agenda, thanks to a series of programmes and communications, which aim to promote an inclusive and respectful environment that enhances all forms of diversity, and to initiatives aimed at both organisational well-being and social support of the reference communities. The Key People and Talents structure aims to attract and retain talented people in the Group, also thanks to personalised development programmes and partnerships with the universities.

The Plan can be viewed on the website [www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it), under the Investor Relations, Presentations section.

### The Corporate Governance Plan

A corporate governance structure and efficient organisational structure are essential conditions - at both regulatory and application level - for the correct operation of credit institutions and, therefore, for the entire banking sector and the economy in general. Banks play a crucial role in the economy since they hold the funds of savers on the one hand, while also providing resources to support the activities that support businesses and stimulate economic growth.

Therefore, the organisational structures and corporate governance of a bank, in addition to meeting the interests of companies, must also ensure that the conditions for sound and prudent management are in place, an essential objective in regulatory and supervisory controls.

In said frame of reference, the Bank of Italy, with Circular no. 285 of 17 December 2013, containing the "Supervisory Provisions for banks" (hereinafter "Circular 285"), issued general principles and guidelines on corporate governance in order to reinforce the minimum principles of corporate organisation and governance of banks and to ensure "sound and prudent management" (as provided for under article 56 of Italian Legislative Decree 385/1993). Specifically, the first part - Title IV - Chapter 1

of Circular 285, in line with European principles and guidelines <sup>(1)</sup>, sets out a framework of rules, principles and guidelines that, as a whole, comprise an organic set of rules and regulations of the role and function of the administration and control bodies, and their relationships with the company departments. In order to define the company strategies and management and control policies for risks that are typical of banking and financial activities, the corporate governance system takes on central importance.

The Bank of Italy, with Circular 285, decided to pursue the following objectives: (i) clear distinction between functions and responsibilities, (ii) appropriate balance of powers between the company bodies, (iii) balanced composition of the corporate bodies, (iv) effectiveness of the controls, (v) oversight of all company risks; (vi) remuneration mechanisms in line with the risk management policies and long-term strategies, and (vii) adequacy of the information flows.

The above-mentioned law assigns intermediaries the task of identifying the most suitable solutions on an independent basis, and creating, in accordance with criteria of proportionality, the general standards in this area. More specifically, the actual choice of corporate governance adopted may change in accordance with the size, organisational and operational characteristics of the company and if the company shares are listed on the stock exchange.

In order to pursue the objectives indicated, Circular 285 introduced the following obligations for banks:

- (i) to exercise their power of choice between the three administration and control systems provided for under the Italian Civil Code (traditional, dualistic and one-tier) on the basis of an in-depth self-assessment that takes account of specific, identified elements;
- (ii) to draw up and update a Corporate Governance Plan each time there are significant organisational changes, which both sets out the reasons behind the choice of the administration and control model, and also illustrates the structure of the articles of association and internal governance model.

In the case of a banking group, the Corporate Governance Plan drawn up by the Parent Company will also illustrate the choices made to ensure the effectiveness and efficiency of the management and control systems at a consolidated level, acknowledging the organisational structures adopted by subsidiaries.

In this frame of reference, since Banco BPM is a banking company that was established on 1 January 2017 due to its "own" merger between Banco Popolare Società Cooperativa and Banca Popolare di Milano S.c. a r.l., the Board of Directors of Banco BPM, at its meeting of 13 June 2017, approved the Corporate Governance Plan for the Banco BPM Group, updated on 15 December 2020, the essential sections of which are set out in this document.

The Merger was carried out in accordance with Italian Law Decree no. 3 of 3 January 2015, converted with amendments by Italian Law no. 33 of 24 March 2015 (known as the people's banks reform), which established the obligation for people's banks with assets of more than 8 billion euro to implement, within 18 months from the entry into effect of the implementation provisions issued by the Bank of Italy in accordance with article 29 of the Consolidated Banking Law (by 27 December 2016), the measures needed to ensure compliance with article 29, paragraph 2-ter, of the Consolidated Banking Law, and more specifically: (a) voluntary winding-up or (b) reduction of the assets below the threshold, or (c) transformation into a company limited by shares. In essence, the Merger, and specifically, the proposed merger (the "Merger Plan"), approved by the extraordinary shareholders' meetings of the two companies joined in the Merger on 15 October 2016, led to the transformation of Banco Popolare and BPM from people's banks to a company limited by shares (known as a "transformational merger").

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(1) The reference is to the document (called "Guidelines - Corporate Governance principles for banks") published, in July 2015 by the Basel Committee and containing the guidelines and principles on corporate governance for banks.

Moreover, the Merger is based on (and justified by) an industrial rationale that overrides the merely transformational effects that originate from the transaction.

To that end, the corporate governance structure reflected in the Articles of Association is the result of the understandings reached by Banco Popolare and BPM, submitted to the ECB for examination, which, in the exercise of the oversight functions carried out within the scope of the preliminary inquiry carried out before the issue of the legal authorisation, provided certain instructions in order to ensure that the entity resulting from the Merger would have clear, efficient governance, with special reference to the performance of the company bodies.

Consider also that the listing of the Banco BPM shares with the Electronic Stock Exchange organised and managed by Borsa Italiana S.p.A. ("MTA", now Euronext Milan) at the same time as the Merger taking effect led to application by the Company of the requirements and/or recommendations provided by Circular 285 and amended by the Code of Best Practice for listed companies approved by Borsa Italiana.

The Corporate Governance Plan, in accordance with the provisions of the Supervisory Provisions:

- illustrates the reasons why the administration and control model chosen for the Parent Company and the Subsidiary Banks is the most suitable to ensure the efficiency of management and the effectiveness of the controls;
- describes the specific choices relating to the organisational structure, shareholder rights, the financial structure and the mechanisms to manage conflicts of interest;
- provides, in the case of the Parent Company, an adequate representation of and the reasoning behind the connections between the corporate bodies and departments of the various divisions, with specific attention to the profiles relating to the control system.

The complete text of the Plan is decided by the Board of Directors of the Parent Company, specifying that in relation to the individual Italian Subsidiary Banks, the corporate governance structures that they had adopted before the Merger were maintained since, after the Merger, there was no reason to make significant changes, apart from what is specified herein with regard to the composition of the respective governing bodies.

The above-mentioned provisions of the Bank of Italy give the banks the independent right to identify the most suitable solutions with regard to the corporate governance choices in accordance with the size, organisational and operational characteristics of the company. More specifically, the New Supervisory Provisions make it obligatory for banks to choose between the three administration and control systems provided for under the Italian Civil Code on the basis of an in-depth self-assessment that takes account of specific, identified elements.

The shareholders' meetings of Banco Popolare and Banco Popolare di Milano, when approving the Merger on 15 October 2016, approved the adoption of the "traditional" system of administration and control as the best solution to ensure the sound and prudent management of the bank considering that (i) the adoption of said governance structure was the one that had been adopted by both Banks for the longest periods of time (with the sole exception of the short periods in which they applied a dualistic system, to meet specific requirements however) and therefore more suitable than the others to ensure, in such a delicate situation as the Merger, the conditions for more efficient interaction between the two Groups, and therefore for the sound and prudent management of the Bank, and (ii) it was considered to be the most suitable system to ensure the efficiency of the decision-making processes (short and linear) and the information flows, and a higher presence of foreign investors in the Banco BPM shareholding structure.



With reference to the membership category (pursuant to Section I, paragraph 4.1, of the Bank of Italy Circular no. 285 of 17 December 2013, hereinafter the "Supervisory Provisions" or the "Supervisory Provisions for banks"), Banco BPM is classified as a bigger bank or one with complex operations, since:

- (a) the bank is considered significant in accordance with article 6, paragraph 4, of the Regulation (EU) no. 1024/2013, which assigns the ECB with specific duties with regard to the prudential supervision of credit institutions;
- (b) it is a listed bank.

\* \* \*

The main changes made to the corporate scope and the organisational structures of the Banco BPM Group are outlined below, effective from the date of incorporation of Banco BPM itself, which determined the need to update the Corporate Governance Plan, approved by the Board of Directors at its meeting of 15 December 2020.

In implementation of the Business Plan approved by Banco Popolare and BPM within the scope of the integration plan, the streamlining of the activities in place at the Group continued in 2021.

The transactions to rationalise the corporate and operating structure of the Group, which meet the needs of structure simplification and rationalisation, optimisation and development of personnel and reduction of costs, including corporate costs, continued in subsequent years, through:

- the completion, with legal effectiveness from 19 July 2021, of the merger by incorporation of ProFamily S.p.A. in Banco BPM S.p.A.; said transaction was also carried out for the purposes of the liquidation of ProFamily, in accordance with the agreements signed with the Crédit Agricole Group, with a view to further consolidating their partnership in the consumer credit business in Italy;
- the completion, with legal effectiveness from 1 January 2022, of the merger by incorporation of Bipielle Real Estate S.p.A. in Banco BPM S.p.A.; the merger of the latter - a real estate company, whose assets are primarily used for business purposes - is also targeted at concentrating the overall ownership of the real estate assets directly in the Parent Company, which would also control the complex of organisational structures responsible for managing said real estate;
- the launch, in 2021, of the process of merger by incorporation of Release S.p.A. in Banco BPM S.p.A., completed on 21 February 2022; the transaction in question, consistent with the initiatives to rationalise the corporate and operating structure of the Banco BPM Group, pursues additional cost synergies deriving from the insertion in the Parent Company's structures, following the merger, of the personnel dedicated to managing the stock of previous positions, as well as from the discontinuation of the outsourcing of the activities or functions within the Group, with the elimination of the subsequent related expenses in terms of direct costs and reporting obligations.

## **2) INFORMATION ON THE OWNERSHIP STRUCTURE (pursuant to article 123-bis, paragraph 1, of the Consolidated Law on Finance)**

*Capital structure, including securities not traded on a regulated market in an EU Member State, with an indication of the different classes of shares and, for each class of shares, the related rights and obligations and the percentage of total share capital represented (article 123-bis, paragraph 1, letter a) of the Consolidated Law on Finance)*

As at the date of this report, the share capital of Banco BPM, subscribed and paid in, amounted to Euro 7,100,000,000.00, represented by 1,515,182,126 ordinary shares, without nominal value.

The shares are listed on the Electronic Stock Exchange, organised and managed by Borsa Italiana S.p.A.

As at the date of this report, there are no shares that have a different category to the one mentioned.

Restrictions on the transfer of securities such as limitations to the possession of securities or the need to obtain consent from the company or other securities holders (article 123-bis, paragraph 1, letter b), of the Consolidated Law on Finance)

As at the date of this report, there were no restrictions on the free transferability of the Company shares in accordance with the law or the Articles of Association.

Significant direct and indirect shareholdings, for example through pyramid schemes or cross-holdings, as stated in the reports made pursuant to article 120 of the Consolidated Law on Finance (article 123-bis, paragraph 1, letter c), of the Consolidated Law on Finance)

In accordance with article 120 of the Consolidated Law on Finance, anyone who has more than 3% of the share capital in a listed share-based company will have to notify the investee company and CONSOB.

By means of a press release published on 12 April 2021, CONSOB announced that the temporary regime of enhanced transparency introduced by the resolution of 9 April 2020 would not be extended further. The latter had confirmed, for a period of three months from the date of entry into force of the same and unless revoked early, an additional temporary threshold of 1%, which, if exceeded resulted in the communication obligations set out in Article 120 of the Italian Consolidated Finance Law.

Whoever, over the period of time envisaged by the resolution, had held an interest exceeding the 1% threshold and below the 3% threshold, should have communicated it within 10 working days of the aforementioned date.

By means of resolutions of 8 July 2020, 7 October 2020 and 13 January 2021, CONSOB further renewed the extension of the provisions of the aforementioned resolutions until 13 April 2021.

From 14 April 2021, ordinary legislation regarding transparency on relevant changes in shareholding structures resumed effect.

As at the date of this report, in accordance with the information published on the Internet site of CONSOB, parties who hold shareholdings of more than 3% of the share capital of Banco BPM are reported in the table below:

SIGNIFICANT STAKES IN CAPITAL			
Declarant	Direct shareholder	% share of ordinary capital	% share of voting capital
CAPITAL RESEARCH AND MANAGEMENT COMPANY	CAPITAL RESEARCH AND MANAGEMENT COMPANY	4.99%	4.99%

The mechanism for the exercise of voting rights in any employee share scheme where voting rights are not exercised directly by the employees (article 123-bis, paragraph 1, letter e), of the Consolidated Law on Finance)

If a Banco BPM employee is also a shareholder of the Company, he or she will have the same voting rights as other shareholders, including the right to be represented by written proxy issued to another party.



Restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for the exercise of voting rights, or systems whereby, with the company's cooperation, the financial rights attached to the securities are separate from the holding of securities (article 123-bis, paragraph 1, letter f), of the Consolidated Law on Finance)

There are currently no restrictions on the voting rights.

Significant agreements to which the company (or its subsidiaries) is party and which take effect, alter or terminate upon a change of control of the company, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception does not apply when the company is specifically obliged to disclose such information on the basis of other legal requirements (article 123-bis, paragraph 1, letter h), of the Consolidated Law on Finance)

The agreements referring to Banco BPM S.p.A are set forth below.

*Shareholdings in Vera Vita S.p.A. and in Vera Assicurazioni S.p.A.*

On 29 March 2018 - following an agreement to establish a strategic partnership in the life and non-life bancassurance business signed on 9 November 2017 between Banco BPM and Società Cattolica di Assicurazione ("Cattolica") – the purchase of 50% + 1 share of Avipop Assicurazioni (at the present date, Vera Assicurazioni) and Popolare Vita (at the present date, Vera Vita) was finalised, increasing the percentage shareholding of the Banco BPM Group in the share capital of the two insurance companies to 100%. On the same date, the sale to Cattolica of 65% of the total share capital held by the Group in the two insurance companies was finalised.

Article 6 of the shareholders' agreement (hereinafter the "Cattolica Agreement") entered into on 29 March 2018 between Banco BPM S.p.A. and Cattolica provided that in the event of a change of control of Banco BPM (referring to the hypothesis that the control of Banco BPM would be acquired by an Italian insurance company or an Italian bank that would exercise management and coordination and hold more than 70% of the ordinary shares relating to an insurance company included among the biggest five insurance companies in Italy, on the basis of the most recent ANIA data, by volume of premiums in both the life and the non-life insurance businesses), Cattolica may exercise a put option concerning the entire shareholding it holds in the capital of Vera Vita and Vera Assicurazioni.

The execution on 23 October 2020 of the corporate and industrial deal between Assicurazioni Generali and Cattolica, announced to the market on 25 June 2020, led, in the opinion of Banco BPM, to a change in control over Cattolica. On the basis of that conviction, on 15 December 2020 the Bank notified Cattolica of the exercise of the call option on the controlling stakes held by Cattolica in the capital of the joint ventures.

On 16 April 2021, following up on the agreement reached on 5 March 2021, Banco BPM and Cattolica entered into a new agreement which provides, in exchange for Banco BPM's waiving of the call option on the controlling interests held by Cattolica in the capital of the joint ventures exercised on 15 December 2020, for the recognition to Banco BPM of a right of early exit from the partnership, originally due to end in 2033, which can be exercised in the period between 1 January 2023 and 30 June 2023, and may be extended by the Bank from six-month period to six-month period three times, until 31 December 2024.

the new shareholders' agreement signed on 16 April 2021, which fully replaced the previous one entered into, no longer makes provision under the *triggering* events that determine, for Cattolica, the right to exercise the *Put Option*, for the verification of a change of control of Banco BPM.

*Shareholding held in Agos-Ducato S.p.A.*

On 28 June 2019, in performance of the agreements signed at the end of 2018 between Banco BPM, Crédit Agricole S.A., Crédit Agricole Consumer Finance S.A. and Agos-Ducato S.p.A., the

reorganisation of the Group consumer credit division was completed. The reorganisation, which confirms the partnership between Banco BPM Group and Crédit Agricole for the next 15 years:

- (i) provided for, inter alia, formalisation of the following: (a) a new Shareholders' Agreement, (b) a new Distribution Agreement, (c) a new Funding Agreement;
- (ii) led to the sale of ProFamily to Agos-Ducato, subject to the completion of a demerger of the non-captive assets of Profamily in favour of a newly established company, which kept the name ProFamily, 100% controlled by Banco BPM. The new ProFamily was merged in Banco BPM on 19 July 2021.

On 18 December 2020, an Amendment Agreement between the parties was formally signed, with a view to further consolidating the existing partnership related to the consumer finance activities in Italy of Agos-Ducato, through which some changes were made to the agreements signed in 2018. Those amendments, inter alia, extend by an additional 24 months, and therefore, up to 31 July 2023, the term for the exercise of the put option referring to a 10% investment in the capital of Agos Ducato held by Banco BPM, at the previously agreed strike price of 150 million.

Within the scope of those agreements, it was also provided that if an extraordinary transaction was finalised - with that referring to: acquisition of control of Banco BPM by a third party operator or more than one third party operator acting in association with each other; merger of Banco BPM with third party operators; acquisition by Banco BPM of another bank or other distribution channels; acquisition by Banco BPM of a third party operator - the parties will, inter alia, discuss in good faith, according to the case: i) the possible acquisition by Agos-Ducato at market value of the entity that operates in the consumer credit sector due to the extraordinary transaction; ii) the extension of the new Distribution Agreement to the distribution network of the third party operator; iii) the inclusion of the other distribution channel acquired into the distribution network of the Banco BPM Group.

#### *Shareholding in Bipiemme Vita S.p.A.*

On 8 September 2011 - following on from the agreements signed on 19 April 2011 between the former Banca Popolare di Milano Scrl (now Banco BPM) and the Covéa Group to develop a strategic partnership in the life and non-life *bancassurance* businesses - the acquisition by the Covéa Group of 81% of the share capital of Bipiemme Vita S.p.A. was finalised.

On 25 June 2021, Banco BPM signed agreements with Covéa Group amending the partnership in the bancassurance sector in place since 2011. The amendments made to the pre-existing agreements, which made provision for an exit 'window' through the exercise of a call option in favour of Banco BPM, limited to the period from 8 September 2021 to 23 October 2021, regulate the methods of continuation and conclusion of the partnership up until, at most, the end of 2028.

In particular, the amended agreements provide for the recognition, in favour of Banco BPM, of an unconditional option to purchase 81% of the Company, which can be exercised at any time in the period between 8 September 2021 and 31 December 2023. Where said option is not exercised, the partnership may continue until the end of 2028, subject to the exercise of put and call options granted to Covéa and the Bank respectively in certain time windows.

The shareholders' agreement in place provides that if there are any changes of control of one of the parties, Banco BPM or the Covéa Group may, according to the party to whom said event occurred, exercise the option to acquire the shareholding held by the other party in the capital of Bipiemme Vita, or sell their shareholding to the other party.

Agreements between companies and directors, members of the control body or supervisory board, which provide for compensation in the event of resignation or dismissal without just cause, or if their employment contract should terminate as a result of a takeover bid (article 123-bis, paragraph 1, letter

i) of the Consolidated Law on Finance).

At the date of this report, the members of the Board of Directors are not employees of Banco BPM or a Group company, apart from the Chief Executive Officer, for whom, in the event of early termination of the employment contract or early resignation from the position, the criteria and maximum limits to calculate the amounts, as well as the process for any recognition in accordance with the provisions of the remuneration policy of banking group staff shall apply (see paragraph "amounts for the early termination of the employment contract" contained in the Report on the Remuneration Policy published on the website [www.bancobpm.it](http://www.bancobpm.it) – under Banco BPM > Corporate Governance > Remuneration policies section).

Rules applying to the appointment and replacement of directors and members of the governing body or supervisory board, and amendments to the Articles of Association if different from those applied as a supplementary measure (article 123-bis, paragraph 1, letter l), of the Consolidated Law on Finance)

The information relating to the appointment and replacement of the members of the Board of Directors is set out in paragraph 6.1 of this report.

With regard to the rules applicable to amendments to the Articles of Association, the Board of Directors, in accordance with article 24.2.2., letter x) of the Articles of Association, approves the proposals to amend the Articles of Association of the Company to be submitted to the extraordinary Shareholders' Meeting for approval (article 11.4 of the Articles of Association) and to decide on the alignment of the Articles of Association with regulatory provisions (article 24.2.2., letter aa) of the Articles of Association).

Existence of delegated powers regarding share capital increases pursuant to article 2443 of the Italian Civil Code or powers of the directors or members of the governing body to issue participating financial instruments or to authorise the purchase of own shares (article 123-bis, paragraph 1, letter m), of the Consolidated Law on Finance)

At the date of this report, the Board of Directors of Banco BPM was not delegated any powers to issue participating financial instruments. To that end, the Ordinary Shareholders' Meeting of Banco BPM S.p.A., held in Verona on 15 April 2021, approved the request to authorise the purchase and sale of own shares to serve the share-based remuneration plans of Banco BPM S.p.A..

A total of 3,569,511 own shares were held in the portfolio as at 31 December 2021, while at the date of this report - following the execution and conclusion of the own share buying programme to service the employee incentive plans carried out in the period between 15 February and 24 February 2022 - Banco BPM directly holds 8,152,151 own shares, equal to 0.54% of the share capital.

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At the date of this report, as far as Banco BPM is aware, there are no entities in possession of securities giving special rights of control of Banco BPM (article 123-bis, paragraph 1, letter d) of the Consolidated Law on Finance), while there are agreements between shareholders pursuant to article 122 of the Consolidated Law on Finance (article 123-bis, paragraph 1, letter g) of the Consolidated Law on Finance).

In particular, a significant shareholders' agreement is in place pursuant to article 122, paragraph 5, letter a) of the Consolidated Law on Finance, as specified below:

- on 21 December 2020, certain shareholders of Banco BPM S.p.A. (including Fondazione ENPAM and other 4 foundations, on the whole holding 83,237,332 ordinary Banco BPM shares, equal to 5.498% of the Bank's share capital, hereinafter the "Parties") signed a consultation agreement ("Agreement")

aimed at recognising and promoting the common interest in the growth and strengthening of the Bank, and with the objective of ensuring a common direction, albeit in observance of the autonomy and independence of each investor. At the time of the aforementioned Agreement, the Parties established the methods for meeting and sharing reflections and considerations regarding the Bank's performance as well as common action regarding the programmatic and business guidelines of the Bank, with reference, by way of example, to (i) the general Group performance; (ii) any application for the offices of members of the Board of Directors and the Board of Statutory Auditors of the Bank; as well as (iii) strategic and/or extraordinary transactions presented to the Bank's shareholders' meeting.

It should be noted that, on 18 January 2021, an agreement was also signed between G.G.G. S.p.A., Calzedonia Holding S.p.A., Mr. Sandro Veronesi, Mr. Dario Tommasi and other participants, all shareholders of Banco BPM S.p.A., (holding a total of 101,262,932 ordinary shares of Banco BPM, equal to 6.683% of the Bank's share capital) aimed at allowing participants to: (i) engage in prior consultation, during or, nonetheless, prior to the Bank's shareholders' meetings regarding the resolutions proposed to the shareholders; (ii) provide and exchange mutual information on the facts and situations that concern the Bank; (iii) express judgements and positions regarding the respective position vis-à-vis the Bank; and (iv) examine any initiative to be undertaken regarding the potential decisions of the Bank, which, directly or indirectly, impact the respective rights or interests. In this regard, it should be noted that, on 5 November 2021, it received notification of the termination of the aforementioned agreement.

The essential information pursuant to article 130 of the Issuers' Regulation relating to the aforementioned consultation agreements are available on the Banco BPM website [www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) - under Investor Relations section > *Share, shareholding structure and dividends*.

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The Articles of Association of Banco BPM do not contain provisions making exceptions to the passivity rule as provided under article 104, paragraphs 1 and 1-bis, of the Consolidated Law on Finance, or neutralisation rules as described by article 104-bis, paragraphs 2 and 3, of the Consolidated Law on Finance.

Additionally, the information pursuant to article 123-bis, paragraph 2 of the Consolidated Law on Finance, is set out in the following sections of this report:

- article 123-bis, paragraph 2, letter a): chapter 3
- article 123-bis, paragraph 2, letter b): paragraph 8.2
- article 123-bis, paragraph 2, letter c): chapter 5
- article 123-bis, paragraph 2, letter d) and new d-bis, chapters 6 and 7 relating to the Board of Directors and the Board of Statutory Auditors respectively.

### **3) COMPLIANCE (pursuant to article 123-bis, paragraph 2, letter a), first part of the Consolidated Law on Finance)**

Adherence to the Borsa Italiana Code of Best Practice and the new Code of Corporate Governance (article 123-bis, paragraph 2, letter a) of the Consolidated Law on Finance)

Since its incorporation, the Board of Directors of Banco BPM, by means of resolution of 10 January 2017, has applied the Code of Best Practice of listed companies issued by Borsa Italiana.

By means of the aforementioned determination, Banco BPM decided not to adopt the following recommendations of the Borsa Italiana Code of Best Practice previously in force:

- Application criterion 3.C.1., letter e), providing that parties who were directors of the issuer for over nine years in the last twelve years do not have to fulfil the independence requirement for the reasons set out in paragraph 6.7 of this report;
- with regard to the Comment in article 4 of the Code, according to which "in companies that belong to the FTSE-Mib index, the board of directors will evaluate the option to establish a committee in charge of supervising the sustainability issues related to the exercise of the business activities and its interactions with all the stakeholders; alternatively, the board will assess the idea of grouping together or distributing said functions among the other committees". Banco BPM decided not to establish a committee for this purpose for the following reasons:
  - supervision of the sustainability issues is carried out primarily by the Internal Control, Risks and Sustainability Committee, and to a lesser extent directly by the collective governing body in its strategic supervision function;
  - In its historic areas, Banco BPM operates both through the Territorial Consultation Committees, which provide consultation to encourage the Company to put roots in the geographic areas where it is present, and through the Donation Committee and Foundations that promote initiatives to support the civil and social fabric for projects involving social assistance, charity or that are in the public interest; these prerogatives contribute, inter alia, to the development and interaction of the relations that the Banco BPM Group has with its stakeholders.

By means of resolution of 15 December 2020, the Board of Directors then subscribed, without reservations, to the Code of Corporate Governance issued by the Corporate Governance Committee in January 2020 and in force from the first year starting after 31 December 2020.

The Code of Corporate Governance can be consulted on the Borsa Italiana website ([www.borsaitaliana.it](http://www.borsaitaliana.it)) and is available to the public on the Banco BPM website ([www.grupppo.bancobpm.it](http://www.grupppo.bancobpm.it) – Corporate Governance > Corporate governance reports section).

Lastly, it should be noted that the corporate governance structure of Banco BPM is not influenced by non-Italian legal provisions.

It should be noted, however, that Banco BPM - as Bank - must arrange its organisational structure in compliance with the reference regulatory framework and, in particular, the provisions in the EU industry regulations, the Consolidated Banking Law as well as the provisions issued by the Bank of Italy in exercising its supervisory function; in this regard, it should also be pointed out that Banco BPM - as "significant supervised entity" - is subject to direct supervision by the European Central Bank, which is responsible for specific tasks of prudential supervision of banks as part of the single supervisory mechanism, including the appropriate controls of the presence of solid corporate governance principles.

*Adherence to other codes of conduct (article 123-bis, paragraph 2, letter a), of the Consolidated Law on Finance)*

As at the date of this report, Banco BPM had not adhered to any other codes of conduct, but did not put any conditions on any decision by the Parent Company to adhere to said codes in the future.

#### **4) MANAGEMENT AND COORDINATION: the role of the Parent Company and the Banco BPM group**

Banco BPM is the Parent Company of the Banco BPM banking Group to which, inter alia, other banks, finance companies and ancillary services undertakings also belong.

In this role, Banco BPM exercises management and coordination of the Group in accordance with article 61 of the Consolidated Banking Law and the specific laws of the Supervisory Authorities. To that end the Company, in the exercise of its management, guidance and coordination:

- issues, with respect to the members of the Group, the provisions needed to implement the Group strategies in accordance with the criteria of uniformity and consistency and adequacy with respect to the specific businesses;
- guarantees the stability of the Group, checking to ensure the goals assigned are pursued and monitoring the adequacy of the internal control system within the scope of the Group and the subsidiaries;
- carries out the Group coordination, including through the centralisation of the powers of oversight and control;
- identifies and asks the subsidiaries for the decisions that they have to make and for which the Parent Company must receive prior notification, and any other information that the Parent Company believes it should acquire in relation to the exercise of its coordination duties.

The main Italian Companies that form part of the Banco BPM Group are indicated below:

- the Parent Company: Banco BPM;
- Banca Aletti & C. S.p.A.: bank operating in the area of *private banking*;
- Banca Akros S.p.A.: a bank operating in the area of *corporate & investment banking*;
- Release S.p.A.: company operating in the sector focussed on the *collection* of credits from leasing transactions. The process of merger by incorporation of Release S.p.A. in Banco BPM S.p.A. was launched in 2021, then completed with effect for legal purposes on 21 February 2022;
- Oaklins Italy S.r.l., subsidiary of Banca Akros operating in the field of "Mergers & Acquisition" advisory services;
- Aletti Fiduciaria S.p.A., a subsidiary of Banca Aletti & C. S.p.A., which carries out the typical activities of a trust company as well as the administration of assets as *trustee*;
- the ancillary services undertakings: (i) Bipielle Real Estate S.p.A., a company that primarily holds properties instrumental to the banking business as well as part of the Group's non-operating properties. On 1 January 2022, the merger by incorporation of Bipielle Real Estate S.p.A. in Banco BPM S.p.A. took effect for legal purposes; and (ii) Ge.Se.So. S.r.l. a business providing company cafeteria services.

The Group also has a presence abroad with:

- 2 foreign banks: Banca Aletti & C. (Suisse) S.A. and Bipielle Bank (Suisse) in liquidation. FINMA (the Swiss Supervisory Authorities), having found that Bipielle Bank (Suisse) in liquidazione no longer carries out banking activities or transferable securities trading, gave notice that the company was no longer subject to Federal banking laws or federal laws on the stock exchange or transferable securities trading on 20 December 2018;
- liaison offices in the Republic of India (Mumbai) and Hong Kong (Special Administrative Region of the People's Republic of China).

On 19 July 2021, the merger by incorporation of ProFamily S.p.A in Banco BPM was finalised from a legal perspective.



## 5) **SHAREHOLDERS' MEETING**

The information below is also provided in accordance with article 123-bis, paragraph 2, letter c), of the Consolidated Law on Finance.

The main provisions of the Articles of Association of Banco BPM containing the rules on the Shareholders' Meetings of the Company are illustrated. For more information, please refer to the Banco BPM website ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) – under Corporate Governance/Corporate Documents section).

In accordance with article 11 of the Articles of Association, the Shareholders' Meeting, duly called and constituted, represents all the shareholders and its resolutions, passed in accordance with the law and the Articles of Association, shall apply to all shareholders even if absent or not in agreement.

The Shareholders' Meetings shall be ordinary or extraordinary in accordance with the law.

Ordinary Shareholders' Meetings shall:

(a) appoint, in accordance with the number established by the Articles of Association and the mechanisms described under article 20.5 of the Articles of Association, the members of the Board of Directors, revoke said appointment, determine their remuneration and elect the Chairperson and the Deputy Chairperson, according to the provisions of article 20.8 of the Articles of Association;

(b) appoint the Statutory Auditors and the Chairperson of the Board of Statutory Auditors with the mechanisms described under article 35 of the Articles of Association and establish their fees;

(c) decide on the responsibilities of the members of the Board of Directors and the Board of Statutory Auditors;

(d) approve the financial statements;

(e) decide on the allocation and distribution of profits;

(f) appoint, upon the justified proposal of the Board of Statutory Auditors, and revoke or change said appointment, where necessary, in agreement with the Board of Statutory Auditors, the company engaged to perform the statutory audit, and determine the relative fees;

(g) make decisions regarding the approval of (i) remuneration and incentive policies in favour of the Boards of Directors, the Statutory Auditors and employees, including the Board of Directors' potential proposal to set a limit to the ratio between the variable and fixed components of individual remuneration of key personnel of higher than 1:1 and within the limit established by the regulations in force from time to time; (ii) remuneration and/or incentive plans based on financial instruments; and (iii) criteria for determining payment to be agreed in the case of early termination of employment or office, including fixed limits such as payment in terms of annuity of fixed remuneration and the maximum amount that derives from implementation thereof;

(h) approve and amend the shareholders' meeting rules;

(i) resolve upon the other matters assigned to it by applicable laws *pro tempore* or the Articles of Association.

Extraordinary Shareholders' Meetings decide upon amendments to the Articles of Association (without prejudice to the powers allocated to the Board of Directors in accordance with article 24.2.2., letter aa) of the Articles of Association), and the appointment, revocation, replacement and powers of receivers or on any other matter assigned to it by law for which it is responsible and not exempted by the Articles of Association.

In accordance with article 13 of the Articles of Association, Shareholders' Meetings are called by the Board of Directors whenever it is deemed appropriate or, according to the provisions of article 2367 of the Italian Civil Code, using the mechanisms provided for by prevailing laws, upon written request containing an indication of the topics to discuss by a number of shareholders that represent at least one twentieth of share capital or any other percentage established by prevailing laws. In any case, an ordinary Shareholders' Meeting must be called at least once a year, no later than 120 (one hundred

and twenty) days from the end of the financial year. This period may be extended to 180 (one hundred and eighty) days from the end of the financial year in the cases provided for by law.

Subject to the power to call meetings set out by other provisions of the law, the Shareholders' Meeting may be called, subject to notification to the Chairperson of the Board of Directors, also by the Board of Statutory Auditors or by at least two of its members, in accordance with prevailing laws.

Using the mechanisms, terms and limits established by prevailing laws, shareholders who, also jointly, represent at least one fortieth of the share capital, or any other percentage established by prevailing laws, can, by written request, ask for additions to be made to the list of topics to discuss at the Shareholders' Meeting that appear in the notice calling the meeting, indicating in the request the other topics they propose and preparing a report on the matters that they propose discussing, and proposing decisions on matters already on the agenda. Calling meetings and adding topics to the agenda at the request of the shareholders cannot be done for topics which the Shareholders' Meeting addresses, according to the law, upon proposal by the Board of Directors or based on a project or report prepared by said Board, other than those indicated under article 125-ter, paragraph 1, of the Consolidated Law on Finance. The justification for exercise of the right will be proven by filing a copy of the communication or certification issued by the intermediary in accordance with prevailing laws.

Shareholders' Meetings are called by notice stating the day, time and place of the meetings, the list of topics on the agenda and anything else provided by prevailing laws. The notice calling the meeting must be published within the time frames and using the mechanisms provided for by prevailing laws.

Ordinary and extraordinary shareholders' meetings are generally held, at a single call, in accordance with article 2369, paragraph 1 of the Italian Civil Code. However, the Board of Directors may establish that ordinary or extraordinary Shareholders' Meetings are held after more than one call, setting the date for a second call, and for extraordinary shareholders' meetings only, even a third call. This decision will be set out in the notice calling the meeting. Please refer to article 12 of the Articles of Association for more information on the places where Shareholders' Meetings can be held.

In accordance with article 14 of the Articles of Association, parties with the right to vote who send the Company the notification by the authorised intermediary confirming their right to attend the Shareholders' Meeting and exercise the right to vote, within the terms set out by prevailing laws, may attend the Shareholders' Meetings.

Parties with the right to vote may be represented at the Shareholders' Meeting in accordance with prevailing laws.

The Board of Directors has the right to appoint, disclosing it in the notice calling the meeting, for each Shareholders' Meeting, one or more parties to whom holders of voting rights can confer, using the mechanisms provided for under prevailing laws, a proxy with instructions to vote on all or some of the items on the agenda. The proxy given to the party appointed by the Board of Directors will only be valid for the proposals for which voting instructions have been given.

Subject to the provisions of article 2372, second paragraph, of the Italian Civil Code, the proxy may only be conferred for individual Shareholders' Meetings, and will also be valid for subsequent calls of the Meeting, and may not be conferred with the name of the representative blank. No voting by correspondence is permitted. Please refer to article 14 of the Articles of Association for more information on the right to attend and right to be represented at Shareholders' Meetings.

In accordance with article 15 of the Articles of Association, in order for either ordinary or extraordinary Shareholders' Meetings to be valid, on the sole, first or second call, or for extraordinary Shareholders' Meetings third call, prevailing laws shall apply with reference to each individual call, subject to the provisions of article 16.2 of the Articles of Association.



In accordance with article 16 of the Articles of Association, the decisions are made by the ordinary Shareholders' Meeting, on the sole, first or second call, with the majority provided by prevailing laws in relation to each call, with the exception for the provisions set out under article 16.2 of the Articles of Association, and subject to the provisions of the Articles of Association regarding the election of members of the Board of Directors and the Board of Statutory Auditors. If there are an equal number of votes, it will be considered to have been rejected.

In accordance with article 16.2 of the Articles of Association, the decisions concerning any proposal to set a limit to the ratio between the variable component and the fixed component of the individual remuneration of key personnel of higher than 1:1, pursuant to what is set out by prevailing laws, will be approved by the ordinary Shareholders' Meetings when: (i) the Shareholders' Meeting comprises at least half of the share capital and the decision is made with the vote in favour of at least 2/3 (two thirds) of the share capital represented at the Shareholders' Meeting and with the right to vote; or (ii) the decision will be made with the vote in favour of at least 3/4 (three quarters) of the share capital represented at the Shareholders' Meeting and with the right to vote, regardless of the amount of share capital comprising the Shareholders' Meeting. Extraordinary Shareholders' Meetings, on a sole, first, second or third call, shall decide with the vote in favour of the number of shareholders that represent at least 2/3 (two thirds) of the capital represented at the Shareholders' Meeting and with the right to vote. Please refer to article 16 of the Articles of Association for more information.

In accordance with article 8 of the Articles of Association, each ordinary share confers the right to cast one vote, subject to cases of suspension or loss of the right to vote as provided under the Articles of Association or prevailing laws.

For Banco BPM, Shareholders' Meetings represent a favourable opportunity for interacting in a productive way with the shareholders and are an important occasion to disclose news about the Company to the shareholders in accordance with the parity-of-information principle and rules on price sensitive information. For these reasons inter alia, the Company intends to encourage the broadest possible attendance by shareholders at Shareholders' Meetings while also ensuring a higher level in the quality of the information provided.

In order to ensure adequate disclosure of the items that will be examined and approved at Shareholders' Meetings, Banco BPM, in accordance with the legally required deadlines, will make the reports illustrating the items on the agenda available to the public, at the registered office, on its website [www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it), on the website of Borsa Italiana S.p.A. and using the authorised storage mechanism [www.emarketstorage.com](http://www.emarketstorage.com), informing the market by publishing a press release.

The Ordinary and Extraordinary Shareholders' Meeting of Banco BPM S.p.A. was held on 15 April 2021 in Lodi, at Banco BPM, Via Polenghi Lombardo no. 13.

In consideration of the Covid-19 (coronavirus) epidemiological emergency - pursuant to article 106 "Rules concerning the shareholders' meetings of companies and entities" of Decree Law no. 18 of 17 March 2020 (so-called "Cura Italia" - Heal Italy), converted into Law no. 27 of 24 April 2020 and amended by Law no. 21 of 26 February 2021 which converted Decree Law no. 183 of 31 December 2020 into law, participation in the Shareholders' Meeting and the voting right was exercised by entitled parties exclusively through the proxy designated pursuant to article 135-undecies of Italian Legislative Decree no. 58 of 24 February 1998, therefore without the physical participation in shareholders' meeting proceedings of any other party entitled to vote.

The Shareholders' Meeting resolved to approve the financial statements of Banco BPM S.p.A. as at 31 December 2020 as well as the proposals relating to the result for 2020 according to the information detailed in the Directors' Report.

In addition, the Report on remuneration policy and compensation paid and the payment plans based on Banco BPM shares were approved by the shareholders.

The Shareholders' Meeting also resolved the purchase of ordinary Banco BPM S.p.A. shares, in one or more tranches, for a total maximum amount of Euro 16 million, effective from the date of the Shareholders' Meeting (15 April 2021) up until the Shareholders' Meeting at which the 2021 financial statements will be presented.

The Shareholders' Meeting supplemented the Board of Statutory Auditors with the appointment of Silvia Muzi as standing auditor and Francesca Culasso as alternate auditor, who shall remain in office until the shareholders' meeting called to approve the financial statements for the year that will end on 31 December 2022.

The Extraordinary Shareholders' Meeting, subject to the obtainment of the authorisations from the competent Supervisory Authorities, approved the proposed amendment to some articles of the articles of association of Banco BPM, with which the Bank intended to acknowledge - following the entry into force, on 1 January 2021, of the new Code of *Corporate Governance* which Banco BPM has applied - the provisions of the new Code with reference to the requirement of directors' independence, as well as certain refinements stemming from the updates made to the "Supervisory Provisions for Banks" by the Bank of Italy, from the experience accrued in current bank operations and from the opportunity to best explain the meaning of certain provisions contained therein.

In addition, Banco BPM adopted, with decision made by the 2017 Shareholders' Meeting, a "Shareholders' Meeting Rule" aimed at governing the orderly and functional shareholders' meetings.

Said Rules - in accordance with the provisions of article 2364, paragraph 1, no. 6) of the Italian Civil Code, article 9.C.3. of the Borsa Italiana Code of Best Practice that the Bank had adhered to and article 11.3, letter h) of the Bank's Articles of Association - gather the specific shareholders' meeting procedures in order to ensure the management and effectiveness of said shareholders' meetings and encourage the exercise of the rights of those with voting rights into a single document.

The Rules can be consulted on the website of Banco BPM ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) - under Corporate Governance/Shareholders' Meetings section).

## **6) BOARD OF DIRECTORS**

The information below is also provided in accordance with article 123-bis, paragraph 1, letter l), and paragraph 2), letters d) and d-bis of the Consolidated Law on Finance.

The main provisions of the Articles of Association, as amended on 15 April 2021, containing the rules on the Board of Directors of the Company are illustrated below. For more information, please refer to the Articles of Association on the website of Banco BPM ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) – under Corporate Governance section).

### **6.1 APPOINTMENT, REPLACEMENT AND COMPOSITION OF THE BOARD OF DIRECTORS**

In accordance with article 20.1.1. of the Articles of Association, the Board of Directors comprises 15 (fifteen) directors, including non shareholders, including a Chairperson and a Deputy Chairperson appointed by the Shareholders' Meeting in accordance with the provisions of article 20.8 of the Articles of Association.

On the basis of article 20.1.2. of the Articles of Association, the composition of the Board of Directors guarantees gender balance, in compliance with the currently applicable legislation and regulations.

In this regard, it should be noted that, in compliance with the legal and regulatory provisions that govern equal access to the administration bodies of listed companies on regulated markets, the current Board of Directors of Banco BPM is composed of 6 (six) directors out of 15 (fifteen) belonging to the less represented gender.

In accordance with article 20.1.3. of the Articles of Association, the members of the Board of Directors must be capable of performing their duties, in accordance with prevailing laws and the Articles of Association, and, more especially, they must possess the requirements of professional competence, integrity and independence, meet the criteria of expertise, honesty, time commitment and the specific limits to the number of appointments as provided under prevailing laws and the Articles of Association.

Article 20.1.4. of the Articles of Association establishes that, without prejudice to the various and/or additional requirements established in prevailing laws, all members of the Board of Directors must have adequate experience, obtained through at least five years of administrative and/or management and/or audit activities, in Italy or abroad, or at least three years as a chairperson, chief executive officer and/or general manager, in: (i) banks, financial companies, asset management companies; or (ii) insurance companies; or (iii) companies with shares traded on a regulated market in Italy or abroad; or (iv) companies other than those mentioned above, which, individually or at a consolidated group level, have turnover exceeding €100 million, as resulting from the most recently approved financial statements. Candidates who have not accrued said professional experience may also be elected, provided that they are not a majority, if: (a) *they are or have been tenured university professors for at least five years in legal, corporate, economic or mathematics/statistics/corporate engineering faculties*; or (b) *are or have been registered for at least ten years in the professional associations of chartered accountants, public notaries or lawyers*; or (c) *have covered for at least three years administrative level roles in public administrations or independent authorities with institutional competence in matters pertinent to banking, insurance or financial activities*.

In this regard, it should be noted that Banco BPM's Board of Directors, at the meeting on 14 December 2021, resolved some proposed amendments to the articles of association, to be submitted for approval to the Shareholders' Meeting on 7 April, including the amendment of the aforementioned article 20.1.4., aimed at eliminating the statutory definition of professionalism given absorbed and superseded by the regulation introduced by Italian Ministerial Decree no. 169 of 23 November 2020. The

proposed amendments to the articles of association are subject to obtainment of the prescribed authorisation of the Supervisory Authorities.

Subject to any other provisions of prevailing laws, at least 8 (eight) directors must hold the independence requirements set out under article 20.1.6. of the Articles of Association.

In accordance with article 20.2 of the Articles of Association, the members of the Board of Directors shall stay in office for three years, expiring on the date of the Shareholders' Meeting called for the approval of the financial statements relative to the last financial year of their office, and they can be reappointed upon expiry of their term of office.

In accordance with article 20.3.1. of the Articles of Association, subject to the provisions of article 20.1, individuals who are either ineligible or disqualified from office pursuant to article 2382 of the Italian Civil Code may not be appointed as members of the Board of Directors. The same limitations apply to individuals who do not meet the integrity or professional competence requirements pursuant to prevailing laws and regulations.

Subject to any other reasons for incompatibility envisaged by prevailing laws, persons that are or become members of management bodies or employees of companies that carry out or belong to groups that carry out business activities that are in competition with those of the Company or the Group to which it belongs, with the exception of central trade institutions or investee companies held directly or indirectly by the Company, may not be appointed to the position, and if appointed, will be removed from office. The above prohibition is not applicable when the participation in management bodies of other banks relates to the representation of trade organisations or associations of the banking system.

On the basis of article 20.4 of the Articles of Association, the election of members of the Board of Directors shall be based on lists in which the candidates are assigned progressive numbers. If a number of candidates is submitted that is equal to or higher than 3 (three), the list will have to comply with the gender proportions provided under prevailing laws.

The lists of candidates for the position of director may be submitted:

- (i) by the Board of Directors (the **"Board List"**). The composition and the presentation of the Board List must be approved, based on a prior non-binding opinion of the Appointments Committee, with the favourable vote of 11 directors in office;
- (ii) by one or more shareholders who own a total shareholding of at least 1% of the share capital of the Company with the right to vote at ordinary Shareholders' Meetings, or any other percentage established by prevailing laws, and that will be communicated, from time to time, in the notice calling the Shareholders' Meeting convened to decide on the appointment of the Board of Directors (the **"Shareholders List"**); and
- (iii) by one or more shareholders who are also employees of the Company or its subsidiaries and who own a total shareholding of at least 0.12% of the share capital of the Company (the **"Shareholders-Employees List"**).

The ownership of the minimum percentage of shares in the share capital to submit the lists described under (ii) and (iii) is determined with respect to the shares that are registered in favour of the individual shareholder, or by more shareholders on a joint basis, on the day on which the lists were filed with the Company. The ownership of the number of shares necessary to submit the lists must be confirmed in accordance with prevailing laws; this confirmation must be sent to the Company, even after the filing, as long as it takes place at least twenty-one days before the date of the Shareholders' Meeting in compliance with the conditions set forth by prevailing laws.

The following must be complied with in order to be valid:

- (a) the lists of candidates must be filed with the registered office, including through remote communication means defined by the Board of Directors in accordance with the mechanism, set forth in the notice calling the meeting, which allow the identification of the parties who are filing, at least twenty-five days before the date of the Shareholders' Meeting, and made available to the public at the registered office, on the website of the Company and with any other mechanisms provided for under the law in effect at the time, at least twenty-one days before the date of the Shareholders' Meeting;
- (b) each shareholder may submit or take part in submitting and voting on one list of candidates only, even if through third parties. Shareholders who belong to the same corporate group - with this meaning the parent company, the subsidiaries and the companies subject to joint control - and shareholders who belong to a shareholders' agreement as provided by article 122 of the Consolidated Law on Finance regarding the shares of the Company may not submit, and those who have voting rights to vote, more than one list, even if through third parties or through trust companies. Shareholders who submit a list and who are not the shareholders who hold a controlling interest or relative majority must also submit a declaration confirming the absence, with respect to said shareholders, of connections that could be classified as significant in accordance with prevailing laws. Each candidate may only be part of one list, if this condition is not met the candidate shall not be eligible;
- (c) the Board List must comply with the following requirements: (i) it must contain 15 (fifteen) candidates; (ii) the first 2 places must indicate the candidate for the position of Chairperson of the Board of Directors in first place on the list, and the person who it wishes to propose to the Board of Directors to cover the position as Chief Executive Officer, in second place on the list; (iii) the third place must indicate the candidate for the position of Deputy Chairperson of the Board of Directors;
- (d) the composition of the Shareholders Lists and the Shareholders-Employees List does not have to comply with the provisions of letter (c) above. Lists with less candidates than 15 can therefore be submitted provided that: (i) the lists with a number of candidates equal to or higher than 3 must include candidates of different genders in order to ensure that the composition of the Board of Directors complies with gender balance requirements in accordance with prevailing laws and regulations; (ii) they must contain a number of candidates who fulfil the independence requirements provided under article 20.1.6 of the Articles of Association that is equal to at least 8 (eight) candidates where the list comprises 15 (fifteen) candidates or at least half (rounding down to the next full number if the first decimal place is equal to or lower than 5 or rounding up to the next full figure in the other cases) where the list comprises a number of candidates of less than 15 (fifteen);
- (e) unless otherwise specified by the laws in effect at the time, along with each list, within the deadline for filing it as indicated in letter (a) above, any further documentation or statements required by prevailing laws or regulations must be filed at the registered office of the Company, in addition to the information relating to those who submitted the lists, indicating the percentage shareholding held as a whole, an exhaustive disclosure on the personal and professional characteristics of the candidates, the statements with which the individual candidates accept their candidature and confirm, under their own responsibility, that there are no grounds for ineligibility or incompatibility, and that the legal, regulatory requirements and those under the articles of association to hold the position of Board Director are fulfilled, the list of directorship and control positions covered in other companies and the declaration of the possession of the independence requirements provided under the Articles of Association, and any other information that would help the overall assessment of suitability for the position covered in accordance with the scheme that will be made public by the Company beforehand, also taking account of the guidelines of the Supervisory Authorities;
- (f) in addition to the documentation set out under letter (e) above, the shareholders-employees who submit the Shareholders-Employees List must file the documentation confirming their status as employees of the Company or its subsidiaries.

Any lists that are submitted that do not fulfil the above-mentioned requirements will be considered not to have been submitted. However, the lack of documentation relating to the individual candidates on a list will not automatically invalidate the entire list but only the candidates who are not compliance.

The Board List must be filed and made public using the same mechanisms provided for the lists submitted by shareholders.

In accordance with article 20.5.1. of the Articles of Association, if more than one list of candidates is submitted for the election of the Directors, the following procedure will be followed:

- (a) 12 directors shall be taken from the list obtaining most votes, on the basis of the progressive order in which they were listed, or the lower number of directors that correspond to all the candidates indicated on said list;
- (b) the remaining 3 directors - or the higher number of directors if the list indicated in letter (a) above did not contain a total of 12 directors - will be appointed from the other lists as follows:
  1. where at least one Shareholders-Employees List has been validly submitted and obtained votes:
    - (i) 1 director will be appointed from the Shareholders-Employees List that obtained the highest number of votes from the Shareholders-Employees Lists; while (ii) the remaining 2 or more directors to be elected in accordance with this letter (b) will be taken from the list, other than the one described under (i), on the basis of the following criteria: the votes obtained by each list will be divided by one, two, three, four, etc. in accordance with the number of members still to elect. The resulting quotients will be progressively assigned to the candidates on each of said lists according to the order in each list. The quotients attributed this way to the candidates of the various lists will be set out in a single descending ranking: the candidates that obtained the highest quotients and that are taken from lists that are not related in any way, in accordance with prevailing laws, to the list that obtained the highest number of votes will be elected as board directors up to when the number of directors still to elect has been reached. It is understood that in any case, 1 director will be taken from the Shareholders-Employees List even if the number of votes obtained from said list is lower than that obtained by the other lists;
  2. if no Shareholders-Employees Lists are submitted or they are submitted but none of the Shareholders-Employees Lists obtained votes or if the list that obtained the highest number of votes in accordance with letter (a) above is a Shareholders-Employees List, the remaining 3 or more directors will be taken from the other lists that obtained votes - different to the one that came first in accordance with letter (a) above - on the basis of the following criteria: the votes obtained by each list will be divided by one, two, three, four, etc. in accordance with the number of members still to elect. The resulting quotients will be progressively assigned to the candidates on each of said lists according to the order in each list. The quotients attributed this way to the candidates of the various lists will be set out in a single descending ranking: the candidates that obtained the highest quotients and that are taken from lists that are not related in any way, in accordance with prevailing laws, to the list that obtained the highest number of votes will be elected as board directors up to when the number of directors still to elect has been reached.

Subject to the provisions of articles 20.6 and 20.7 of the Articles of Association, if it is not possible to complete the composition of the Board of Directors in accordance with the procedure defined in letter (b) above, or the number of candidates entered onto the lists submitted as a whole is lower than the number of directors to elect, the missing directors will be elected by majority decision of the Shareholders' Meeting in accordance with the provisions pursuant to articles 20.1.2., 20.1.3., 20.1.4., 20.1.5., 20.1.7., 20.3.1., 20.3.2. and 20.3.3. of the Articles of Association, to which the reader should refer for more information.

In accordance with article 20.6 of the Articles of Association, in the cases governed by articles 20.5.1. (b)(1) and 20.5.1. (b)(2) of the Articles of Association (i.e. in the cases described by letter (b) points 1 and 2 above), where more than one candidate obtained the same quotient, the candidate belonging to the list from which no Director has been elected yet, or the lower number of Directors has been elected, shall be elected (subject to the cases set out under article 20.5.1. (b)(1) of the Articles of Association - i.e. the case under letter (b) point 1 above - from the Shareholders-Employees List, if validly submitted, that obtained the highest number of votes among the Shareholders-Employees Lists must obtain 1 director). If no Director has been appointed from those lists, or the same number of Directors has been appointed from those lists, the candidate who has obtained the highest number of votes shall

be elected. If there is the same number of votes obtained and if the quotients are the same, the appointment shall take place by means of a ballot by the whole Shareholders' Meeting, and the candidate who obtains the relative majority of votes shall be elected, subject to compliance with the provisions of articles 20.1.2., 20.1.3., 20.1.4., 20.1.5., 20.1.7., 20.3.1., 20.3.2. and 20.3.3. of the Articles of Association, to which the reader should refer for more information.

On the basis of article 20.9 of the Articles of Association, if only one list is submitted, the members of the Board of Directors will be elected from that list up until the maximum number of candidates included therein. If the number of candidates on the single list is lower than 15, the remaining directors will be appointed by the Shareholders' Meeting passing a resolution with the majority of votes of the share capital represented at the Meeting by those with voting rights, upon proposal of the shareholders present.

In accordance with article 20.10 of the Articles of Association, if no lists are submitted on time, the Shareholders' Meeting shall pass a resolution with the majority of votes of the share capital represented at the Meeting by those with voting rights, upon proposal of the shareholders present. If a number of candidates obtain the same number of votes, another vote shall be held by ballot, subject to the requirements are met set out by law and articles 20.1.2., 20.1.3., 20.1.4., 20.1.5., 20.1.7., 20.3.1., 20.3.2. and 20.3.3. of the Articles of Association with respect to the composition and requirements of members of the Board of Directors, to which the reader should refer for more information.

Please refer to article 20.8 of the Articles of Association regarding the election of the Chairperson and the Deputy Chairperson of the Board of Directors.

In accordance with article 20.11 of the Articles of Association, if during the year, one or more members of the Board of Directors should leave for any reason, provided that the majority still comprises the members appointed by the Shareholders' Meeting, the Board of Directors will make the replacement by co-option, in accordance with article 2386 of the Italian Civil Code, choosing, where possible, from among the candidates originally submitted on the same list as the outgoing member, who confirms their candidature, in compliance with the minimum number of independent directors provided by the Articles of Association and the minimum number of directors who belong to the less represented gender provided for under the Articles of Association and prevailing laws and regulations.

At the subsequent appointment at the shareholders' meeting, in accordance with the principles of independence and gender balance provided by the prevailing laws and regulations and the Articles of Association, the following will be necessary:

- (a) to replace a director who was taken from the list that obtained the highest number of votes, the Shareholders' Meeting will vote on a relative majority basis among the candidates originally on the same list as the outgoing member and who has confirmed his/her candidature. If that is not possible, the Shareholders' Meeting will vote on a relative majority basis without any list restrictions;
- (b) to replace a director who was taken from the Shareholders-Employees List, the Shareholders' Meeting will vote on a relative majority basis from the candidates originally on the same list as the outgoing member and who has confirmed his/her candidature, or, failing this, from the candidates who, if possible, were proposed by the shareholders/employees of the Company or the subsidiaries at the Shareholders' Meeting in accordance with the articles of association relating to the submission of the Shareholders-Employees Lists. If that is not possible, the Shareholders' Meeting will vote on a relative majority basis without any list restrictions;
- (c) to replace a director who was taken from a Shareholders List other than the list that obtained the highest number of votes, the Shareholders' Meeting will vote on a relative majority basis for the candidates submitted on the same list as the outgoing member and who have confirmed their candidature or, failing this, from the candidates on any other Shareholders' Lists besides the Shareholders' List that obtained the highest number of votes and that are not the Shareholders-Employees Lists. If that is not possible, the Shareholders' Meeting will make the replacement by voting

on a relative majority basis without any list restrictions, in accordance with the principle of the necessary representation of minorities;

- (d) to replace a director who was taken from the Board List, if said list had not obtained the highest number of votes, the Shareholders' Meeting will vote on a relative majority basis for the candidates originally on the same list as the outgoing member and who have confirmed their candidature. If that is not possible, the Shareholders' Meeting will vote on a relative majority basis without any list restrictions.

The members of the Board of Directors who have to replace the outgoing members will stay in office up to the expiry of office of the director being replaced.

If the Chairperson of the Board of Directors and/or the Deputy Chairperson, should leave office early, the Board of Directors will replace this person/these persons with the ordinary quorum described under article 23.4.1. of the Articles of Association. A relative majority of the capital represented at the shareholders' meeting with voting rights will vote for the subsequent appointment at the shareholders' meeting, without any list restrictions.

If, due to resignation or for any other reason, more than half of the directors appointed by the Shareholders' Meeting are no longer in office before the expiry of the term, the entire Board will be considered to have resigned and a Shareholders' Meeting will have to be called for the new appointments. However, the Board will remain in office until the Shareholders' Meeting has decided on the re-establishment of the Board, and the acceptance of at least half of the new Directors has been received.

It should be noted that the proposed amendments to the articles of association that will be presented for approval to the ordinary and extraordinary shareholders' meeting called for 7 April 2022, include the amendment of article 20.1.4., which had been introduced as part of the merger between Banco Popolare Soc. Coop. and Banca Popolare di Milano S.c. a r.l. and pending the issuing of the regulatory provisions implementing article 26 of Italian Legislative Decree no. 385/1993, establishing a specific rule for the directors' professionalism requirement, with more stringent requisites compared to those set forth in the Italian Ministerial Decree in force at the time (Italian Ministerial Decree no. 161 of 18 March 1998 containing the "Regulation for the identification of the integrity and professionalism requirements of corporate representatives of banks and grounds for suspension"). Following the entry into force of Italian Ministerial Decree no. 169 of 23 November 2020 - repealing Italian Ministerial Decree 161/1998 - which specifically and more stringently regulated the professionalism requirement of bank directors with respect to Italian Ministerial Decree 161/1998, said provision represents the relevant reference regulation. The proposal that will be submitted to the shareholders' meeting concerns (i) the elimination of the statutory definition of professionalism given that it was absorbed and superseded by the regulatory provision and (ii) the insertion in the articles of association of the reference to the regulation set forth for the Chairperson of the B.o.D. and the Chief Executive Officer, given that, for said top management figures, Italian Ministerial Decree 169/2020 makes provision for additional specific requirements to those envisaged for directors.

\* \* \*

The Board currently in office, appointed by the Ordinary and Extraordinary Shareholders' Meeting held on 4 April 2020, is composed of the following 15 members at the date of this report: Massimo Tononi, Chairperson; Mauro Paoloni, Deputy Chairperson; Giuseppe Castagna, Chief Executive Officer; Mario Anolli, Maurizio Comoli, Nadine Faruque, Carlo Frascarolo, Alberto Manenti, Marina Mantelli, Giulio Pedrollo, Eugenio Rossetti, Manuela Soffientini, Luigia Tauro, Costanza Torricelli, Giovanna Zanotti.

They will remain in office for three financial years (until the approval of the financial statements for 2022) and can be re-elected.

#### **Qualitative-quantitative composition of the Board of Directors**



The optimal qualitative-quantitative composition of the Board of Directors was initially established by the management bodies of Banco Popolare and of BPM on 24 May 2016, in a document entitled "Preliminary analysis of the qualitative-quantitative compositions of the Board of Directors and of the theoretical profile of candidates for the position of Board Member of the company resulting from the merger between Banco Popolare - Società Cooperativa and Banca Popolare di Milano S.c.a.r.l." ("BoD Composition Analysis Document") and presented to the Shareholders' Meetings referred to above to approve the Merger Plan (available on the website [www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) – in the Banco BPM > Investor Relations > BP – BPM Merger section).

Afterwards, at the board meeting of Banco BPM on 30 January 2017, the Board of Directors found that the composition of the Board of Directors in office complied with the qualitative-quantitative optimal composition described in the Board of Directors Composition Analysis Document in accordance with the Articles of Association.

At the meeting of 26 November 2019, the Board of Directors approved - within the scope of the "Board List formation process (article 20.4.2. of the Articles of Association)", decided at the board meeting of 16 July 2019 - the new "Qualitative-quantitative composition of the Board of Directors" completed on 21 January 2020 (the "Qualitative-quantitative composition of the Board of Directors") containing, inter alia, the expected profiles of the members of the Board of Directors, including the particularly significant roles (Chairperson, Deputy Chairperson and Chief Executive Officer). The "Qualitative-quantitative composition of the Board of Directors" is available on the Bank's website ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) – under Corporate Governance section > Shareholders' Meeting > Ordinary and Extraordinary Shareholders' Meeting of 4 April 2020 > Other documentation).

### **Quantitative composition of the Board of Directors**

The composition of the Board of Directors is of central importance for the effective fulfilment of the crucial duties assigned to this body by law, Supervisory Provisions and the Articles of Association. The number of members must be proportionate to the size and complexity of the bank's organisational structure, in order to effectively exercise management and control over all company operations. Therefore, it should not be too large or, conversely, too small.

To that end, the Supervisory Provisions establish, starting from 30 June 2017, that in bigger banks or those with complex operations, the number of directors should not be higher than 15 (fifteen) apart from exceptional cases that must be analytically assessed, with reasons being given. In light of the above, it should be noted that, with reference to its numerical composition, the Articles of Association of Banco BPM establish that the Board of Directors be composed of 15 (fifteen) members.

### **Qualitative composition of the Board of Directors**

From the qualitative standpoint, the members of the Board of Directors must be capable of performing their duties, in accordance with prevailing laws and the Articles of Association, and more especially, they must (i) possess the requirements of professional competence, integrity and, to the applicable extent of the law, independence, and (ii) meet the criteria of expertise, honesty, time commitment and the specific limits to the number of appointments as provided under prevailing laws.

#### Professionalism requirements

All the members of the Board of Directors must possess the professionalism requirements provided for under prevailing laws (especially, article 26 of the Consolidated Banking Law and article 7 of Decree of the Ministry of Economy and Finance no. 169 of 23 November 2020, which entered into force on 30

December 2020 and which applies to appointments and renewals after said date) and the Articles of Association in effect (article 20.1).

### Competence criteria

In addition to the professionalism requirements, the Directors have to meet the expertise criteria requirements set out in article 10 of Italian Ministerial Decree 169/2020, also in the meaning of knowledge and experience, as provided under prevailing laws (including the EBA/ESMA, Joint Guidelines on the assessment of the suitability of members of the management body and key function holders - September 2017) - hereinafter the "EBA-ESMA Guidelines") and ECB (Guide to fit and proper assessments of 15 May 2017 and updated most recently in December 2021, hereinafter the "ECB Guidelines") in accordance with the nature of the position/job covered and the size and operational characteristics of Banco BPM. Past professional experience is significant for this purpose, in addition to the technical knowledge (and expertise) acquired through learning and training.

The Board of Directors has defined the optimal composition in order to ensure both complementarity in terms of experience and expertise accumulated and the development of the personal and behavioural characteristics of its members, and to represent the applicable aspects of diversity.

In this scope, the importance of identifying profiles with adequate availability of time and resources was also considered so that the candidates could fulfil their roles on the Board and on the internal board committees as best and efficiently as possible.

With reference to prevailing laws, significant attention was paid to CRD IV and the Supervisory Provisions in relation to the internal control system, and developments in the laws governing listed Companies (including, by way of example, the Code of Corporate Governance approved by the Corporate Governance Committee); special attention was also focussed on the instructions contained in soft law, i.e. the ECB Guidelines and the EBA-ESMA Guidelines governing the suitability of banking representatives.

With reference to the professional experience requirements - subject to compliance with the provisions of prevailing laws and the provisions of the articles of association in effect (article 20.1.4 <sup>(2)</sup>) - the expertise/experience that will make a candidate more fully qualified for the role of non-executive director is reported below:

- experience of at least 3 years recently accumulated in the business of financial and/or banking service/markets in non-executive or executive roles (Head of a company or top management) in Italy and/or abroad. In accordance with the role to cover, significance will also be the experience accumulated in relation to the above-mentioned business in the professional, academic or public sectors;
- core experience in the business of a universal bank (retail, credit, private banking, asset management, bancassurance, etc.);

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<sup>(2)</sup> Without prejudice to the various and/or additional requirements established in prevailing laws, all members of the Board of Directors must have adequate experience, obtained through at least five years of administrative and/or management and/or audit activities, in Italy or abroad, or at least three years as a chairperson, chief executive officer and/or general manager, in: (i) banks, financial companies, asset management companies; or (ii) insurance companies; or (iii) companies with shares traded on a regulated market in Italy or abroad; or (iv) companies other than those mentioned above, which, individually or at a consolidated group level, have turnover exceeding €100 million, as resulting from the most recently approved financial statements. Candidates who have not accrued said professional experience may also be elected, provided that they are not a majority, if: (a) they are or have been tenured university professors for at least five years in legal, corporate, economic or mathematics/statistics/corporate engineering faculties; or (b) are or have been registered for at least ten years in the professional associations of chartered accountants, public notaries or lawyers; or (c) have covered for at least three years administrative level roles in public administrations or independent authorities with institutional competence in matters pertinent to banking, insurance or financial activities.

- expertise and experience in the assessment and management of the main types of risk relating to banking activities or in financial services;
- expertise and experience in financial statements, accounting policies and tax accrued in the financial sector or in audit companies;
- strategic planning experience gained in a listed or multinational companies or leading strategic international consultation companies, preferably in financial services;
- specific skills in information systems and new technologies applied to the banking and financial sector gained in leading international strategic consulting firms or in companies, preferably listed, with executive or non-executive roles;
- legal-economic, corporate or regulatory expertise and experience, preferably in the banking, financial or financial services sectors, accumulated in leading law firms or in large companies or groups;
- expertise and experience in governance and organisational structures accumulated in listed or multinational companies in executive or non-executive roles, or with leading international consultancy companies;
- skills and experience in human resources, as well as remuneration systems and policies, gained in listed or multi-national companies with executive or non-executive roles, or with leading international consulting firms;
- expertise and experience in the area of sustainability.

Specific expertise is also required, for the areas of respective interest, by the members of the internal board committees. Special attention is paid to members who cover the role of Chairperson in the above-mentioned internal board committees, as they are also required to have specific experience as well as specific knowledge and skills in the matters respectively attributed to the committee to which they belong.

The Corporate Governance Code also requires that at least one member of the:

- i. Control and Risk Committee must have adequate knowledge and experience in accounting and financial matters or in risk management;
  - ii. Remuneration Committee must have adequate knowledge and experience in "financial matters or remuneration policies",
- to be assessed by the Board of Directors upon appointment to the committees.

*Required profiles of the particularly significant roles on the Board*

#### Chairperson of the Board of Directors

The expertise/experience that will make a candidate more fully qualified for the role of Chairperson of the Board of Directors is reported below;

- Ten years of professional experience recently accumulated. This experience must include a significant portion of high level managerial positions and significant technical awareness in the banking or equivalent area;
- High level of intellectual independence and integrity to ensure the sound and prudent management of the Bank;
- Consolidated reputation on the Italian and international market, in full compliance with the distinctive image of the Group;
- Ability to represent the Bank before local and international regulatory bodies, and significant institutions, being a convincing ambassador of the basic values of the Group;
- *Leadership skills in managing people, along with strong emotional intelligence, the ability to listen and independence of thought to be employed in the Board in his/her role as "super partes";*
- Experience in governance matters in comparable contexts in terms of size and complexity;
- Expertise in the quantitative, regulatory and financial reporting areas in order to face challenges with respect to the CEO and top management;

- Continuous willingness to examine the details of constantly evolving regulations, developments in the industry as a whole and peer relations, including at European level.

#### Deputy Chairperson of the Board of Directors

The expertise/experience that will make a candidate more fully qualified for the role of Deputy Chairperson of the Board of Directors are reported below:

- *Leadership skills in managing people, along with strong emotional intelligence, the ability to listen and independence of thought;*
- Ability to facilitate dialogue within the Board of Directors;
- Capacity to represent the Bank in place of the Chairperson in the event of his/her absence or impediment;
- Adequate availability of time to stand in for the Chairperson in the event of his/her absence or impediment.

#### Chief Executive Officer (CEO)

The expertise/experience that will make a candidate more fully qualified for the role of Chief Executive Officer is reported below:

- Ten years of recent professional experience accumulated in sectors related to banking or financial services. This experience - preferably as a CEO of banks of a similar complexity to Banco BPM - must include holding high level managerial positions for a significant portion of the above-mentioned period;
- High level of intellectual independence, integrity and reputation with respect to the lawmakers and investors, in full compliance with the distinctive image of the Group;
- High level of sensitivity and exposure to the European and Italian markets;
- *Leadership skills in the management of people along with the ability to establish and lead high level and senior teams in a complex organisation;*
- Consolidated experience in leading listed companies, of a similar complexity to Banco BPM;
- Deep understanding of regulatory matters, risk and all aspects of capital management, experience in financial reporting, accounting policies and tax matters, accumulated in highly regulated contexts;
- Solid capacity to lead and develop the commercial aspects of the banking sector, especially in the retail division, but also in private banking, asset management, investment banking, bancassurance, etc.;
- Good understanding and fit with the culture and business model of the Banco BPM;
- Proven strategic capacity, short/medium/long-term planning vision;
- Proven capacity to be resilient in highly stressful situations.

#### Capability requirements

In addition to the professional competence requirements referred to above, the characteristics and personal skills of the candidate (known as soft skills) are duly considered, as indicated by the EBA/ESMA Guidelines, which should be referred to for further details.

When identifying the candidate profiles for the position of Chairperson of the Board of Directors, Board leadership capacity and coaching/development of the Directors should be duly considered, also in relation to the future identification of the Directors that will head up the internal board committees.

### Integrity requirements

All the candidates for appointment as members of the Board of Directors must comply with the integrity requirements in accordance with prevailing laws. More specifically, the members of the Board of Directors:

- must meet the requirements of integrity set out in article 3 of Italian Ministerial Decree no. 169/2020 and Italian Ministerial Decree no. 162/2000;
- must not be involved in situations that could give rise to suspension from the position in accordance with Italian Ministerial Decree 169/2020.

The failure to comply with the integrity requirements will make it impossible to take on the office or will lead to loss of the office.

### Correctness criteria

In addition to the integrity requirements, Directors will have to fulfil the criteria for fairness set forth in article 4 of Italian Ministerial Decree 169/2020, intended as good reputation, honesty, integrity and financial strength, established by prevailing laws (including the EBA-ESMA Guidelines and the ECB guidelines). More specifically, it is important that the members of the Board of Directors:

- have not behaved in a way that is not in line with their position as member of the Board of Directors of the Bank even though not necessarily a criminal offence, or that could result in consequences that are seriously prejudicial to the Bank's reputation;
- do not - and did not in the past - find themselves in situations that, with regard to the economic activities and financial conditions of the candidates (or the companies controlled by them or with significant stakes or direct interest) are - or were - including on a potential basis, capable of affecting their reputations.

A Director will be considered to fulfil the integrity requirements if there are no elements that would suggest the contrary or if there are no grounded doubts on his/her integrity.

### Availability of time and commitment required of the Directors

The availability of time and resources to dedicate to the performance of the position of Director, due to its nature and quality, is a basic requirement that candidates must guarantee, also in relation to the activities resulting from the participation in the work of the internal board committees of which they are members.

With regard to the specific situation of Banco BPM, note - for information purposes - that during 2021, 22 meetings of the Board of Directors, 20 meetings of the Internal Control, Risks and Sustainability Committee, 18 meetings of the Appointments Committee and 26 meetings of the Remuneration Committee were held. In addition to the above, there will have to be a commitment to take part in the Induction meetings and ongoing training, in addition to any off-site training and anything resulting from the participation of the Directors as invitees in the Committees to which they do not belong. In addition to the time needed for the meetings, the time needed for each Director to get to the meetings and prepare for the meetings must be added.

In view of the above, the Board of Directors recommends that candidates should accept the position if they believe they can dedicate the time and energy necessary, taking account of the amount of time needed for other working or professional activities, in addition to the performance of duties for positions held in other companies.

In this regard, and paying special attention to the proper functioning of the Board of Directors and the contribution of each member to the internal dialogue of the relevant body, an estimate was prepared, in conjunction with the drafting of the "Qualitative-quantitative composition of the Board of

Directors" - based on the average of the number of meetings held in the 2017-2019 three-year period and confirmed by means of Board resolution of 6 May 2021 at the time of the annual assessment of the *time commitment* of the members of the Board of Directors - to be taken as a reference to evaluate the minimum time considered necessary for the effective participation in meetings, summarised in the table below, noting that the estimation of the time commitment for participation in the Committees must be understood to include the time commitment involved in being a mere Director:

Position	Commitment estimate (days/year)
Chairperson	200 days
Chief Executive Officer	Full time
Deputy Chairperson	100 days
Non-Executive Director	40 days
Commitment for Committees	
Position	Estimated commitment (BoD + Committee) (days/year)
Chairperson of the Internal Control, Risks and Sustainability Committee	75 days
Member of the Internal Control, Risks and Sustainability Committee	57 days
Chairperson of the Appointments Committee	52 days
Member of the Appointments Committee	46 days
Chairperson of the Remuneration Committee	52 days
Member of Remuneration Committee	46 days

#### Limit to the accumulation of external positions

Board Directors shall comply with prevailing laws (articles 17-19 of Italian Ministerial Decree 169/2020, article 91 CRD IV, article 36 Italian Law Decree no. 201/2011, converted into Italian law no. 214/2011; article 2390 Italian Civil Code) and the articles of association (articles 20.1.3., 20.3.2. and 20.3.3.) regarding the taking up of positions in other companies other than the Bank.

On the basis of article 17 of Italian Ministerial Decree 169/2020, article 91 of the Directive CRD IV and article 3.1 of the Regulation "Limits to the accumulation of positions" of the Bank, referred to by article 20.3.3. of the Articles of Association, the members of the Board of Directors of the Bank can contemporaneously (also taking account of the positions covered within the Group) only hold one of the following combinations of corporate positions:

a) 1 executive position with 2 non-executive positions;

or

b) 4 non-executive positions.

The above was set out under article 3.1 of the above-mentioned Regulation on the basis of which the following limits to taking on positions are provided for the Boards of Directors of the Group Banks:

a) those who carry out roles with executive functions in Group Banks cannot take on executive positions in companies that do not belong to the Group while they can take on 2 non-executive positions in companies that do not belong to the Group;

b) those who cover positions with non-executive functions in Banks of the Group, may hold the following combinations of offices:

– 1 executive position in companies not belonging to the Group and 1 non-executive position in companies not belonging to the Group;

alternatively

– 3 non-executive positions in companies that do not belong to the Group.

If the limits of the accumulation of positions are exceeded, upon appointment, or during the term of office, the Director involved must promptly inform the body it belongs to, who will set a time limit by which the person involved will have to make the consequent decisions to fall back within said limits.

Additionally, subject to any other incompatibility provided by prevailing laws (including the prohibition on interlocking directorships in accordance with Italian Law no. 214 of 22 December 2011), the position of Director is not compatible with offices of a political nature, meaning national parliamentary duties or as a member of the government. It is also recommended that the position of Director is not carried out by persons who hold European parliamentary office, or are members of regional, provincial or municipal councils (limited to the municipal capitals of Provinces).

The Board of Directors will conduct an annual check to ensure that the limits provided by said Regulation are being complied with by the representatives. The Board of Directors may, having assessed the situation in the interests of the Group, allow the limits to be exceeded by the representative subject to the opinion of the Appointments Committee, and, in any case, subject to the mandatory limits provided by the laws and/or the regulations of the European Union, Italy, or set out under the Articles of Association.

During 2021, the Board of Directors found that the members of the Board of Directors, the Board of Statutory Auditors (standing members) and General Management had complied with the limits set out under the Position Accumulation Limits Regulation, and did not find any significant cases with respect to application of Italian Law no. 214 of 22 December 2011 (known as Interlocking Directorship).

For further details and specifications regarding the position accumulation limits, please refer to the Rule "Position accumulation limits" available on the Bank's website ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) – Corporate Governance section).

#### Statutory independence and Independence of judgement

In accordance with the Articles of Association, at least 8 Directors must possess the independence requirements established by article 20.1.6. of the Articles of Association in effect.

All the directors must act with independence of judgement, pursuing the sound and prudent management of the Bank and in compliance with all applicable laws.

#### Guidelines on diversity matters

In accordance with the provisions of prevailing laws and regulations, and best practices, it is considered necessary to ensure adequate diversification of the members of the Board of Directors with regard to both gender and expertise, and also to adopt an age policy.

More specifically, subject to the provisions of prevailing regulations, in order to ensure adequate discussion within the governing body, it is important for the composition of the body to reflect an adequate degree of diversification in terms of gender.

In compliance with legal and regulatory provisions governing equal access to the management and control bodies of companies listed in regulated markets, and more specifically the amendments to article 147-ter of the Consolidated Law on Finance introduced by article 1, paragraphs 302 and 304, of Italian Law no. 160 of 27 December 2019, it was provided that - starting from the first renewal of the management and control bodies of listed companies after the date of entry into effect of the law - the less represented gender for six consecutive terms of office must account for at least two fifths of the directors elected.

In light of the current regulatory environment, at least 6 (six) members of the Board of Directors must comprise the less represented gender.



Additionally, subject to the provisions of prevailing laws, to ensure that the governing body, as a collective body, can pursue suitable strategies and ensure the effective governance of risks in all areas of operations, the composition of the governing body provides for the balanced and diversified presence of directors who, individually, have accrued the expertise and experience in the banking, financial and financial services sectors as indicated in paragraph 3.2.2 of the "Qualitative-quantitative composition of the Board of Directors".

Lastly, the Board of Directors approved a specific fit & proper policy for company representatives in order to regulate, in an organic document, the suitability requirements that the members of the Board of Directors, the Board of Statutory Auditors, the General Management and the Top Management must meet, as well as the necessary guidelines on diversity (i.e. gender, skills, age of the Directors).

#### Overall suitability of the Board of Directors

In order to ensure the collective suitability of the body, the members of the Board of Directors must reflect a balanced composition of experience and technical knowledge (in the areas indicated below), of managerial and/or entrepreneurial experience, identified based on an approach that gives preference to concrete, substantial and positive aspects, compared to abstract, theoretical and merely negative ones, as well as outstanding professionals from academics, business consultants or freelancers:

- *banking and finance businesses;*
- *other financial businesses;*
- *legal-economic and accounting experience;*
- *strategic planning, knowledge of strategic business guidance or the business plan of a credit institution and its implementation;*
- *IT and Digital;*
- *Governance and organisational structures;*
- *human resources and remuneration systems;*
- *risks and controls (identification, assessment, monitoring, control and mitigation methods of the main types of risk of a credit institution);*
- *marketing and commercial.*

#### Induction/continued training Board activities

Banco BPM, also in light of the provisions of the ECB Guidance and the EBA/ESMA Guidelines, promotes, through the Chairperson of the Board of Directors, the participation of Directors, Statutory Auditors and members of the General Management in the applicable training programmes aimed at providing in-depth knowledge of the sectors that the Bank and Group operate in and to guarantee the continuity and maintenance of the experience accumulated, over the years, by the corporate bodies of Banco BPM.

The training and induction plans are also aimed, in particular, at helping Directors and Statutory Auditors to get a clear understanding of the structure of the Bank and the Group, the business model, the proper risk management profiles, the legal and regulatory framework in place and to give them in-depth knowledge of issues of strategic relevance.

On the basis of the above, training sessions were organised during 2021, also open to the Statutory Auditors and the representatives of the Group Banks invited if necessary, and that represented - as encouraged by the Supervisory Provisions of the Bank of Italy and the Code of Corporate Governance) - an opportunity to obtain more in-depth information on matters of current interest and relevance for the banking system.

More specifically, the matters addressed in 2021 concerned, in particular, the following: (i) the new Code of Corporate Governance; (ii) the general guidelines of Italian Legislative Decree 231/01 and the

main offences set forth in the regulation; (iii) banking business matters and regulations; (iv) the management of conflicts of interest of company representatives; (v) risks and controls; (vi) selection and management of human resources; (vii) outsourcing strategies and the associated governance tools..

The Directors were also updated - inter alia with specific information reports provided during the board and collective meetings - on the main legislative and regulatory news involving the Company and the corporate bodies. In order to ensure that the members of the Board of Directors are kept constantly updated and trained, a regulatory alerting service was prepared and created by the applicable company departments on topics of legal and tax interest.

### Succession plans

The Succession plans of Banco BPM were initially approved at the Board meeting of 14 March 2017 and subsequently amended, following the restructuring of the Network and Office structures, at the meetings on 7 November 2018 and 5 August 2019, expanding the scope of company positions forming the object of said plans. Lastly, at the meeting of 31 March 2020, the Board of Directors once more took action, with the support of the Appointments Committee, by conducting an additional review of the succession plans prepared in order to organically govern the succession plan of the top executive management positions, consistently with the provisions of current regulations (Bank of Italy Circular no. 285 of 17 December 2013 and subsequent amendments and additions) as well as the recommendations contained in the Code of Corporate Governance.

In particular, the following were defined:

- (i). the methods of identification of potential replacements of company personnel subject to succession plans, in the assumption of their termination of employment;
- (ii). the corporate bodies and other entities involved in preparing succession plans;
- (iii). methods and time frames with which succession plans are subject to review;
- (iv). methods and time frames for implementation of the succession.

The "Banco BPM Group succession plans" prepared and approved by the Board of Directors concern the offices of:

- CEO of Banco BPM;
- Co-General Managers of Banco BPM;
- Senior operational and executive managers (Chief Lending Officer and Chief Financial Officer);
- Control Function Managers:
- Internal Audit Manager;
- Compliance Manager;
- Risk Manager;
- Anti-Money Laundering Function Manager;
- Internal Verification Function Manager;
- Manager responsible for preparing the Company's financial reports;
- CEO of Banca Aletti;
- Chief Executive Officer of Banca Akros;
- Chief Executive Officer of ProFamily;
- General Manager of Banca Aletti & C. Suisse;
- Chief Executive Officer of Bipielle Real Estate;
- Chief Executive Officer of Release.

For each individual position, processes are provided for the appointment, the roles of the Committees involved were explained and the methods for ensuring business continuity were specified, referencing the system of powers in force from time to time and identifying the company structures able to provide for the temporary absence of department managers.

In addition, an annex was inserted in the document called "Description of the role profiles", in which, for each position considered, a description of the profile was prepared, which highlights the necessary requirements for said position.

\* \* \*

The composition of the Board of Directors complies with the provisions of the articles of association regarding the independence and gender balance of its members and the provisions in the above-mentioned "Qualitative-quantitative composition of the Board of Directors". In addition, all 15 members of the Board of Directors meet the professional competence and integrity requirements as well as observe the competence and fairness criteria established in the legislation in force and the company's articles of association.

More specifically, with regard to the professional competence requirement, each Director has specific expertise, acquired also outside Banco BPM, in order to carry out their mandates. The composition of the Board of Directors includes Directors representing the world of academia, professionals, who bring, as a whole, wide-ranging diversified expertise on banking, legal-economic, accounting, financial, strategic planning, IT and digital, governance and organisational structures, human resources and remuneration systems, risks and controls, marketing and sales, acquired through diversified experience, including in the world of business, with initiatives of particular significance and success.

With regard to the requirement of independence for the current Board of Directors, please refer to paragraph 6.7 of this report for further information.

Pursuant to article 20.1.6. of the Articles of Association, the following are considered to be "executive directors":

- (i) the chief executive officer, directors to whom the Board of Directors have granted powers pursuant to article 2381, paragraph two of the Italian Civil Code (and article 24.2.2., letter f), of the Articles of Association) and directors who de facto carry out roles pertinent to the current management of the company for which they serve as directors;
- (ii) the directors who are members of an executive committee;
- (iii) members of a board of directors who hold managerial positions in the company they manage, supervising certain areas of company management.

Pursuant to article 20.1.6. of the Articles of Association, executive directors cannot be considered to be independent.

The only executive Board Director, and therefore not independent on the basis of the provisions of the Code of Corporate Governance, is Giuseppe Castagna, based on said person's position as Chief Executive Officer.

Also bear in mind that the Chairperson of the Board of Directors is qualified as "non-executive" as he/she does not have management powers.

The ordinary and extraordinary shareholders' meeting of Banco BPM, held on 4 April 2020, appointed the following 15 members of the Board of Directors, who shall remain in office for three financial years (until approval of the financial statements for 2022) and who can be re-elected. The following table shows information on each member of the Board of Directors in office as at 31 December 2021, considering that from 1 January 2022 to the date of this report, 3 meetings of the Board of Directors were held.

Surname and Name	Office held	Year of birth	Date of first appointment	In office from	In office to	List <sup>I</sup>	Exec. <sup>II</sup>	Indep. Article s of Association <sup>III</sup>	Indep. C. C.G.. (corporate governance committee) <sup>IV</sup>	Indep. Cons. Law on Finance <sup>V</sup>	% BoD <sup>VI</sup>	Other offices <sup>VII</sup>
Massimo Tononi	Chairperson, Director	1964	4-Apr-2020 28-Feb-2020	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	1
Mauro Paoloni	Deputy Chairperson, Director	1960	1-Jan-2017	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	NO	NO	YES	100%	4
Giuseppe Castagna	Chief Executive Officer Director	1959	1-Jan-2017	1-Jan-2017	Approv. financial statements as at 31.12.2022	1	YES	NO	NO	NO	100%	1
Mario Anolli	Director	1963	1-Jan-2017	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	1
Maurizio Comoli	Director	1958	1-Jan-2017	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	NO	NO	YES	100%	6
Nadine Farida Faruque	Director	1960	4-Apr-2020	4-Apr-2020	Approv. financial statements as at 31.12.2022	2	NO	YES	YES	YES	100%	0
Carlo Frascarolo	Director	1956	1-Jan-2017	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	5
Alberto Manenti	Director	1952	4-Apr-2020	4-Apr-2020	Approv. financial statements as at 31.12.2022	2	NO	YES	YES	YES	90.91%	1
Marina Mantelli	Director	1956	4-Apr-2020	4-Apr-2020	Approval of financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	0
Giulio Pedrollo	Director	1972	1-Jan-2017	4-Apr-2020	Approval of financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	8
Eugenio Rossetti	Director	1956	4-Apr-2020	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	3

Manuela Soffientini	Director	1959	1-Jan-2017	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	95.45%	2
Luigia Tauro	Director	1962	4-Apr-2020	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	95.45%	1
Costanza Torricelli	Director	1961	1-Jan-2017	4-Apr-2020	Approv. financial statements as at 31.12.2022	1	NO	YES	YES	YES	100%	0
Giovanna Zanotti	Director	1972	4-Apr-2020	4-Apr-2020	Approv. financial statements as at 31.12.2022	3	NO	YES	YES	YES	100%	2

<sup>I</sup>: This column shows the number of the source list based on the order of presentation of the lists.

<sup>II</sup>: This column indicates the Directors who are considered "executive" pursuant to the Code of Corporate Governance.

<sup>III</sup>: This column indicates whether or not the Directors fulfil the independence requirement pursuant to article 20.1.6. of the Articles of Association.

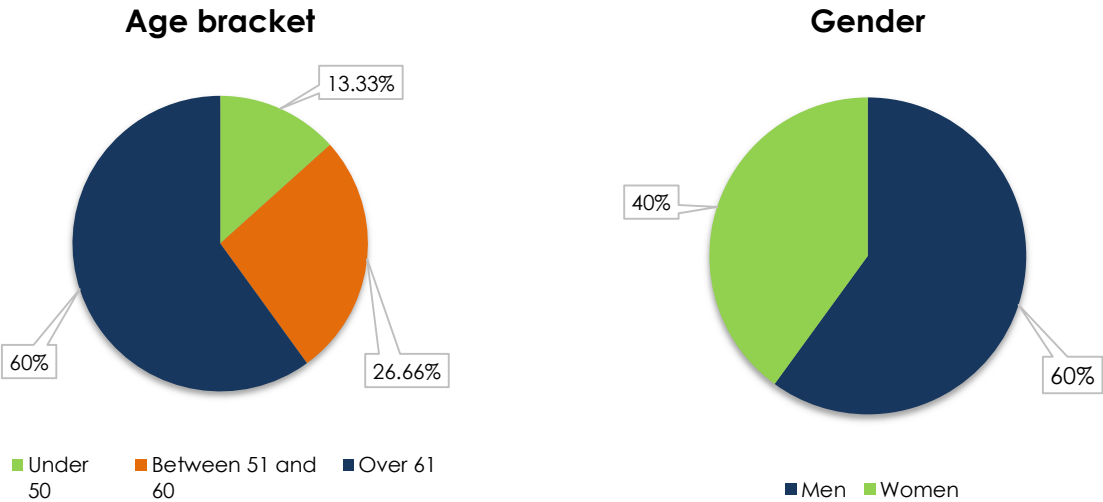
<sup>IV</sup>: This column indicates whether or not the Directors fulfil the independence requirement pursuant to the application criterion indicated in article 2 of the Code of Corporate Governance.

<sup>V</sup>: This column indicates whether or not the Directors fulfil the independence requirement pursuant to article 148, paragraph 3 of the Consolidated Law on Finance.

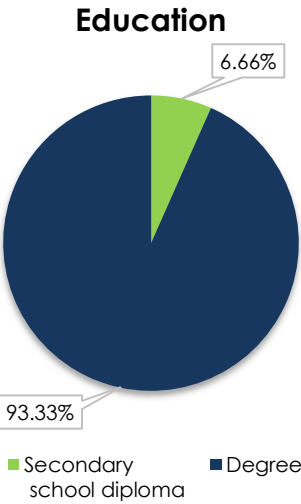
<sup>VI</sup>: This column indicates the attendance, in percentage terms, at the meetings of the Board of Directors held in 2020, taking the period of application of the office as reference.

<sup>VII</sup>: This column shows the total number of directorship, management and control positions held in other listed, financial, banking, insurance or significantly sized companies; the latter have been identified in light of the provisions set forth in the Regulation "Limits to the accumulation of positions" adopted by Banco BPM. The detailed list of positions is provided in annex 1 to this report.

The table below provides information on the composition of the Board of Directors as indicators of diversity.



Average age 60.33 years old.



The table below indicates, for each Board director currently in office: i) the attendance - as Chairperson (C), Deputy Chairperson (DC) or member (M) in the internal board committees, called in accordance with the Code of Corporate Governance (Internal Control, Risks and Sustainability Committee, Appointments Committee and Remuneration Committee); (ii) the attendance in percentage terms at meetings considering that between 1 January and 31 December 2021:

- the Internal Control, Risks and Sustainability Committee (**C.C.I.R.S.**) met 20 times;
- The Appointments Committee (C.N.) met 18 times;

Surname and Name	Office held	C.C.I.R.S.	% C.C.I.R.S.	C.N.	% C.N.
Massimo Tononi	Chairperson, Director				
Mauro Paoloni	Deputy Chairperson, Director			M	94.44%
Giuseppe Castagna	Chief Executive Officer, Director				
Mario Anolli	Director	M	95.00%		
Maurizio Comoli	Director	M	100%		
Nadine Farida Faruque	Director	M	100%		
Carlo Frascarolo	Director			C	100%
Alberto Manenti	Director				
Marina Mantelli	Director			M	100%
Giulio Pedrollo	Director				
Eugenio Rossetti	Director	C	100%		
Manuela Soffientini	Director				
Luigia Tauro	Director	M	100%		
Costanza Torricelli	Director				
Giovanna Zanolli	Director				

The table below indicates, for each Board director: i) the attendance - as Chairperson (C), Deputy Chairperson (DC) or member (M) - in further internal committees: Remuneration Committee and Related Parties Committee of the Board of Directors (the latter created in addition to the recommendations provided for in the Code of Corporate Governance); (ii) the related attendance in percentage terms at meetings considering that between 1 January and 31 December 2021:

- The Remuneration Committee (**Rem.C.**) met 26 times;
- the Related Parties Committee (**R.P.C.**) met 6 times.

Surname and Name	Office held	Rem.C.	% Rem.C.	R.P.C.	% R.P.C.
Massimo Tononi	Chairperson, Director				
Mauro Paoloni	Deputy Chairperson, Director				
Giuseppe Castagna	Chief Executive Officer, Director				
Mario Anolli	Director				
Maurizio Comoli	Director				
Nadine Farida Faruque	Director				
Carlo Frascarolo	Director				
Alberto Manenti	Director	M	100%		
Marina Mantelli	Director				
Giulio Pedrollo	Director	M	100%	M	100%
Eugenio Rossetti	Director				
Manuela Soffientini	Director	C	100%		
Luigia Tauro	Director				
Costanza Torricelli	Director			C	100%
Giovanna Zanotti	Director			M	100%



Some short biographical notes on the members of the Board of Directors are set out below, showing that they have adequate professional competence in the areas of banking, finance, legal, corporate, tax, organisational-IT and risk management:

- Massimo Tononi – *Chairperson of the Board of Directors*: graduated in Business Economics from the Bocconi University in 1988. Until 1993, he worked at the London office of Goldman Sachs, dealing mainly with business mergers and acquisitions. In 1993 he became Assistant to the Chairperson of IRI, later returning to Goldman Sachs in 1994 where he became Partner Managing Director, first at the Milan office and then in London. In 2006 he was appointed Under-Secretary of State in the Italian Ministry for the Economy and Finance, with duties regarding the public debt and State-owned companies. He returned to Goldman Sachs in 2008, where he stayed for another two years. He has been Chairperson of Borsa Italiana (2011-2015), Cassa di Compensazione e Garanzia (2013-2015), Prysmian (2010-2018), Istituto Atesino di Sviluppo (2012-2018) Banca Monte dei Paschi di Siena (2015-2016) and Cassa Depositi e Prestiti (2018-2019), Deputy Chairperson of ABI (2016) and Director of the London Stock Exchange Group (2010-2015), Mittel (2010-2014), Sorin (2010-2015), Italmobiliare (2014-2018), Il Sole 24 Ore (2016-2018) and Mediobanca (2017-2018), as well as a member of the Italian Corporate Governance Committee (2011-2020). He is currently a member of the Board of Directors of the Italian Banking Association and a member of the Strategic Advisory Board of Nextalia SGR S.p.A.. From 28 February 2020 he has been a Member of the Board of Directors of Banco BPM S.p.A. and, from 4 April 2020, the Chairperson of the Board of Directors.
- Mauro Paoloni – *Deputy Chairperson of the Board of Directors*: Full Professor of Business Economics at Roma Tre University and a practising business consultant, providing advisory services on finance, accounting, extraordinary transactions and corporate crisis management, as well as company valuation services. He was Deputy Chairperson of the Supervisory Board of Banca Popolare di Milano from 2013 (where he had been a Member of the Supervisory Board and Member of the Internal Control Committee since 2011) until 31 December 2016. He has been a Member of the Interbank Deposit Protection Fund since 2017 and a member of its executive committee since 2019. He became a Member of the Board of Directors of the Italian Banking Association in early 2017. He has been Chairperson of the Board of Directors of Bipiemme Vita S.p.A. (Covea Group) since 2014 and Bipiemme Assicurazioni S.p.A. since 2017; Chairperson of the Board of Statutory Auditors of Grottini S.r.l. since 2011; and Member of the Board of Directors of Unione Fiduciaria S.p.A. since 2013. Since 2012 he has held the position of Technical Consultant of Aerolinee Itavia S.p.A. under Extraordinary Administration, Sole Liquidator of Dahlia Tv S.p.A. as well as the Chairperson of the Board of Statutory Auditors of the National Association of Municipalities of Italy (Associazione Nazionale Comuni d'Italia). He WAS a member of the Board of Accounting Auditors of the Italian Medicines Association (Associazione Italiana del Farmaco) and is still a member of the Board of Accounting Auditors of the Superior Council of the Judiciary (Consiglio Superiore della Magistratura). Since December 2019, he has been Chairperson of the Board of Statutory Auditors of IRCCS "L. Spallanzani" in Rome. Between 2012 and 2016 he held the office of Standing Auditor of Banca Akros S.p.A. He was Chairperson of the Board of Statutory Auditors of Credsec S.p.A. between 2004 and 2016, which already operated in the credit sales market. In the past, he held numerous offices, among which the following are mentioned: Chairperson of the Board of Statutory Auditors of Hegemon S.p.A. (2010-2012); Strategic Consultant at the Italian Ministry of Economic Development (2009-2010); Chairperson of the Board of Statutory Auditors of the Policlinico Tor Vergata Foundation in Rome (2008-2014); Chairperson of the Board of Statutory Auditors of Cofiri SIM S.p.A. (Capitalia Group) (2004-2011); Standing Auditor of Unicredit Banca di Roma S.p.A. (2008-2011); Independent director and member of the Internal Control Committee of Servizi Italia S.p.A., a company listed on the Italian Stock Exchange (2007-2014); Strategic Consultant to the Italian Ministry of Education (2006-2008); Independent Director and Chairperson of the Supervisory Body of Selex Sistemi Integrati (Finmeccanica Group Company) (2006-2011); Standing Auditor of Banca di Roma S.p.A. (2000-2008); Standing Auditor of the Italian Medicines Agency (Agenzia Italiana del Farmaco) (2015-2017); member of the Supervisory Body of Banca Popolare di Mantova (2013-2017); member of the

Supervisory Body of Profamily S.p.A. (2012-2017); Chairperson of the Board of Statutory Auditors of Cofiri S.p.A. (Capitalia Group) in liquidation (2008-2016). From 1 January 2017 until 4 April 2020 he was Deputy Chairperson of the Board of Directors of Banco BPM S.p.A., from 10 January 2017 until 4 April 2020 member of the Executive Committee and from 27 March 2018 until 4 April 2020 Member of the Charitable Donations Committee. He has been Deputy Chairperson of Banco BPM's Board of Directors since 4 April 2020 and a member of the Appointments Committee since 7 April 2020.

- Giuseppe Castagna – *Chief Executive Officer*: From 21 January 2014 to 31 December 2016 he was Chief Executive Officer and General Manager of Banca Popolare di Milano S.c. a r.l. He also held significant management positions at Intesa Sanpaolo banking group, where he worked from 1981 to 2013. More specifically, (i) since 1999 he has held the position of Head of the Large Corporate Service in Central Management first in Comit with the position of Co-Director of Central Management (April 1999), then in Intesa BCI following the merger between Banca Intesa and Comit in April 2001; (ii) in 2003, he became the Manager of the Large Corporate and Structured Finance Service Department of the Corporate Division of Intesa Sanpaolo S.p.A.; (iii) from 2005 to 2009, he acted as Manager of the Large and Mid Corporations Department of the Corporate Division of Intesa Sanpaolo S.p.A. In 2008, he was Coordinator of the Foreign Network Department of the Corporate and Investment Banking Division of Intesa Sanpaolo S.p.A.; (v) in 2009, he was in charge of Corporate Relationship Management in the Corporate and Investment Banking Division of Intesa Sanpaolo S.p.A.; (vi) Between 2009 and 2013, he served as Regional Director for Campania, Basilicata, Calabria and Apulia, and General Manager at Banco di Napoli S.p.A. (760 Branches) becoming, in addition, from 2011, Regional Director of Sicily (940 Branches); (vii) from 2012 to 2013 he took over the management of the Banca dei Territori Division of the Intesa Sanpaolo Group, reporting directly to over 20 Group Network Banks and approximately 47,000 employees and held the position of General Manager of the Intesa Sanpaolo Group (maintaining ad interim the General Management of Banco di Napoli). Furthermore, he held the following offices between 2003 and 2013: Member of the Board of Directors and member of the Executive Committee of Mediofactoring S.p.A.; Administrateur of the Société Européenne de Banque S.A. Luxembourg; Member of the Board of Directors and of the Executive Committee of Leasint S.p.A.; Member of the Management Committee of SRM - Studi e Ricerche per il Mezzogiorno; Member of the Board of Directors of Banco Napoli S.p.A.; Member of the Board of Directors of IMI Fondi Chiusi SGR S.p.A.; Chairperson of the Regional Commission of ABI Campania; Member of the Board of Directors of Intesa Sanpaolo Private Banking S.p.A. and Member of the Board of Directors of Agriventure S.p.A.. He has been a Member of the Board of Directors of Banca Aletti S.p.A. since April 2018 and Director of the Italian Banking Association since July 2018. Since 1 January 2017 he has been Chief Executive Officer of Banco BPM S.p.A.; from 10 January 2017 he was Deputy Chairperson of the Executive Committee and from July 2019 until 4 April 2020 he assumed the position of Chairperson of the Executive Committee. In 2020, he was awarded the title of Cavaliere del Lavoro by the President of the Italian Republic, Sergio Mattarella.
- Mario Anolli – *Member of the Board of Directors*: since 2004, he has been a Full Professor of Financial Brokerage Administration at the Banking, Financial and Insurance Sciences Faculty of the Università Cattolica del S. Cuore in Milan. He was Dean of the Faculty between 2006 and 2014. He has been a Member of the Board of Directors of Banco BPM S.p.A since 1 January 2017, he was the Chairperson of the Internal Control and Risks Committee and Deputy Chairperson of the Related Parties Committee from 10 January 2017 until 4 April 2020, Deputy Chairperson of the Charitable Donations Committee from 10 February 2017 until 4 April 2020; since 7 April 2020 he has been a member of the and the Internal Control, Risks and Sustainability Committee. Since April 2018 he has been the Chairperson of the Board of Directors of the insurance company Vera Vita S.p.A.  
From January 2014 until December 2016 he held the office of Chairperson of the Management Board of Banca Popolare di Milano. He was the Chairperson of the Board of Directors of Prelios

- asset management company from April 2017 until February 2019. He has been Deputy Chairperson of the Board of Directors of Società Gestione Servizi BP (March 2017-February 2019), company operating in IT for Finance. He has also held the following positions: Member of the Academic Senate of the Università Cattolica del S. Cuore in Milan (2006-2014); Member of the Management Board of Fondo Famiglia Lavoro, Milan Diocese; Head of the PrevidSystem and Giustiniano di Intesa Previdenza SIM S.p.A. Public Pension Funds of the Intesa Sanpaolo Group (2007 to 2013); Member of the Board of Arbitration of Borsa Italiana S.p.A. (2007 to 2013); Member of the Committee of Wise People of MTS (2011 to 2013); Independent Member of the Board of Directors of Credito Artigiano S.p.A., Credito Valtellinese Group (Member of the Remuneration Committee and, subsequently, of the Internal Controls Committee and the Supervisory and Control Body pursuant to Italian Legislative Decree no. 231/2001) (2008 to 2012); Member of the Board of Directors of Credito Valtellinese S.c.p.A., as well as Chairperson of the Internal Control Committee and of the Supervisory and Control Committee pursuant to Italian Legislative Decree no. 231/2001 (April 2012 to January 2014)

- Maurizio Comoli – *Member of Board of Directors*: Full Professor of Business Economics, he teaches general and applied accounting and company valuations at the Piemonte Orientale University, and was previously a lecturer and researcher with the Bocconi University in Milan; he is also a chartered accountant and auditor. From February 2005 to June 2007 he held the office of Acting Deputy Chairperson of the former BPVN; from July 2007 to November 2011 he held the office of Deputy Chairperson of the Supervisory Board of Banco Popolare and held the position of Deputy Chairperson of the Board of Directors from November 2011 to 31 December 2016. He was the Chairperson of the Chamber of Commerce, Industry, Crafts and Agriculture of Novara and member of the Executive Committee of the European Association of Cooperative Banks (EACB). He has held numerous corporate offices and has been a member of the supervisory body of leading companies. He is currently Chairperson of the Board of Statutory Auditors of Fondo Interbancario di Tutela Depositi (FITD), Director of the Italian Banking Association, Director of the European Institute of Oncology and holds the following posts: Chairperson of the Board of Directors at Vera Assicurazioni S.p.A. and Vera Protection S.p.A., Chairperson of the Board of Statutory Auditors of Mirato S.p.A. and MIL MIL 76 S.p.A., standing auditor of Herno S.p.A. and Montura S.r.l.. From 1 January 2017 until 4 April 2020 he was Deputy Chairperson of the Board of Directors of Banco BPM S.p.A., from 10 January 2017 until 4 April 2020 member of the Executive Committee; from 4 April 2020 he has been a member of the Board of Directors of Banco BPM S.p.A. and from 7 April 2020 a member of the Internal Control, Risks and Sustainability Committee.
- Nadine Farida Faruque – *Member of Board of Directors*: Graduated in 1987 from the University of Bern School of Law with the title of Fuersprecher (lawyer) and specialisation in 1990 at Duke University School of Law (North Carolina): LLM (Master of Laws). Admitted to the Swiss Bar Association since November 1987 and to the New York Bar Association since 1991. From September 1984 to March 1985 as part of the internship for the bar exam she was registrar at the commercial courts and an assistant prosecutor at the Civic and Criminal Courts of the Canton of Bern (Switzerland) and from April 1985 to April 1986 an intern at the R. Gasser Esq law firm, she carried out assignments for legal research, preparation of memoranda and litigations; she was an associate with Reid & Priest in New York from September 1990 to December 1991; Legal Consultant for Faruque LTD in Karachi (Pakistan) from January 1992 to August 1992. She was also: Senior Associate Partner Elect at Baer & Karrer in Zurich from September 1992 to February 1998; Head of Continental Europe, Office of General Counsel di Merrill Lynch International from March 1998 to September 2008; General Counsel and Group Compliance Officer, member of the Unicredit Group CEO Office from October 2008 to November 2014 as well as member of the Group's Risk Committee and Credit Committee. She held also, from December 2014 to March 2016, the roles of Global Head of Compliance and Generalbevollmaechtigte of Deutsche Bank AG Frankfurt as well as was a member of the Group Executive Committee, Risk Committee, Reputational Risk Committee, as well as the Global

Incident Management Committee of the Deutsche Bank Group. She was also a member of the Supervisory Board and the Risk Committee of Luminor AB from January 2019 to July 2019. Since April 2018 she has been Industrial Consultant of EQT Partners. She has been a Member of the Board of Directors of Banco BPM S.p.A. since 4 April 2020 and a Member of the Internal Control, Risks and Sustainability Committee since 7 April 2020.

- Carlo Frascarolo – *Member of the Board of Directors and Chairperson of the Appointments Committee*: he is enrolled in the Register of Chartered and Professional Accountants and the Italian Register of Statutory Auditors and is a practising chartered accountant. He has been a Director of the Chamber of Commerce, Industry, Craft Trade and Agriculture of Alessandria since October 2013. Previously, he held the office of Standing Auditor and Director in several commercial and banking companies. From 2001 to 2004 he was Standing Auditor of La Centrale del Latte di Alessandria e Asti S.p.A., from 2004 to 2008 Chairperson of the Board of Directors in the same company and finally Chairperson of the Board of Statutory Auditors from December 2008 until 2017. In addition, he served as Chairperson of the Board of Statutory Auditors of Grassano S.p.A. and Standing Auditor of Giorgio Visconti S.p.A. (from 2013 to August 2020). He is currently a member of the Board of Directors of Banca Aletti & C. S.p.A. (since April 2021), Chairperson of the Board of Statutory Auditors of Entsorgafin S.p.A. (from 2011), as well as of Pedemonte Holding S.r.l. and VPA S.p.A. Villa Pedemonte Atelier (since August 2020). He holds also the position of standing auditor of Laboratorio Damiani S.r.l. (since April 2020). Among other positions held, the following are included: the Chairperson of the Board of Directors, Chairperson of the Executive Committee and Member of the Board of Directors of Cassa di Risparmio di Alessandria (2009-2012); Member of the Board of Directors of Fondazione Cassa di Risparmio di Alessandria (1999-2001) and Member of the General Committee (2001-2009), as well as Member of the Board of Directors (2011-2012) and Deputy Chairperson (2012-2013) of Banca Akros S.p.A.; Deputy Chairperson of Banca di Legnano S.p.A. (2012-2013), and Member of the Supervisory Board of BPM S.c.a.r.l. from 2013 to 31 December 2016; Chairperson of the Board of Directors of Profamily S.p.A. (from 2017 to July 2021). He was a technical consultant for the Judge at the Alessandria Court. Since 1 January 2017 he has been a Director of Banco BPM S.p.A., from 10 January 2017 until 4 April 2020 he was appointed Chairperson of the Appointments Committee and member of the Internal Control and Risks Committee (now the Internal Control, Risks and Sustainability Committee), and from 10 February 2017 until 4 April 2020 he was a member of the Charitable Donations Committee; since 7 April 2020 he has been Chairperson of the Appointments Committee.
- Alberto Manenti – *Member of Board of Directors*: Enrolled in the Italian Army, from 1972 to 1980, after the Academy of Modena, he became an officer in s.p.e, in the role of the Administration Corps, from 1976, Lieutenant at the Financial Planning Office of the Logistic Inspectorate of the S.M.E. In 1980, with the rank of captain, he left the Army and joined the staff of the Presidency of the Council of Ministers. With appointing decrees of the Italian President of the Council of Ministers, in 2011 he was appointed Deputy Director of AISE and then in 2014 he was appointed Director of AISE (External Information and Security Agency). Retired on 10 December 2018. Since 4 April 2020 he has been a member of the Board of Directors of Banco BPM S.p.A. and from 7 April 2020 member of the Remuneration Committee. Since May 2020, has been a Director of Fabbrica d'Armi Pietro Beretta S.p.A.
- Marina Mantelli – *Member of Board of Directors*: Graduated in Foreign Languages at IULM Libera Università di Lingue & Comunicazione, she obtained the Master's Degree in Business Management at SDA Università Commerciale Luigi Bocconi, gaining important experiences in the bancassurance of various insurance banking companies, also on an international level. During her career, in particular, the work experiences carried out in the following companies are highlighted: Montedison (1982-1984): Financial Planning Manager; Standard Chartered Bank (1984-1987): Account Officer; McKinsey & Company Inc: first as a consultant (1987-1991) and subsequently (1995-1996) with the position of European Insurance Practice Coordinator; Korn Ferry International

(1992-1994), *head hunting company: consultant* with the role of Consultant for recruiting projects and resource evaluation; Lloyd Italico of the Royal Sun Alliance Group (1996-2001), where she held various positions, most recently, as General Manager of Lloyd Italico Assicurazioni and Lloyd Italico Vita, as well as Director. From 2001 to 2004 she held the position of Commercial Manager of Lloyd Adriatico of the Allianz Group; Insurance Business Unit Manager of Banca Lombarda, then UBI (2005-2006) Director of UBI Assicurazioni and UBI Broker (2007) and Insurance Business Unit Manager; Chief Executive Officer and Director of CréditRas Assicurazioni (2007-2011); General Manager of CreditRas Assicurazioni of Allianz Italia (2011-2018), then with the position of Board Member (2011-2015). From 2018 to April 2020 she had been Director of Intermonte Holding S.p.A. Since 4 April 2020 she has been a member of the Board of Directors of Banco BPM S.p.A. and since 7 April 2020 member of the Appointments Committee.

- Giulio Pedrollo – *Member of the Board of Directors*: Giulio Pedrollo founded the energy company Linz Electric S.p.A. in 2002 and currently serves as its Sole Director. He holds also the office of Chief Executive Officer of the family company Pedrollo S.p.A., a world leader in the electrical water pumps sector and the company Pedrollo Group S.r.l. As part of Confindustria, he served as Chairperson of the Young Entrepreneurs Group in Verona from 2008 to 2011, holding the role of Deputy Chairperson and Member of the Management Committee of Confindustria Verona, as well as Regional Chairperson of Giovani di Confindustria Veneto from 2010 to 2013 and serving as Deputy Chairperson of Confindustria Veneto in charge of Education. From 2011 to 2013, he was also Chairperson of the Metalworkers' Division of Confindustria Verona, and from 2014 to 2019 a Member of the Board of Directors of Hypertec Solution S.r.l., from 2011 to 2019 Director of the Istituto di Assistenza Croce Verde di Verona and from 2013 to 2016 Chairperson of Confindustria Verona. Since April 2016, he has been National Deputy Chairperson of Confindustria and is in charge of industrial policy for the four-year period 2016-2020. He is also a member of the Board of Directors of Gread Elettronica S.r.l. and Chief Executive Officer of Panelli S.r.l. and Chairperson of the Board of Directors of Michel Sales Inc., of Pedrollo Group Inc. and of Pedrollo Michel Pumps LLC. He served as a Member of the Board of Directors of Banco Popolare from March 2014 to 31 December 2016. He has been a Member of the Board of Directors of Banco BPM S.p.A since 1 January 2017, was the Deputy Chairperson of the Appointments Committee from 10 January 2017 until 4 April 2020, and a Member of the Charitable Donations Committee from 10 February 2017 until 4 April 2020; since 7 April 2020 he has been a member of the Related Parties Committee and the Remuneration Committee.
- Eugenio Rossetti – *Member of the Board of Directors and Chairperson of the Internal Control, Risks and Sustainability Committee*: graduated in Mechanical Engineering at the University of Rome, he has solid distinctive managerial skills in the banking sector. In particular, he has had professional experiences in the following companies: Istituto Mobiliare Italiano (1982-1994), where he held several positions, most recently as Head of Regional Area; IMI Bank (LUX) SA (1994-1998) holding the office of General Manager & Member Executive Committee; San Paolo IMI (1999-2006), where he held several positions both in Italy and in the United Kingdom, including the office of Chief Manager for Europe and Head Credit (Italy); Intesa SanPaolo (2007-2017) holding the role, since 2008, of Chief Lending Officer and Chair of Group Credit Committee. From 2008 to April 2020, he held several positions as director in companies belonging to the Intesa SanPaolo Group. Since 2018 he has held administrative positions in the Tinexta Group (former Tecnoinvestimenti Group), a dynamic and booming group, which operates in three business areas: Digital Trust, Credit Information & Management and Innovation & Marketing Services. Since 4 April 2020, he has been a member of the Board of Directors of Banco BPM S.p.A. and since 7 April 2020 Chairperson of the Internal Control, Risks and Sustainability Committee.
- Manuela Soffientini – *Member of the Board of Directors and Chairperson of the Remuneration Committee*: graduated in economics from the Università Cattolica del S. Cuore in Milan in 1983, she began her professional career as a product manager for Perlana and Dixan Powder at Henkel Italia in 1984, where she stayed until 1990; from 1990 to 1997, she was marketing manager and marketing

director at Nuova Forniera, a company operating in the food & snacks sector; from 1997 to 2000, she served as consumer manager in the lamps and batteries department of Philips Lighting; from 2001 to October 2008 she became CEO of Philips DAP Italy; from 2008 to 2012, she served as General Manager of Philips Consumer Lifestyle, where she was responsible for the small appliances and consumer electronics division; on 1 March 2008, she became a Member of the Board of Directors of Philips S.p.A.; she has been Chairperson and CEO for the Italy division of the Electrolux Major and Small Appliances and International Department from 2012 until present and Chairperson of the Board of Directors of Electrolux Italia S.p.A. since 1 January 2021; between 2012 and 2016, she served as an Independent Member of the Board of Directors of Pirelli and a Member of the relative Strategy and Remuneration Committees; she has been an Independent Director of Geox S.p.A. from April 2016 to April 2019 and a Member of its Control and Risks Committee. Since June 2016, she has been Chairperson of Confindustria Ceced-Applia Italia Associazione; from April to December 2016 she was a member of the Supervisory Board of the Banca Popolare di Milano s.c. a r.l. She has been a Member of the Board of Directors of Banco BPM S.p.A. since 1 January 2017 and was Deputy Chairperson of the Remuneration Committee from 10 January 2017 until 4 April 2020, and has been Chairperson of the Remuneration Committee since 7 April 2020.

- Luigia Tauro – *Member of the Board of Directors*: Graduated in Computer Science at the University of Bari, MBA at the business school of the Milan Polytechnic, she has gained important experience on both the managerial and business front in the fintech and digital banking fields. In particular, she has had professional experiences in the following companies: Olivetti (1986-1997), where she held several positions until she became Research and Development Manager; Banca del Salento (1999-2001) with the position of Head of WEB Strategies; Monte dei Paschi di Siena Group (2001-2013), holding the following positions: until 2008 Head of ICT Governance and ICT Program Management Office, from 2008 to 2011 Deputy Manager of Retail Sales Department and, lastly, Head of CRM (2011-2013). She was a Director at ABI LAB (2002-2007), Research and Innovation Centre for the Bank promoted by ABI, contributing to its foundation; Docutel, joint venture between Banca Monte dei Paschi di Siena and Postel (2003-2007), ASP City of Siena (2014-2018). Since 2014 she has been a lecturer at the Università Cattolica del Sacro Cuore in Milan in IT Strategy & Innovation for Finance. In 2017 she founded "Prevention for You", of which she is Sole Director, an innovative start-up whose mission is contributing to the promotion of a responsible lifestyle and informed choices of citizens on their health with multimedia content and digital technologies. She has been a member of the Board of Directors of Banco BPM S.p.A. since 4 April 2020 and a member of the Internal Control, Risks and Sustainability Committee since 7 April 2020.
- Costanza Torricelli – *Member of the Board of Directors and Chairperson of the Related Parties Committee*: Full Professor of Mathematical Methods of Economics and Actuarial and Financial Sciences at the Marco Biagi Department of Economics of Università di Modena e Reggio Emilia, where she is a Member of the Centro Studi Banca e Finanza (Cefin) [Centre for Banking and Financial Studies] and Unimore representative for Sustainability and for Equal Opportunities. She is also a researcher at the Centre for Research on Pensions and Welfare Policies (CeRP) of Turin. She currently teaches Risk Management in the Analysis, Consultancy and Financial Management master's programme, and Models for Financial Investments in the Economics and Finance undergraduate programme at the "Marco Biagi" Department of Economics. She has delivered lectures on financial topics at the Universities of Bergamo, Brescia, Udine, Karlsruhe (Germany) and Cambridge (UK). Her research focuses on financial economics, including sustainability (ESG and Socially Responsible Investment) matters and risk management, with numerous publications in international scientific journals. She has served as a consultant for multi-utility and financial companies and was Member of the Board of Directors of Banca Aletti & C. S.p.A. from July 2014 to March 2017 where she was a member of the Related Parties Committee. She has been a Member of the Board of Directors of Banco BPM S.p.A since 1 January 2017, Deputy Chairperson of the Internal Control and Risks Committee (now the Internal Control, Risks and Sustainability Committee) and a Member of the Related Parties Committee from 10 January 2017 to 4 April 2020, a Member of the Charitable Donations Committee from 10 February 2017 to 4 April 2020, Director of the

territorial foundation of the Banco San Geminiano e San Prospero since 1 July 2019 and Chairperson of the Related Parties Committee since 7 April 2020.

- Giovanna Zanotti – *Member of the Board of Directors*: She has been Full Professor of "Financial Intermediaries" (Intermediari Finanziari) at the University of Bergamo since April 2017, as well as Head of the Department of Business, Economic and Quantitative Methods (Scienze Aziendali, Economiche e Metodi Quantitativi) since October 2018. From 2001 to 2008 she was a researcher at the Bocconi University and, since 2008, she has held the role of non-tenured Professor in Risk Management and Derivatives in the same University. She was also Associate Professor at the University of Bergamo from 2008 to April 2017, Member of the Board of Directors of Banca Aletti & C. S.p.A. (from 2015 to 2017), of Banca Akros (from 2017 to 2020) and of Digital Value S.p.A. (from September 2018 to September 2021). Since 2012, she has been Scientific Director of ACEPI (Italian Association of Investment Products) and member of the Board of Directors of the following companies: Pharmanutra S.p.A. (since September 2020), Sesa S.p.A. (from 2012 to July 2018) and again from September 2021). In 2015, she was a member of the Consultative Expert Group of Sub-Group PRIIPS and in 2019 of the Findatex European Market Template working group. Since 4 April 2020, she has been a member of the Board of Directors of Banco BPM S.p.A. and since 7 April 2020, member of the Related Parties Committee.

## **6.2 ROLE OF THE BOARD OF DIRECTORS**

Pursuant to article 24 of the Articles of Association, the Board of Directors is responsible for supervising business strategy and management. For this purpose, the Board of Directors may take all required actions, which it deems necessary, useful or appropriate to implement the corporate purpose, relating to both ordinary and extraordinary administration, and has the right to permit the release or reduction of mortgages even if they have not been fully paid off, including through authorised parties if necessary.

The directors will have to inform the Board of Directors and the Board of Statutory Auditors of any interests that, on their own account or on behalf of third parties, they have in a given transaction of the Company, indicating the nature, terms, origin and extent of the interest; if the Chief Executive Officer is involved, he/she must refrain from undertaking the transaction entrusting it to the Board.

In accordance with the above, the Board of Directors will delegate the cash flow management of the Company to the Chief Executive Officer who will exercise it in accordance with the general planning and strategic guidelines established by the Board of Directors.

In addition to the matters that cannot be delegated in accordance with the law, and those listed in article 23.5 of the Articles of Association, and subject to the authority of the Shareholders' Meeting, the following are reserved to the Board of Directors and cannot be delegated (except for the provisions of article 28.3 in relation to the matters pursuant to letters p), q) and y)):

- (a) approval of the general planning and strategic guidelines and positions and the governance policies and the risk management of the Company and the Group, and their periodic review to ensure their effectiveness over time;
- (b) the decisions provided for under article 3.3 of the Articles of Association;
- (c) the industrial and financial planning, the approval of the budget of the Company and the Group, the definition of the geographic structure of the territorial Departments and the approval of the expansion plans of the territorial network (including any general variations) of the Company and the Group;
- (d) the definition and approval: (i) of the Risk Appetite Framework; (ii) the guidelines of the internal control system, so that the main risks relating to the Company and its subsidiaries and to transactions of greater significance are correctly identified, as well as adequately measured, managed and monitored, also establishing criteria relating to the compatibility of said risks with

the sound and correct management of the Company; the Board of Directors is also responsible for approving (i) the establishment of internal control departments, assigning the relative tasks, responsibilities as well as the procedures for the coordination and collaboration of the same, the information flows between departments and between the latter and corporate bodies; (ii) the approval process for new products and services, the implementation of new activities, the entry into new markets; (iii) company policies regarding the outsourcing of company functions; (iv) the adoption of internal risk measurement systems. The Board of Directors will also carry out all other duties it has been assigned by the prudential supervisory provisions regarding the internal control system in effect;

- (e) the assessment, at least on an annual basis, of the adequacy, effectiveness and actual functioning of the internal control system;
- (f) the assignment of specific positions or powers to one or more Board Members and the determination, amendment or removal of their powers, including the appointment and removal of the Chief Executive Officer and the attribution, amendment or removal of his/her powers;
- (g) upon proposal by the Chief Executive Officer, in agreement with the Chairperson of the Board of Directors, the appointment, removal or replacement of the General Manager and the Co-General Managers, the determination or change of the powers, functions and duties of the General Manager and the Co-General Managers and the determination of the salary package, and on proposal of the Chief Executive Officer, the appointment of top operational and executive management of the Company and the determination of their powers and salary packages;
- (h) the adequacy assessment and approval of the organisational, administrative and accounting structure of the Company and the approval of the corporate governance structure of the Company and the Group and the reporting systems;
- (i) the determination of the criteria for the coordination and guidance of the Group companies and the criteria for the implementation of the instructions issued by the Bank of Italy and any other competent Supervisory Authority;
- (j) based on the prior mandatory non-binding opinion of the Board of Statutory Auditors, the appointment and revocation of the Financial Reporting Manager, pursuant to article 154-bis of the Consolidated Law on Finance and determination of the associated powers, resources and compensation;
- (k) subject to the provisions of letter (l) below, the appointment and removal of the department managers, carried out on the back of legal or regulatory provisions;
- (l) upon proposal of the Internal Control and Risks Committee, based on the prior mandatory non-binding opinion of the Board of Statutory Auditors, the appointment of the Compliance Manager and the Risk Manager, as well as the Internal Audit Manager, who will report directly to the Board of Directors, to whom it will refer, subject to providing information to the Chairperson of the Board of Directors, with the Chief Executive Officer being classified as the director in charge of the internal audit and risk management system;
- (m) drawing up the draft separate and consolidated financial statements and the drafting and approval of the interim reports provided for under prevailing laws;
- (n) the acquisition and sale of shareholdings held in Companies that involve changes in the Group and/or those that have strategic significance and in any case those with a value of at least 5% of the consolidated regulatory capital of the Group;
- (o) delegated share capital increases in accordance with article 2443 of the Italian Civil Code, and the issue of delegated convertible bonds in accordance with article 2420-ter of the Italian Civil Code, including the right to make decisions by excluding or limiting the option rights pursuant to the fourth and fifth paragraph of article 2441 of the Italian Civil Code;
- (p) approval: (i) of the bond issue and other financial instrument programmes; (ii) the individual Company shareholding transactions in guarantee and placement consortia, all in accordance with the applicable internal regulation;
- (q) approval of collective labour and corporate contracts and other agreements with the trade unions;
- (r) the duties of the Board of Directors pursuant to articles 2446 and 2447 of the Italian Civil Code;
- (s) the preparation of merger and demerger projects;



- (t) the approval and amendment of a Regulation governing the flow of information;
- (u) the adoption, annulment or amendment of internal procedures that, in the immediate implementation of laws or regulations relate to the prevention or governance of cases of conflict of interest, with the ability to make exceptions, inter alia, in urgent cases;
- (v) the appointment of candidates to act as company representatives (including the members of the general management) of the banks controlled by the Group and the main non-banking subsidiaries of the Group, and the indication of their salaries;
- (w) shareholdings in, and the determination of the vote to express in the shareholders' meetings of the subsidiary banks and the main non-banking subsidiaries of the Group, and the prior agreement to any changes to the Articles of Association of the Group companies, when the decision is the responsibility of another body besides the Shareholders' Meeting, and approval of the exercise of the option rights relating to capital increases of the subsidiary banks and the main non-banking subsidiaries of the Group; the approval of the changes to the rules of the investment funds or similar legal entities subscribed to by the Company
- (x) the approval of proposals to call Shareholders' Meetings to amend the Articles of Association;
- (y) the approval and amendment of the internal regulations;
- (z) appointment of the members of the bodies of the territorial Foundations set up in accordance with article 5 of the Articles of Association;
- (aa) decisions concerning the alignment of the Articles of Association with regulatory provisions;
- (bb) supervision of the process to provide public information and communications of the Company;
- (cc) regulation of the selection processes for the members of the territorial consultation committees, which, where established, will have merely advisory functions, corresponding to or within each territorial Department;
- (dd) the adoption, with appropriate instruments, of measures to facilitate attendance by the shareholder-employees and the small shareholders at shareholders' meetings, by themselves, or through proxies.

The Board of Directors is also in charge, in accordance with article 2436 of the Italian Civil Code, of making the decisions regarding mergers in the cases provided under articles 2505 and 2505-bis of the Italian Civil Code, demergers in the cases provided under article 2506-ter, last paragraph, of the Italian Civil Code, capital reductions in the event of a shareholder withdrawing, in accordance with article 2365, paragraph 2 of the Italian Civil Code, the establishment and closure of other secondary branches besides those indicated in the Articles of Association, in any case excluding the establishment of new branches or the closure of those provided for under the Articles of Association.

For certain categories of legal actions and businesses, the Board of Directors may assign specific powers, in accordance with the law, to managers, heads of single branches or other personnel, determining the limits and means for the exercise of such assigned powers, and providing that the authorised parties may act separately or jointly or through a committee. Unless otherwise provided for in the assignment, notifications of the decisions made by the authorised bodies will have to be given to the authorising body. Notification of the decisions made by other authorised parties must be given to the superior body in accordance with the mechanisms established in the applicable Regulation decided by the Board of Directors.

In this regard, it should be noted that, at the meeting on 14 December 2021, the Board of Directors resolved some proposed amendments to the articles of association, to be submitted to the Shareholders' Meeting of 7 April 2022 for approval, inter alia, regarding the powers and responsibilities of the administrative body (article 24.1) and responsibilities that cannot be delegated (article 24.2) in order to, respectively (i) introduce the concept of sustainable success to company management considering the reference to the pursuit of said success contained in articles 5 and 6 of the Code of Corporate Governance (ii) modify or introduce new provisions regarding the adjustment to update no. 35 of Circular no. 285/2013 of the Bank of Italy regarding the corporate governance of banks. The proposed amendments to the Articles of Association are subject to obtainment of the prescribed authorisation of the Supervisory Authorities.

With reference to the main activities carried out by the Board of Directors in 2021, the following should be noted in particular: (i) the structured valuation process concluded with approval of the new 2021-2024 Strategic Plan and the development also in said area, as qualifying elements of the Plan, of project activities targeted at fully integrating sustainability topics (ESG) in the Group's business model; (ii) the approval of mergers by incorporation of smaller subsidiaries in the Parent Company Banco BPM, with a view to further rationalisation of the Group's organisational structure; (iii) the implementation of the Risk Appetite Framework, with the objective of pursuing even more extensive application of said strategic management instrument with respect to the Group's operating and planning processes, including therein the definition of the medium/long-term guidelines in terms of risk objectives consistent with the targets of the Strategic Plan; (iv) the approval of the 2022 Budget, of the 2021 financial statements, of the other accounting documents for the period and the Remuneration Report, for matters within its competence, as well as the periodic review of the operating performance; (v) the approval of the Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) reports, as part of the capital adequacy and liquidity profile assessment processes; (vi) the approval of credit policies, in accordance with the other operating planning processes, with examination of the relevant periodic controls, as well as the disbursement of loans and the periodic analysis of the Bank's loan portfolio with a focus on non-performing exposures and on the economic support measures provided to customers in the ongoing emergency context; (vii) the approval of specific transactions regarding finance, including of the Group; (viii) the approval of specific finance transactions, including of the Group, including the creation and publication of a framework for future issues of Green, Social and Sustainable Bonds; (ix) the approval and updating of governance regulations, also as Parent Company, with particular reference to the adoption of the "Regulation governing the management of dialogue with shareholders", as an adjustment to Recommendation no. 3 of article 1 of the Code of Corporate Governance (see chapter 9 of this report) and to the update of the "Regulation on the suitability requirements and criteria for fulfilment of the office of corporate representative for the Banco BPM Group", in compliance with Italian Ministerial Decree 169/2020 as well as additional relevant internal regulations, also in compliance with the 35th update of Bank of Italy Circular no. 285/2013; (x) the periodic examination of the Tableau de Bord (dashboard) and of the other reports drafted by the corporate control functions, as well as the outcomes of the supervisory activities of the European Central Bank, resolving accordingly, where necessary, and monitoring the implementation of the planned activities; (xi) the continuation of the initiatives aimed at ensuring, in the pandemic context, the business continuity and protection of the health of employees and customers, as well as the strengthening of the operating and service model, also with a view to digital transformation; (xii) the maintenance of support for the local area, also through Foundations set up by the Group, with charitable initiatives in favour of local associations and bodies affected by the fall-out of the health and economic crisis.

The Board of Directors, including through the Internal Control, Risks and Sustainability Committee, continuously assessed:

- the adequacy of the organisational, administrative and accounting structure of Banco BPM and of strategically important subsidiaries with specific reference to the internal control and risk management system, inter alia, through (i) periodic reports by the internal control departments and the aforementioned Committee; (ii) actions of the corporate managers involved, for their respective profiles of interest; (iii) reports by the Chief Executive Officer, the Chairperson of the Internal Control, Risks and Sustainability Committee and the Chairperson of the Board of Statutory Auditors;
- the general business performance, comparing the results achieved with the planned results. More specifically, the Chief Executive Officer periodically reports to the Board of Directors on the overall business performance of the Bank and the Group.

Please refer to the relative paragraph in this Report for the identification of the subsidiaries with strategic importance and on the management and coordination carried out by the Parent Company Banco BPM.

In accordance with the regulatory provisions regarding "connected persons" and "related parties" and "significant transactions pursuant to Circular 285/2013", the criteria to identify, for the purposes of said regulations, significant transactions for the company and/or for the Group to submit for the required approval of the Board of Directors, were defined in the company regulations.

It should be noted that the proposed amendments to the articles of association that will be submitted for approval of the ordinary and extraordinary shareholders' meeting called for 7 April 2022 include the amendment to article 24.1, where it has been introduced, in relation to the powers and responsibilities of the Board, the reference to company management also with a view to sustainable success, in consideration (i) of the reference to the pursuit of said success contained in articles 5 and 6 of the Code of Corporate Governance (relating, respectively, to the remuneration of directors and the internal control and risk management system), (ii) the sustainable finance objectives and those involving the integration of environmental, social and governance factors (so-called "ESG") pursuant to the Supervisory Provisions on corporate strategies and (iii) the opportunity to reflect in the body of the articles of association the mission already in place at Banco BPM aimed at strengthening and solidifying the integration of sustainability in the company's governance, corporate activities and business.

Please refer to the "Report on Operations" attached to the consolidated financial statements as at 31 December 2021 published on the Bank's website [www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it), under Investor Relations section for further details on the results of the activities carried out.

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#### Considerations on the letter dated 3 December 2021 by the Chairperson of the Corporate Governance Committee.

At its meeting of 14 December 2021, the Board of Directors acknowledged the letter dated 3 December 2021 by the Chairperson of the Corporate Governance Committee, addressed to the Chairpersons of the governing bodies, and copied to the Chief Executive Officers and the Chairpersons of the governing bodies of Italian listed companies, with which the Committee, in order to promote good corporate governance in the financial community, called the attention of the governing bodies and the applicable internal board committees, to the recommendations it made in order to ensure that they are carefully complied with both in the corporate governance practices and when the bodies are self-evaluating, with the results having to be reported in the annual reports on corporate governance. These recommendations were also submitted to the Board of Statutory Auditors, for matters within their competence, at the meeting of 10 December 2021.

In the letter, the Committee first of all drew attention to the process of in-depth review of the Code of Best Practice, which resulted in the approval, in January 2020, of the new Code of Corporate Governance in order to take account of the evolution of the markets and the expectations of investors, and with a view to safeguarding the role of self-regulation in guiding the governance decisions of listed companies, promoting their evolution towards a model geared increasingly more towards the creation of long-term value for the benefit of shareholders, considering the interests of all relevant stakeholders.

By means of board decision of 15 December 2020, Banco BPM subscribed to the new Code of Corporate Governance, replacing the previously in force Borsa Italiana Code of Best Practice of Listed Companies, whose effectiveness came to an end on 31 December 2020 and which Banco BPM had applied since its incorporation (January 2017).

The Committee's duties include monitoring the application status of the new Corporate Governance Code by listed joint-stock companies declaring their compliance with it. Based on this intention, the Committee approves an annual report on the application of the Code (hereinafter also the "Report"), which reached its ninth edition this year.

In this domain, the Committee provides an overall picture of the current application of the Code by the issuers as well as evidence of the monitoring carried out, highlighting the main criticalities identified in order to encourage increasingly more fully informed application of the Code and, more generally speaking, to promote the development of corporate governance by all Italian listed companies,

regardless of their formal application of the Code.

The main results of the Report show that, in their corporate governance reports, companies provided a high quality of information, which is always improving, describing the governance model clearly and in a detailed manner, both in the case of application of the Code's recommendations, and in the event of their full or partial non-application, based on the *comply or explain* principle.

Considering that 2022 is the first year in which companies are required to disclose their methods of application of the new Code, the Committee saw fit, for 2022, to provide information on its main changes, nonetheless providing details of the criticalities highlighted by previous monitoring, fully aware of the real innovative scope of the new Code of *Corporate Governance* which does not only reinforce some *best practices*, but actually contains highly innovative principles and provisions - such as, for example, the strategic objective of "sustainable success" and its impact on the control and remuneration system, the promotion of dialogue with all shareholders and *stakeholders* - whose practical implementation requires a process of gradual application. The new Code also introduces a structured principle of proportionality which offers listed companies broader differentiation and the possibility of choice in applying some good *governance* principles based on the company's size and ownership structures.

The following recommendations for 2022 are therefore targeted at supporting companies in the process of compliance with the new Code and, at the same time, highlighting the opportunity for an appropriate adjustment process:

- as regards "sustainable success", the Committee recommends that companies ensure that the corporate governance report contains adequate summary information on the methods adopted to pursue said success and on the approach adopted in promoting dialogue with relevant stakeholders. In particular, it recommends that summary information be provided on the content of the policy on dialogue with shareholders in their entirety, without prejudice to the opportunity to publish it in full, or at least its key elements, on the company's site;
- with reference to the new topic of proportionality, aimed at promoting the needs and unique characteristics of the companies, with a significant controlling shareholder and smaller companies, the Committee recommends that the classification of the company be evaluated with respect to the categories of the Code and the feasible simplification options for companies that are "not large" and/or that are "subject to concentrated ownership", and the choices adopted be adequately detailed. In this regard, it should be pointed out that the Code identifies new categories of companies based on their respective dimensions and control model: "large companies", understood as companies whose capitalisation exceeds Euro 1 billion on the last open market day in the previous three calendar years, and "companies with concentrated ownership", meaning companies in which one or more shareholders who participate in a shareholders' voting agreement hold, directly or indirectly, the majority of votes that can be exercised at the ordinary shareholders' meeting;
- as regards the assessment of independence, in pointing out that the Code has made some choices targeted at improving its quality and allowing the Chairperson of the Board of Directors to also be qualified as an independent director, the Committee recommends that the corporate governance report include the criteria used to evaluate the significance of the professional, commercial or financial relations and the additional remuneration, also with reference to the Chairperson of the Board, if the latter has been assessed as independent pursuant to the Code;
- as regards the pre-board disclosure, the Committee invites the Boards of Directors to ensure the preparation of the board and internal committee regulations, with special attention to the express determination of the proper terms for sending the documentation and to the exclusion of the generic needs of confidentiality as possible exemptions to the observance of said terms. In drafting the corporate governance report, the companies should also adequately illustrate the actual observance of the notice term defined previously and, where in exceptional cases it has not been possible to observe said term, explain the reasons for this and outline how the necessary insights have been provided during the board meeting;
- in relation to the appointment and succession of directors, in reiterating the opportunity for improving compliance with the principles and recommendations of the Code, which continue to be included in the main areas of improvement of the governance of listed companies, the Committee invites the

companies with concentrated ownership to adequately examine the recommendations addressed to them with respect to the renewal of the Board of Directors, recalling in this regard that, for said companies, the Code not only recommends that the outgoing administrative body express, in view of its renewal, its position on its optimal composition, taking account of the outcomes of the self-assessment, but incorporates said responsibility also in the subsequent phase of the presentation of lists by the outgoing Board and/or shareholders. In particular, the Committee invites the Boards of Directors of companies "not subject to concentrated ownership" to request those presenting a list containing a number of candidates that is higher than the average number of members to be elected, to provide an adequate disclosure (in the documentation presented for the filing of the list) regarding the consistency of said list with the position expressed by the outgoing Board and to indicate its candidate for the office of Chairperson;

- as regards gender equality, in pointing out that the new Code expressly recommends that all listed companies complying with it adopt measures which aim to promote equal gender treatment and opportunities within the entire corporate organisation, by monitoring their practical implementation, the Committee, albeit noting increasing attention to these topics, asks companies to ensure adequate information in the corporate governance report on the material identification and application of said measures;
- with reference to the remuneration policies, the Committee not only reiterates the opportunity for their improvement in the definition of clear and measurable rules for the disbursement of the variable component and any severance indemnities, but recommends that entities give adequate consideration to the consistency between the parameters identified for the variable remuneration with the strategic objectives of the company's activities and the pursuit of sustainable success, by evaluating, if necessary, the provision of non-financial parameters. With particular reference to the remuneration parameters connected with the attainment of environmental and social objectives, the Committee recommends that companies ensure that these parameters are predetermined and measurable.

The analysis conducted shows that Banco BPM (i) has already updated, in 2021, the internal regulations/documentation according to the methods indicated in the aforementioned analysis and (ii) is already essentially *compliant* with the provisions contained in the new Code and the recommendations formulated by the Committee in the Report.

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At the meeting on 23 January 2018, the Board of Directors approved the "Regulation for the functioning and organisation of the Board of Directors and the Executive Committee and for the self-assessment of the Board of Directors and its Committees", governing the principles, criteria, roles and responsibilities regarding the functioning and organisation of the works of Banco BPM's Board of Directors, of the self-assessment of the Board of Directors and its Committees and regarding information flows to the respective members.

Said Regulation governs also, with regard to deadlines and the matters dealt with, the mechanisms with which the information circulates between the company bodies and monitors the efficiency goals in the management and effectiveness goals of the controls, also in line with the provisions of the Supervisory Provisions of the Bank of Italy and prevailing laws and regulations.

At the meeting on 23 February 2021, the Board of Directors approved an update to the Regulation in question - moreover, changing its title to "Regulation for the functioning and organisation of the Board of Directors and self-assessment of the Board of Directors and its Committees" - and, the related annex concerning the information flows, in order to adjust it into line with (i) the changes introduced by the new Code of Corporate Governance, (ii) the proposed amendments to the articles of association relating to the validity of board meetings, which will be submitted at the next shareholders' meeting on 15 April 2021, (iii) certain recommendations formulated by the European Central Bank, as well as to make some formal changes, including, for example, the elimination of the references to the Executive

Committee and the Acting Deputy Chairperson, no longer provided for in the corporate bodies in the governance structure in force.

With particular reference to the internal control system, the relative information flows are governed, inter alia, with specific company rules.

Banco BPM set up an effective Internal Control System to monitor the company risks incurred (please see the relevant paragraph for further information on this).

The Board of Directors, in the exercise of its management and coordination pursuant to articles 2497 et seq. of the Italian Civil Code and article 61, paragraph 4 of the Consolidated Banking Law, defined, in a "Regulation on Operational Governance", the rules and procedures to follow with respect to unified management, with specific reference to the decisions, divided by subject matter, which have to be made by Banco BPM, in its position as Parent Company, and the consequent decision-making obligations of the subsidiaries with respect to implementing them.

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#### self-assessment document of the Board of Directors and its Committees for FY 2021

At its meeting on 15 March 2022, the Board of Directors approved the document "Board of Directors of Banco BPM S.p.A. - self-assessment document - FY 2021" in compliance with:

- the Supervisory Provisions pursuant to Bank of Italy Circular no. 285 of 17 December 2013 (First Part, Title IV, Chapter 1, Section VI);
- the recommendations of the Code of Corporate Governance of listed companies promoted by Borsa Italiana S.p.A., which the Bank applies.
- the "Regulation for the functioning and organisation of the Board of Directors and self-assessment of the Board of Directors and its Committees" (hereinafter also "Internal Regulation").

With reference to 2021, the self-assessment process is the second conducted by the Board of Directors in office and was overseen, also in accordance with the Internal Regulation in force, by the Chairperson, through the Corporate Affairs Secretariat, which has used, as with previous years, the support of the external company EY Advisory S.p.A., which guarantees full observance of the following requirements: (i) knowledge of the corporate governance mechanisms; (ii) knowledge of the organisational context of Banco BPM or of comparable financial intermediaries in terms of significance and/or complexity; (iii) needs for confidentiality and anonymity of the results deriving from the entities involved in the process; (iv) needs for neutrality, objectivity and independence of judgment.

In said domain, the following were evaluated as the most suitable tools for fulfilling the self-assessment obligation, (i) use of the questionnaire (with methods suited to ensuring respect for confidentiality and anonymity in the final document) and (ii) the conducting of one-to-one interviews targeted at the in-depth analysis of specific themes, also in light of the data collected via the questionnaires.

The self-assessment process was structured, in line with the aforementioned regulatory provisions, into the following phases:

- inquiries, gathering of information and data, during which the information, data and documentation were gathered to support the process (for example questionnaires filled out and statistical data supporting the self-assessment) and the above-mentioned in-depth interviews were carried out;
- processing of the data, during which the information and data gathered during the previous inquiry phase were organised;
- preparation of the results of the process during which the results were summarised and the strengths and weaknesses identified in relation to the composition and functions of the Body;
- inspection of the initiatives taken beforehand, with a check being made on the level of implementation of the initiatives carried out as a result of the previous self-assessment;
- collective discussion on the results of the process and preparation of any corrective measures, that led to the issue of the document on the results of the self-assessment;



- approval of the document (including therein any corrective measures) by the Board of Directors.

The results of the self-assessment - submitted, for a prior inquiry and examination, to the Appointments Committee, in charge of supporting the Board of Directors in the self-assessment process - highlighted an essentially positive picture in relation to both the composition and the functioning of the Board of Directors.

More specifically, the comparison between the process carried out in the previous year and the one carried out in 2020 highlighted an overall framework of improvement for a number of assessment profiles; nevertheless, certain limited potential areas of improvement remain, partly related to areas, which had already emerged within the framework of the previous self-assessment.

With reference to the key observations made by the Directors, the main results that emerged are summarised here below:

1. opportunity for further strengthening of the overall skills possessed by the Board of Directors through the enhancement and integration of training courses relating to the following areas: "Anti-money laundering and Financing of Terrorism", "Information systems and new technologies applied to the banking and financial sector", "Climate/Environmental Risk and Sustainability", "Strategic guidelines and planning" (with a focus on the bancassurance sector)", "Internal control system and risk assessment, management and control methodologies", "Regulation of banking and financial activities (with a focus on SREP matters, credit risks and governance)" and "Incentive and remuneration policies" (already identified as part of the self-assessment relating to FY 2020);

2. the need for further improvement in the (i) scheduling of the provision by the Bank divisions of the documentation supporting the board meetings and the general usability of said documentation, as well as (ii) in the preparation of the information and reports in support of certain Committees (already partially identified in the self-assessment for FY 2020);

3. need for greater attention to strategic issues, through a more systematic and in-depth discussion at ordinary board meetings and in specific meetings organised on an ad hoc basis (already partially highlighted in the self-assessment for FY 2020);

4. request to dedicate more time during board meetings to the management, coordination and monitoring of Group companies (not recognised in the self-assessment relating to FY 2020).

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The Shareholders' Meeting did not confer any non-competing general or prior authorisations pursuant to article 2390 of the Italian Civil Code.

### **6.3 MEETINGS**

#### General criteria

In accordance with article 23.1.2. of the Articles of Association, the Chairperson of the Board of Directors or, in the event of his/her absence or impediment, by the person replacing him/her in accordance with article 27.2, will call the Board of Directors meeting.

The Board of Directors must meet, generally, once a month and in any case any time the Chairperson of the Board of Directors considers it necessary.

A meeting of the Board of Directors may be called in the other cases provided for by law. Meetings of the Board of Directors can be also called by the Board of Statutory Auditors or its members, including individually, in the cases and using the mechanisms provided for by prevailing laws, subject to notifying the Chairperson of the Board of Directors.

On the basis of article 23.2, meetings of the Board of Directors shall be called by notice, which shall include the agenda of the topics to discuss, sent - at least 3 (three) days before the meeting, and in cases of urgency, at least 12 (twelve) hours beforehand, by any means that can prove evidence of

receipt - to each member of the Board of Directors and the Board of Statutory Auditors. The notice may also state the places from which members may participate by means of remote connection systems as provided for by article 23.3 of the Articles of Association. Where not formally convened, meetings which are attended by all members of the Board of Directors and the Board of Statutory Auditors in office are intended, in any case, as validly constituted and fit to pass resolutions.

Pursuant to the aforementioned article 23.3, except for cases in which the meeting is held exclusively using remote connection systems, at least the Chairperson and the Secretary (or the notary where appointed) must be present in the place where the Board meeting is called, where said meeting shall be considered held.

In accordance with article 23.4 of the Articles of Association, the resolutions of the Board of Directors will only be valid if the majority of its members in office attends the meeting. Without prejudice the provisions of article 23.5 regarding decisions made by a qualified majority, decisions will be made on the basis of the absolute majority of the votes of those present.

In accordance with article 23.5 of the Articles of Association, decisions exclusively concerning the following on a direct and/or indirect basis will be valid if they are made with the vote in favour of at least 11 members of the Board of Directors in office (the "Qualified Board Majority"):

- (i) the approval of the Board List (see paragraph 6.1 of this Report);
- (ii) sale, transfer and disposal and restructuring actions in general (even if in one or more tranches) of companies or banking branches that have a unitary value of higher than 20% of the consolidated regulatory capital of the Company, as resulting from the most recent approved consolidated financial statements, with the exception of the case in which the transactions result from instructions given by the Supervisory Authorities.

#### Number of meetings and attendance

In the period 1 January - 31 December 2021, the Board of Directors met 22 times and the meetings lasted about 5 hours and 20 minutes on average, with 98.79% attendance by Directors.

The Directors who made a request for it, also taking account of the ongoing emergency context, were given the opportunity to attend the meetings using remote connection systems, in accordance with article 23.3.1. of the Articles of Association.

In FY 2021, the Board of Statutory Auditors always attended the meetings of the Board of Directors (attendance of 95.97% by Statutory Auditors).

At the board meetings, the top managers of the divisions are generally expected to attend so that they can personally express their opinions on the topics on the agenda for which they are responsible.

In accordance with article 29.3 of the Articles of Association, the General Manager, where appointed, without voting right, attends all meetings of the Board of Directors. To that end, following the resignation of the General Manager, Maurizio Faroni, on 7 May 2019, the Board of Directors decided, at its meeting of 28 May 2019, not to appoint a General Manager in accordance with article 29.2 of the Articles of Association.

A total 21 meetings were scheduled for the current year, of which 4 had already been held by the date of approval of this Report.

#### Prior information

The preparatory disclosure of the items to be discussed at the meeting is handled by the Chairperson of the Board of Directors. It is an extremely important aspect since it represents one of the fundamental



conditions to ensure that the Directors can make more appropriate decisions, on an informed basis, giving the board more time to discuss the matters in detail and analyse them.

In order to facilitate - in terms of operational simplicity and promptness - the prior information reports to provide Directors with the necessary documentary support for the topics to be examined at the Board meeting, a computer application is used to allow the information flows to the Directors to be managed securely, in accordance with the prevailing internal rules and system regulations, with special regard to access to the documentation illustrating the topics to be discussed at the board meetings. The prior documentation made available to the Directors often has executive summaries attached, summarising the most significant, relevant points regarding the decisions to make: it is understood that the drafting of executive summaries can never be considered as a replacement for the complete documentation sent to the Directors.

The Corporate Affairs Secretary examines the individual proposals for decision/information reports, submitting them for the approval of the Chairperson or the Chief Executive Officer, in accordance with their responsibilities, to then be submitted to the board meeting.

The documentation supporting the topics to be discussed at the meeting is sent in electronic format to the Directors, by the Secretary, generally along with the notice calling the meeting or afterwards, as soon as it is available.

In 2021, the board meetings planned were called, in almost all cases, 5 days in advance, with the publication, on the same day or the next day, of the documents relating to the majority of the items to be dealt with at the meeting. As regards the remaining documentation, the time required to make it available was essentially dictated by the need to produce the most up-to-date documents possible or to consolidate project activities in progress, ample time was allowed during the meeting for a detailed presentation of the subject, also making use of the preliminary review, where applicable, of the Board Committees.

Other methods to make the documentation available can be used with regard to particularly confidential documentation or for decisions that have to be made urgently, in accordance with what is considered to be the most appropriate at the time.

The information to the Board of Statutory Auditors on the activities carried out and on the significant economic, financial and asset transactions carried out by the Company or the subsidiaries, and in particular on the transactions that the directors have interests in themselves or third party interests, will also be provided by the bodies with delegated authority in accordance with article 2381 of the Italian Civil Code, to the Board of Statutory Auditors on at least a quarterly basis and in any case on an ordinary basis during the meetings of the Board of Directors. The information to the Board of Statutory Auditors outside the meetings of the Board of Directors will be provided to the Chairperson of the Board of Statutory Auditors.

In order to facilitate the access and consultation of the corporate documents by the members of the corporate bodies, a web application repository can be used, for their exclusive use, in which the material to be dealt with at the board meeting is published, along with any other documentation that could be useful in order to carry out their respective functions.

#### Procedures for the meetings and taking minutes

The management and coordination of board work is carried out by the Chairperson who also ensures that the items on the agenda are dealt with in accordance with an analytical format, dedicating the necessary time to allow for constructive debate, especially to examine the most significant matters, and encouraging contributions from the Directors during the meetings.

The meetings of the Board of Directors were attended, on the invitation of the Chairperson, for matters within its competence, the managers of the company control functions - and therefore the Internal Audit Manager, the Compliance Manager, the Risk Manager, the Anti-Money Laundering Manager and the Internal Validation Manager - as well as the Financial Reporting Manager and the managers of the other corporate functions of Banco BPM.

The Secretary - in cases where the minutes are not drawn up by a notary public in accordance with the law - is responsible for drawing up the minutes of the meeting containing the discussion and the resolutions adopted and submits a draft thereof in advance to the Chairperson. The draft minutes will then be sent to the Directors who can submit any comments to the Secretary. The minutes will then be sent for examination by the Board of Directors, generally at the next meeting, for formal approval. In urgent cases, the Board of Directors may approve the minutes, or a part of the minutes, immediately.

#### **6.4 INDIVIDUAL BODIES**

##### Chairperson and Deputy Chairperson of the Board of Directors

In accordance with article 11.3 of the Articles of Association, the ordinary Shareholders' Meeting will elect the Chairperson and the Deputy Chairperson of the Board of Directors using the mechanisms described in article 20.8 of the Articles of Association.

In accordance with article 27 of the Articles of Association, the Chairperson of the Board of Directors:

- a) acts as a driving force for the work of the Board of Directors and in the organisation and coordination of the work, and propose the appointment of a secretary for that purpose to the Board. More specifically, the Chairperson calls and presides over the meetings of the Board of Directors, establishes the agenda, also taking account of the decision proposals made by the Chief Executive Officer and the opinion of the Internal board committees (where required), he/she introduces the discussions and coordinate the work, ensuring, inter alia: (i) that the issues with strategic importance are dealt with on a priority basis; and (ii) that adequate information is promptly provided on the matters on the agenda to all the directors; he/she ensures also that the self-assessment process is carried out effectively. The Chairperson, informing the Chief Executive Officer, accesses the corporate and Group information needed for that purpose in order to carry out the duties effectively;
- b) interacts as necessary with the Chief Executive Officer;
- c) 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 and bodies and internal committees. He/she makes also proposals to the Board of Directors regarding the establishment of Internal board committees;
- d) promotes the implementation of the rights reserved to the Board of Directors, encouraging effective board discussions, with special attention to sustainable development conditions in the long term and the social responsibility of the company;
- e) guarantees and oversees relations with the shareholders, and in that sense, foster relations with them, along with the Chief Executive Officer. The Chairperson uses the applicable corporate departments to carry out this task;
- f) in accordance and coordination with the Chief Executive Officer, he/she oversees official relations with the bodies and Authorities, and the external communication of the information relating to the Company, using the applicable company divisions;
- g) presides over the Shareholders' Meetings and supervises their running and the work carried out;

- h) subject to the provisions of article 31, he/she has the right, in urgent cases and on the proposal of the Chief Executive Officer, to bring or defend legal actions before any judicial or administrative authority, file lawsuits, and assign power of attorney for litigation, as well as to grant powers of attorney, even of a general nature, for court proceedings, with the obligation to inform the Board of Directors of the decisions made at its next meeting;
- i) exercises all other functional powers in carrying out his/her office.

In accordance with article 31.1. of the Articles of Association, the Chairperson of the Board of Directors represents the Company in the pursuit and defence of actions, before third parties and in both legal and administrative courts, including for supreme court judgements and vacated judgements, and has sole signing authority, and in the case of his/her absence or incapacity, including temporary, these duties are granted the Deputy Chairperson.

The shareholders' meeting, by means of report of 4 April 2020, resolved to appoint Massimo Tononi as the Chairperson of the Board of Directors of Banco BPM and Mauro Paoloni as the Deputy Chairperson of the company's Board of Directors.

In compliance with recommendation no. 18 of the Code of Corporate Governance and in compliance with article 20.12.1 of the Articles of Association, at its meeting on 29 April 2021, the Board of Directors, on the proposal of the Chairperson, resolved the appointment of Andrea Marconi as the Secretary to the Board of Directors for FY 2021, selected from among the executives of Banco BPM, given that he is Manager of the Corporate Affairs Secretariat, noting that he met the requirements set forth in articles 3 (integrity requirements), 4 (fairness criteria), and 10, paragraphs 1 and 2 (competence criteria, taking into consideration the specifics of the role covered), of Italian Ministerial Decree 169/2020 as well as the respective provisions contained in the Fit & Proper Policy.

Pursuant to the provisions of the "Regulation on the functioning and organisation of the Board of Directors and the Executive Committee and the self-assessment of the Board of Directors and of its Committees", the Secretary supports the activities of the Chairperson and provides assistance and advice to the Board of Directors, based on impartiality of judgment, on any relevant aspect for the correct functioning of the corporate governance system.

### Chief Executive Officer

Pursuant to article 28 of the Articles of Association, the Board of Directors appoints a Chief Executive Officer from among its members and confers certain powers of the Board of Directors to him/her in accordance with article 2381 paragraph 2 of the Italian Civil Code.

Subject to the provisions of article 24.2 of the Articles of Association and subject to the powers granted by the Board of Directors, the Chief Executive Officer:

- (a) supervises the corporate management of the Company and the Group, overseeing current affairs, in accordance with the general planning and strategies established by the Board of Directors, checking their performance;
- (b) formulates proposals, in accordance with the Chairperson of the Board of Directors, regarding the strategic guidelines, and the short-term and/or non-ordinary projects and objectives of the Company and the Group;
- (c) on his/her own initiative and responsibility, draws up the plans and forecasts documents of a strategic and/or extraordinary nature (budget and long-term plans) of the Group and the Company, to be submitted for the approval of the Board of Directors, overseeing their implementation through the General Management;
- (d) oversees the study, preparation of the documents and sending of confidential letters relating to extraordinary transactions or agreements, to be submitted to the Board of Directors;

- (e) formulates proposals to the Board of Directors regarding the geographic layout of the territorial Departments and the Group banks and the related plans for the expansion and rearrangement of the network of the Group companies;
- (f) formulates proposals to the Board of Directors regarding policies on the financial statements and guidelines on the optimisation of use of resources and placing value on them, and submitting the draft financial statements and periodic situations to the Board of Directors;
- (g) prepares and submits to the Board of Directors, for approval, the annual budget, also of the individual group companies, in line with the higher level plans, and carries out periodic checks of the results, approving any corrective actions considered necessary;
- (h) coordinates the executive activities of the Company and the Group, giving guidelines and instructions to ensure that the performance of the operating units complies with the decisions made by the applicable bodies, and that the activities of the subsidiaries are in line with the orders and strategies established by the parent company;
- (i) within the scope of the guidelines established by the Board of Directors, gives guidelines and oversees the organisational, administrative and accounting structure of the Company and the Group, in accordance with the value system recognised by the Company;
- (ii) supervises the organisation and integration of the Group, and the performance of the sales channel network, the transactions and services managed by the Company and the Group companies;
- (m) exercises, in accordance with the regulations, the power to propose and disburse loans, within the limits established by the regulations on loans in effect at the time;
- (n) supervises and manages the personnel, improving the human resource policies of the Company and the Group to pursue the goals of integration, managerial continuity, encouraging the appropriate motivation;
- (o) determines the guidelines and instructions for General Management;
- (p) submits to the Chairperson of the Board of Directors, topics to put on the agenda of the meetings of the Board of Directors;
- (q) exercises the powers specifically allocated by the Board of Directors - to the extent of the ceilings assigned - with the related rules;
- (r) reports periodically to the Board of Directors on the activities carried out in the exercise of the powers granted to him/her and - along with, where appointed, the General Manager, the Co-General Managers and the department heads in accordance with their responsibilities - on the performance of the activities and overall performance of Company and Group management, and on the correspondence of the results with the forecast documents and planning;
- (s) makes proposals to the Board of Directors regarding the guidelines for the internal control system in accordance with prevailing laws; addresses extraordinary requests for inspection and/or investigation to the internal control function through the internal control committee;
- (t) formulates proposals regarding recruitment policies and risk management and capital adequacy in accordance with the operating areas, restrictions and instructions from the supervisory laws;
- (u) formulates proposals to the Board of Directors on recruitment policies and liquidity risk management, establishing the limits in accordance with supervisory laws;
- (v) makes proposals to the Board of Directors regarding the appointment of the Company and Group top operational and executive management (not including the Internal Audit Function Manager) and, in association with the Chairperson of the Board of Directors, regarding the appointment and removal of the General Manager and Co-General Managers;
- (w) manages, in accordance and coordination with the Chairperson of the Board of Directors, the external communication of information regarding the Company and the other Group companies and relations with the Supervisory Authorities;
- (z) oversees the valuation and management of the "non-performing loans", including any decision regarding their management (for example settlements and disputes).

In cases of exceptional urgency, the Chief Executive Officer, in accordance with the Chairperson of the Board of Directors, may make decisions regarding any transaction that is the responsibility of the Board of Directors, provided that the law or the Articles of Association do not make it mandatory for the

Board of Directors to make said decisions on a collective basis, with the exception of the provisions of article 24.2.2, paragraph 1, letters p), q) and y) - and even if it regards transactions governed by the procedures adopted in accordance with article 2391-bis of the Italian Civil Code and article 53 of Italian Legislative Decree no. 385 of 1 September 1993, subject in those cases to compliance with the specific provisions of said procedures for urgent transactions. In any case, the decisions made in that manner must be brought to the attention of the Board of Directors at its next meeting.

The Chief Executive Officer reports, with the General Manager and the Co-General Managers, if appointed and to the extent of their responsibilities, to the Board of Directors, at least once every quarter, on the general business performance and outlook, and on the most significant transactions carried out by the Company and its subsidiaries.

By means of report of 7 April 2020, the Board of Directors resolved to appoint Giuseppe Castagna as Chief Executive Officer of Banco BPM.

At the same meeting, the Board of Directors decided to assign the Chief Executive Officer, in accordance with article 24.2.1. of the Articles of Association, the power to make decisions regarding cash flow management of the Company – that are not reserved by law or the articles of association to the collective responsibility of the Board of Directors– to be exercised in accordance with the general planning and strategic guidelines established by the Board of Directors, with the right to assign consistent powers, also within the scope of the powers referring to specific matters indicated below, to managers and other employees, to be identified also in accordance with their roles, establishing the applicable limits and mechanisms and notifying it to the Board of Directors.

More specifically, subject to the above-mentioned powers regarding cash flow management pursuant to article 24.2.1. of the Articles of Association, the Board of Directors assigned the Chief Executive Officer, in accordance with article 28 of the Articles of Association, specific powers in operating matters.

The main powers assigned to the Chief Executive Officer are set out below:

- A) Autonomous management rights regarding direction and management
- B) Autonomous management rights in finance matters
- C) Autonomous management rights in commercial matters
  - C.1) Definition of pricing policies
  - C.2) Settlement in accords and agreements
- D) Autonomous management rights in staff matters
  - D.1) Industrial relations management;
  - D.2) Management of recruitment, development and administration of personnel
  - D.3) Management of social security issues
- E) Autonomous management rights in organisational matters
  - E.1) Definition of the organisational structure
  - E.2) Definition of the qualitative and quantitative requirements of personnel
  - E.3) Definition of the approval and modification of internal regulations and guidelines
  - E.4) Definition of the internal operating model
- F) Autonomous management rights regarding promotional initiatives and sponsorships
- G) Autonomous management rights in shareholding matters
- H) Autonomous management rights in administration matters
- I) Autonomous management rights in investment, spending and budget use matters
- J) Autonomous rights in the management of moveable and immoveable assets and historic - artistic assets
- K) Autonomous management rights in relations with the Public Administration
- L) Autonomous rights to manage disputes and lawsuits that can also be exercised for Group companies for which Banco BPM carries out said activities on an outsourced basis
- M) Autonomous management rights with regard to write-offs

- N) Autonomous management rights regarding associations

The full list of the powers assigned by the Board of Directors to the Chief Executive Officer was registered with the applicable Companies Register of Milan Monza Brianza Lodi.

The Chief Executive Officer will refer to the Board of Directors as follows:

- on a quarterly basis, generally and for total amounts, on the exercise of all the powers assigned where not already carried out in implementation of a specific Regulation or within the scope of the general periodic information report on the general business performance and outlook, and on the most significant transactions carried out by the Company and its subsidiaries;
- at the first meeting following decisions made on an urgent basis in accordance with article 28.3 of the Articles of Association.

It should be noted that, with reference to the Chief Executive Officer, Giuseppe Castagna, there are no situations involving *interlocking directorates* pursuant to article 36 of Law 214/2011.

#### General Manager and Co-General Managers

In accordance with article 29 of the Articles of Association, the Company can appoint a General Manager and/or one or more Co-General Managers, where appointed, establishing powers, responsibilities and functions to exercise in accordance with the guidelines given, according to their respective responsibilities, by the Board of Directors and the Chief Executive Officer.

The appointment, removal or replacement of the General Manager and/or each Co-General Manager (and the determination or amendment of the powers, functions and responsibilities of each of them) will be decided by the Board of Directors upon the proposal by the Chief Executive Officer in accordance with the Chairperson of the Board of Directors.

The General Manager, where appointed, takes part in the meetings of the Board of Directors, without voting right.

The Board of Directors, at its meeting of 1 January 2017, decided, in accordance with the Merger Plan, to appoint Domenico De Angelis and Salvatore Poloni as the two Co-General Managers.

Notice is hereby given that the Board of Directors, in order to ensure business continuity, also based on the increased operational needs related to the significant size of the company, decided, with reference to article 31.3. of the Company's Articles of Association, to attribute to the Co-General Managers Domenico De Angelis and Salvatore Poloni, the pursuit and defence of actions of Banco BPM S.p.A., before third parties and in both legal and administrative courts, including for supreme court judgements and vacated judgements, and sole signing authority, solely in the case of the absence or impediment, including temporary, of the Chairperson of the Board of Directors, the Deputy Chairperson and the Chief Executive Officer.

Some brief biographical notes will be provided below for the members of General Management, showing that they have adequate professional expertise in the areas of banking, finance, legal, corporate, tax, organisational-IT and risk management.

- Domenico De Angelis - Co-General Manager: Having held various executive positions within the Eni Group and the UniCredit Group, since June 2000, he was appointed Central Director and Head of Markets of the former Banco Popolare di Novara S.c.r.l. In June 2002, following the foundation of the BPVN Group, he was appointed General Manager of former Banca Popolare di Novara, and served as Chief Executive Officer from April 2004 to December 2011. He was a Member of the Management Board of Banco Popolare from July 2007 to November 2011, and subsequently a Member of the Board of Directors (from 26 November 2011) and Co-General Manager (from 29



November 2011) until the effective date of the merger with BPM S.c.a r.l. He has previously taught the Economics and Financial Intermediation Management master's programme at Università degli Studi del Piemonte Orientale. HE TEACHES EXECUTIVE MANAGEMENT PROGRAMME IN BANKING (CIB) AT THE SDA BOCCONI IN MILAN. HE is a Director of the "Associazione Franca Capurro per Novara" non-profit organisation and Chairperson of the "Associazione Novaresi Per". He has been a Co-General Manager of Banco BPM S.p.A since 1 January 2017.

- Salvatore Poloni - *Co-General Manager*: He graduated in Law with honours and qualified to practice as a lawyer; he began his professional career with the Fiat Group, where he held management positions in the HR and Organisational departments of Fiat Auto S.p.A. and served as Head of Trade Union Relations at Sevel S.p.A.; he later served as Head of Trade Union Relations at Istituto Bancario Italiano S.p.A. and Head of Employment Policies at Cariplo S.p.A.; he was Central Director of HR and Organisation of Gruppo Bormioli Rocco S.p.A.; from 2003, he was an Executive and Head of HR and Organisation of the Network Division of the Intesa Group; from 2007, he was Head of HR and Organisation of the Regional Banking Division of Intesa Sanpaolo Group; from 28 July 2010, he was Central Director of the Organisational and Safety Department of Intesa Sanpaolo Group Services; from September 2012, he was Central Director and Head of HR and Organisation of Intesa Sanpaolo Group Services and, from 2015, Head of Digital Factory and Integrated Strategic Operational Areas; from September 2015 (until the data of effectiveness of the merger with Banco Popolare Soc. Coop.), he was Chief Organisational and Human Resources Officer of Banca Popolare di Milano S.c.ar.l. as well as a Member of the Board of Directors of Banca Akros S.p.A. He is currently a Director at S.I.A. S.p.A. and Enbicredito. He has been the Co-General Manager of Banco BPM S.p.A. since 1 January 2017. He is also a Director in the Italian Banking Association, a member of the Executive Committee and of the Chairperson's Committee as well as the Chairperson of the Committee for Trade Union and Labour Affairs (CASL).

Lastly, it should be noted that the Company adopted an organisational structure that does not make provision for the General Manager and incorporates not only two Co-General Managers, but the Chief Lending Officer (CLO) and the Chief Financial Officer (CFO), whose responsibility is attributed respectively to Teresio Testa (replacing, effective from 1 January 2022, Carlo Bianchi who joined the Solidarity Fund) and Edoardo Ginevra.

## **6.5 INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS**

While compliant with the principle of collegiality in the performance of its duties, the Articles of Association provide that the Board of Directors - in relation to the responsibilities assigned to it, its composition and the characteristics of its members - will create, internally, also in accordance with the recommendations contained in the Code of Corporate Governance, specific Committees with investigatory, proposal-making, advisory and control functions regarding appointments, remuneration and control, risks and sustainability.

The Board of Directors also has the right to establish other Committees, drawing up appropriate Regulations, with advisory, investigatory or proposal-making powers. Each committee is composed of a majority of members who meet the independence requirements set forth under article 20.1.6. of the Articles of Association.

As at the date of this report, 4 internal committees have been established (Appointments Committee, Remuneration Committee, Internal Control, Risks and Sustainability Committee, Related Parties Committee) that have to provide support to the Board through the formulation of proposals, opinions and observations, and insights into the areas they are responsible for.

In the establishment of said Committees, in the appointment of the respective members and in drafting the Regulations that clearly determine the responsibilities and function of each, attention was paid to ensure that they would contribute to the Board of Directors in an effective way in terms of contributing analyses, content and efficiency, both from the standpoint of investigation and from an advisory stance; the suitability of their overall organisation was assessed to ensure there was no overlapping of responsibilities and/or decision-making processes.

It should be noted that, at the time of the renewal of the composition of the internal board committees, by means of a resolution of the Board of Directors of 7 April 2020, changes were made also to the respective Regulations, aimed essentially at acknowledging the amendments to the articles of associations regarding the number of members of the individual Committees and the EBA Guidelines on internal governance.

### Appointments Committee

Pursuant to article 24.4.1. of the Articles of Association, the Board of Directors shall establish an Appointments Committee internally, approving the Regulations which determine its responsibilities and operation, in accordance with the Supervisory Regulations.

The Bank's Articles of Association establish that the Appointments Committee will comprise 3 (three) Directors, all non-executive and the majority of whom (including the individual appointed as Chairperson) will meet the independence requirements established in the Articles of Association.

All members must possess, individually and collectively, adequate knowledge, skills and expertise regarding the selection process and adequacy requirements, also pursuant to the Guidelines prepared by the competent Authorities.

The Appointments Committee, established by means of a resolution of the Board of Directors at the meeting on 10 January 2017 and renewed by board resolution of 7 April 2020, comprises the following three Directors on the date of this report (and until the approval of the financial statements for 2022): Carlo Frascarolo (Chairperson), Marina Mantelli and Mauro Paoloni. All members of the Committee are non-executive, a majority of whom are independent, including the Chairperson.

The Appointments Committee is responsible for the functions and tasks assigned to it by the Code of Corporate Governance and the applicable supervisory regulations (see Circular No. 285/2013, First Part, Title IV, Chapter 1, Section IV).

The Committee has the duty to screen or process proposals on the following matters:

- submission to the Shareholders' Meeting and composition of a list of candidates for the appointment of the Board of Directors;
- appointment or co-opting Directors to replace any who have resigned pursuant to article 20.11. of the Articles of Association;
- appointment and removal of the Chief Executive Officer;
- appointment and removal of the members of the Territorial Advisory Committees in the Territorial Divisions, where established.

The Committee also provides support to the Board of Directors, in accordance with the specifications in the Supervisory Provisions and in the internal regulations, in the following processes:

- prior identification and subsequent checking of the qualitative-quantitative composition of the Board of Directors considered to be optimal;
- self-assessment of the Board of Directors;



- assessment of the suitability of the requirements envisaged in article 26 of the Consolidated Banking Law and of the Regulation "Requirements and suitability criteria for fulfilment of the engagement of company representative for the Banco BPM Group" (so-called "*Fit & Proper Policy*");
- definition of succession plans and performance of the tasks attributed to the Committee by said plans;
- approval and updates of the *Fit & Proper Policy*";
- approval and updates of the Regulation "Limits on the maximum number of offices".

The Committee will also express its opinion on the following to the Board of Directors:

- the appointments of the candidates to act as statutory auditors (standing and alternate), general managers, co-general managers and deputy general managers of the banks and the main non-banking subsidiaries of the Group;
- the appointment and removal - upon proposal of the Chief Executive Officer, having consulted with the Chairperson of the Board of Directors - of the following company figures, if set forth in article 29 of the company articles of association (the General Manager and the Co-General Managers);
- appointment of senior operational and executive managers of Banco BPM S.p.A., as identified by means of the appropriate board decisions;
- the appointment and removal, in accordance with the Articles of Association, of the Financial Reporting Manager of Banco BPM according to article 154-bis of Italian Legislative Decree no. 58/1998 and the determination of the related powers and means, and the appointment and removal of the heads of the internal control departments of Banco BPM S.p.A. – and therefore the Internal Audit Manager, the Chief Risk Officer (CRO), where applicable, the Compliance Manager, the Risk Manager and the Anti-Money Laundering Manager and the Internal Validation Manager.

In compliance with the provisions of article 23.8 of Decree of the Ministry of Economy and Finance no. 169 of 23 November 2020 and the *Fit & Proper Policy*, the Appointments Committee, for the declaration of the removal of office of independent directors or representatives elected from minority lists, issues a justified opinion to the competent body on the merits of the assessments relating to suitability of the representative.

With reference to the specific functions provided for under the Code of Corporate Governance), the Committee will also give its opinions to the Board of Directors regarding its size and composition and make recommendations on the professional figures whose presence on the Board is advisable, in addition to any other topics indicated by the above-mentioned Code.

To carry out its activities, the Committee avails itself of the technical support of the competent corporate structures. In performing its duties, the Committee has access to all business areas and corporate functions of the Company and of Group companies, including at central offices and peripheral structures, and has the right to obtain any information or data deemed necessary to perform its duties.

The Committee may also use external specialist advisors with proven experience, to the extent of the annual budgets approved by the Board of Directors. In any case, the Board of Directors will ensure that the Committee is suitably equipped with adequate resources to fulfil its tasks and exercise its powers.

Committee meetings are called by the Chairperson whenever it is considered appropriate, by notice, containing an indication of the items to be discussed on the agenda, to be sent via any means, which guarantees proof of receipt, sent at least three days before the date set for the meeting, in time to provide the Committee members with sufficient information on the issues to be discussed, and this shall be followed by delivery of the necessary documentation, where available, to ensure the best operation of the collective work.

If a Committee member has a personal interest or third-party interest in an item to be discussed, he/she must inform the Committee and abstain from participating in the debate and voting.

The following may be invited to attend the meetings, in relation to the topic being discussed: (i) Chairperson of the Board of Directors, (ii) the Chief Executive Officer, (iii) the other directors, (iv) where appointed, the General Manager and the Co-General Managers, (v) the managers of the company control functions, (vi) informing the Chief Executive Officer of them, the managers of the company functions of Banco BPM S.p.A. and of other Group companies competent on the matter, as well as (vii) the other parties whose presence is deemed useful by the Committee.

The members of the Board of Statutory Auditors have the right to attend Committee meetings.

Between 1 January and 31 December 2021, the Appointments Committee met 18 times, with roughly 98% attendance at said meetings, and the meetings lasted around half an hour on average. A member of the Board of Statutory Auditors attended 17 meetings.

The meetings are convened on a "call" basis, and 3 meetings were held between 1 January 2022 and the date of approval of this Report.

In the 2021, the Committee, *inter alia*, assisted the Board of Directors in verifying the legal, statutory and regulatory requirements for its members, the members of the Board of Statutory Auditors and the General Management, as well as the members of the Boards of Directors of the Group's banking subsidiaries. The Committee supported also the Board of Directors, more specifically:

- (i) in the annual self-assessment process and optimal qualitative and quantitative composition of the Board of Directors of Banco BPM S.p.A. and its Committees;
- (i) in the process of annual self-assessment and optimal qualitative and quantitative composition of the Board of Directors for the subsidiary banks Banca Akros S.p.A. and Banca Aletti & C. S.p.A.;
- (ii) in the indication of the representatives of the Group banks and the main non-banking subsidiaries.

The Appointments Committee also carried out the activity required by the reference legislation and regulations - including the Succession Plans of the Banco BPM Group - with reference to the identification of the candidates to be proposed (i) to the Board of Directors of Banco BPM to cover the role of *Chief Lending Officer*, as well as (ii) to the Board of Directors of the subsidiary Banca Aletti & C. S.p.A. to hold the position of General Manager.

Some *managers* of the Bank were invited to attend the meetings held in 2021, in relation to the individual items on the agenda, by informing the Chief Executive Officer in the event of the attendance of managers of the company functions of Banco BPM and the other Group companies with competence on the matter.

The appropriate minutes of the Committee minutes are drafted by the Secretary, appointed by the Committee, who need not be a Member, provided in that case that he or she is a member of the secretariat staff, pursuant to article 20.12.1 of the Articles of Association.

When the minutes of the resolutions cannot be drawn up in time for the Board of Directors meeting in which a proposal must be formulated or an opinion granted, the Chairperson of the Committee must notify, also verbally, the Board of Directors at the next meeting of the same, on the decisions made by the Committee.

#### Remuneration Committee

Pursuant to article 24.4.1. of the Articles of Association, the Board of Directors shall establish a Remuneration Committee internally, approving the Regulations, which determine its responsibilities and operation, in accordance with the Supervisory Regulations.

The Bank's Articles of Association, recently amended by the extraordinary shareholders' meeting of Banco BPM S.p.A. of 15 April 2021, establish that the Remuneration Committee will comprise three Directors, all non-executive and the majority of whom (including the individual appointed as

Chairperson) holding the independence requirements established in the Articles of Association. At least one member of the Committee must have suitable knowledge and experience in the financial field or of remuneration policies.

The Remuneration Committee, established with board resolution of 7 April 2020, comprises the following three directors on the date of this report (and until the approval of the 2022 financial statements): Manuela Soffientini (Chairperson), Alberto Manenti and Giulio Pedrollo. All members of the Committee are non-executive directors, independent (including the Chairperson) and collectively possess the necessary professional knowledge, expertise and experience regarding the remuneration policies and practices and the risk management and control activities.

The Remuneration Committee is responsible for the functions and tasks assigned to it by the new Code of Corporate Governance, which Banco BPM subscribed to under board resolution of 14-15 December 2020, as well as the applicable supervisory provisions (see in particular Circular no. 285/2013, First Part, Title IV, Chapter 2, Section II, pursuant to the most recent amendment of the 37th update of 24 November 2021).

In compliance with the Supervision Provisions of the Bank of Italy in force regarding remuneration and bonus payment policies and practices, the Articles of Association and the specific Regulations, in relation to the Parent Company, the subsidiary banks and the Group's main non-banking subsidiaries, the Remuneration Committee:

- has advisory status and makes proposals regarding the remuneration of directors, statutory auditors, general managers, co-general managers and deputy general managers;
- has advisory status and the task of making proposals regarding payment to the Financial Reporting Manager pursuant to article 154-bis of Italian Legislative Decree no. 58/1998, the heads of the internal control departments – and therefore the Internal Audit Manager, the Compliance Manager, the Risk Manager, the Anti-Money Laundering Manager and the Internal Validation Manager - and the Human Resources Manager;
- has advisory and proposal duties on the remuneration of the remaining personnel whose remuneration and incentive systems are decided upon by the Board of Directors, as well as on the matter of determining the criteria for remuneration of the remaining "most important personnel", identified according to the methods set forth in the Supervision Provisions regarding remuneration and incentive policies and practices;
- directly supervises the correct application of rules relating to remuneration of the heads of the internal control departments – as mentioned above – in close co-operation with the Board of Statutory Auditors;
- handles the preparation of documentation to be submitted to the Board of Directors for decisions on remuneration and incentives;
- advises, making use of information received from the applicable company departments, on the outcome of the key personnel identification process, including any exclusions pursuant to the Supervisory Provisions regarding the remuneration and bonus payment policies and practices;
- collaborates with other committees within the Board of Directors and, specifically, with the Internal Control, Risks and Sustainability Committee and the Appointments Committee;
- ensures the involvement of specialist corporate functions in the process of developing and inspecting remuneration and bonus payment policies and practices;
- advises, making use of information received from specialist corporate departments, and, specifically, the Human Resources department, on the achievement of performance objectives linked to bonus payment plans and on the assessment of the other terms in place for paying salaries;
- provides adequate reflection on activity carried out by the Board of Directors, the Board of Statutory Auditors and the Shareholders' Meeting.

In compliance with the specific functions envisaged by the Code of Corporate Governance, the Committee carries out also, among other things, in accordance with the Regulation, the following duties:

- supports the Board of Directors in drawing up the remuneration policy;

- periodically evaluates the suitability, overall consistency and practical implementation of the remuneration policies for directors, statutory auditors and *top management*, using, in the latter regard, information provided by the Chief Executive Officer, and makes the relevant proposals to the Board of Directors;
- presents proposals to the Board of Directors on the remuneration of directors holding particular offices, as well as on the setting of performance targets relating to the variable component of this remuneration; it monitors, in this respect, the application of decisions adopted by the Board itself verifying, specifically, the actual attainment of performance targets;
- whenever it intends to use the services of a consultant to obtain information on market practices regarding remuneration policies, the Committee verifies in advance that it will not find itself in situations that compromise independence of judgement.

This is subject to any other power given to the Committee pursuant to the law or regulations, or supervisory regulations or decided upon by the Board of Directors.

The Committee must structure the execution of its tasks around the standards of autonomy and independence; to this end, it must be guaranteed the presence, or support, of experts on risk management, capital and liquidity, so that the incentives underlying the system and remuneration policies are consistent with the methodology adopted by the Bank for regulatory and internal risk management. To that end, the Committee relies ordinarily on the company's risk control divisions, and in particular, the Risk Manager and the Compliance Manager who, along with the Human Resources Department Manager and Audit Function Manager, in person or through his/her delegate, regularly attend its meetings, unless decided otherwise from time to time by the Chairperson.

In the performance of its duties, the Committee has also access to all areas of activity and corporate functions of the Group companies, both through central offices and peripheral structures, and has the right to obtain any information or data deemed necessary for the performance of its task. To that end, the Committee also asks the Board of Directors annually for a budget for specialist external advisory services from specialised independence companies. In any case, the Board of Directors will ensure that the Committee is suitably equipped with adequate resources to fulfil its tasks independently and exercise its powers.

Committee meetings are called by the Chairperson whenever considered appropriate, by notice, containing an indication of the items to be discussed on the agenda, to be sent via any means, which guarantees proof of receipt, sent at least three full days before the date set for the meeting, in time to provide the members with sufficient information on the issues to be discussed, and this shall be followed by delivery of the necessary documentation, where available, to ensure the best operation of the Committee's work. The Chairperson coordinates the Committee's work.

If a Committee member has a personal interest or third-party interest in an item to be discussed, he/she must inform the Committee and abstain from participating in the debate and voting.

In addition to the corporate departments mentioned above, that - unless otherwise decided as the occasion arises by the Chairperson - regularly attend the meetings, the Chairperson of the Board of Directors, the Chief Executive Officer, the directors and, by informing the Chief Executive Officer of them, the heads of the company departments of Banco BPM S.p.A. and the other Group Companies and the other parties whose attendance is considered to be useful by the Committee may be invited to attend meetings in accordance with the topic to be discussed. No director shall attend the committee meetings in which proposals are discussed to make to the Board of Directors relating to his/her personal remuneration.

In any event, members of the Board of Statutory Auditors are entitled to attend Committee meetings and they must always be invited - also through the Chairperson of the Board of Statutory Auditors or a Statutory Auditor designated for this purpose - to meetings regarding the verification of the proper application of rules relating to the remuneration of internal audit managers.

In the period between 1 January 2021 and 31 December 2021, the Committee met 26 times, with the meetings called by its Chairperson. The meetings recorded a 100% attendance rate. The average duration of the sessions was about one hour and 22 minutes.

Six meetings were held between 1 January 2022 and the date of approval of this Report.

In 2021, the Committee carried out the activities within its competence, in particular performing - depending on the cases - investigatory, advisory and/or proposal-making activities regarding: (i) the process of identification of key personnel for 2021 and for 2022; (ii) the examination of verification of the conditions of access to the variable components of remuneration of Group personnel, in implementation of the 2020 *Policy* (2020 Short-Term Incentive and additional variable remuneration components); (iii) the evaluation of the robustness of the items subject to the normalisation of the UOC (profit from current operating activities) and RORAC; (IV) the analysis of remuneration competitiveness vis-à-vis the external market, in terms of managerial roles, carried out by a leading independent consultancy firm; (v) the analysis of market practice regarding Long-Term Incentive (LTI) plans and evaluated the structure, access conditions and performance indicators of the 2021-2023 LTI Plan; (vi) the preliminary investigations regarding the identification of non-recurring economic components for the purpose of complying with Consob Communication no. DEM/6064293 of 28 July 2006; . ; (vii) the implementation of the share-based compensation plan approved by the Ordinary Shareholders' Meeting of Banco BPM - 2020 and the proposal of the Banco BPM S.p.A. Share-Based Compensation Plan of the 2020 Short-Term Incentive plan; (viii) the proposal of the 2021 Policy and the criteria for the determination of remuneration to be granted in the case of early termination of employment or of office; (ix) the investigatory activity regarding verification of the performances achieved by the Chief Executive Officer in relation to the objectives assigned for 2020; (x) the advisory activity regarding the remuneration of the representatives of subsidiary banks and of the main non-banking subsidiaries of the Group; (xi) the investigatory activity regarding the determination of the objectives of the 2021 Short-Term Incentive plan to be assigned to the CEO and of the relative variable remuneration pertinent to the year; (xii) investigatory activity regarding the proposals for the values of the maximum incentive to be associated to the 2021 Short-Term Incentive plan and 2021-2023 Long-Term Incentive (LTI) of the Co-General Managers and of Senior Operational and Executive Managers of the Parent Company, of the CEO and General Manager of Banca Akros S.p.A. and of the CEO of Banca Aletti & C. S.p.A. as well as to the Short-Term Incentive 2021 of the Managers of the company control functions and the Financial Reporting Manager of the Parent Company; (xiii) detailed information on the objectives of the 2021 Short-Term Incentive plan for identified staff; (xiv) the evaluation, in cooperation with the Control Body, of the correct application of the rules established by the 2020 Policy on the variable remuneration of managers of the company control functions; (xv) the update of the rules of internal processes relating to the definition of the report on the remuneration policy and compensation paid and the definition and management of the annual incentive system as well as its internal regulation; (xvi) the information on the performances achieved by staff within the context of the 2020 incentive system; (xvii) the request to the Board of Directors for a budget for 2022 (pursuant to article 6.5 of the Committee Regulation) with a view to using the consulting services of independent companies; (xviii) the monitoring of the continuation of remuneration analyses of competitiveness for managerial roles with a focus on company control functions, with the support of a leading independent consulting company, by carrying out the consequent fixed remuneration initiatives; (ixx) the assessment of the qualitative KPIs assigned to the identified staff of the company control functions with the help of a leading consulting company; (xx) the constant monitoring of the requests of the identified staff received in relation to the 2021 STI Plan; (xxi) the process of appointment of the new Chief Lending Officer, in agreement with the Internal Control, Risks and Sustainability Committee and the Appointments Committee, by carrying out advisory functions regarding the compensation to be recognised.

For the pursuit of its own activities, the Committee received all the information deemed necessary and the support of company departments involved. In 2021, it saw fit to avail itself of external consultants, appointed directly by the Committee or through the Human Resources Department.

As provided for by Committee Regulation, unless otherwise determined, the Compliance Manager, the Human Resources Manager and the Risk Manager attended the Committee meetings; the Audit Manager also took part on an ongoing basis, on his/her own behalf or through a delegate; other Bank managers were also invited by the Committee and took part, in the latter case in accordance with the single items on the agenda.

The Statutory Auditor, specifically appointed to this effect, attended Committee meetings, subject to the right of all members of the Board of Statutory Auditors to attend meetings, as established by the Regulations.

Specific minutes are drawn up by a Secretary designated by the Committee, even if not a member of the same, for each Committee meeting.

When the minutes of the resolutions cannot be drawn up in time for the Board of Directors meeting in which a proposal must be formulated or an opinion granted, the Chairperson of the Committee must notify, also verbally, the Board of Directors at the next meeting of the same, on the decisions made by the Committee.

For further information on the Remuneration Committee, please refer to the "Remuneration Report" published in accordance with article 123-ter of the Consolidated Law on Finance on the website of Banco BPM ([www.bancobpm.it](http://www.bancobpm.it) – under Corporate Governance section).

#### Internal Audit, Sustainability and Risks Committee

Pursuant to article 24.4.1. of the Company's Articles of Association, the Board of Directors sets up an Internal Control and Risks Committee from among its members, called, also based on a specific board determination, the Internal Control, Risks and Sustainability Committee (hereinafter, the "**Internal Control, Risk and Sustainability Committee**" or the "**Committee**"), approving the relevant Regulation that will determine their responsibilities and operation in compliance with the Supervisory Provisions.

The Bank's Articles of Association establish that the Committee will comprise five Directors, all non-executive and the majority of whom (including the individual appointed as Chairperson) will meet the independence requirements established in the Articles of Association. It is also expected that the members of the Committee have the knowledge, expertise and experience to be able to fully understand and monitor the Group's risk strategies and guidelines; at least one member of the Committee must have suitable experience in accounting and financial matters, or in risk management.

The composition of the Committee also meets the requirements of the following:

- Code of Corporate Governance which requires the Committee to possess, as a whole, adequate expertise in the sector in which the company operates (requirement conducive to evaluating its associated risks) and at least one member to have adequate accounting and financial or risk management experience;
- Committee Regulation, pursuant to which the members must have such knowledge, expertise and experience as to be able to fully understand and monitor the strategies and risk guidance of the Group.

The Internal Committee, established by Board of Directors resolution of 7 April 2020, is composed of the following five Directors as of the date of this report (and until approval of the 2022 financial statements): Eugenio Rossetti (Chairperson), Mario Anolli, Maurizio Comoli, Nadine Faruque and Luigia Tauro. All members of the Committee are non-executive, a majority of whom are independent, including the Chairperson.



With regard to the scope of its activities, it should be noted that, at the meeting on 29 April 2021, the Board of Directors - in order to further emphasise the tasks performed by the Committee in the Environmental, Social and Governance (ESG) domain incorporated in the update to the regulation approved during said meeting - saw fit to change the name of the internal board body to the "Internal Control, Risks and Sustainability Committee", appointing the Director Luigia Tauro to supervise the Bank's activities in relation to ESG matters, taking account of the sensitivity and expertise accrued on the subject.

The Internal Control, Risks and Sustainability Committee is charged with the duties envisaged by the supervisory provisions of the Bank of Italy as well as by the Code of Corporate Governance, in particular performing duties to assist the Board of Directors of the Issuer with regard to risks and the internal control system, the scope of which applies to the entire Group.

The Committee is responsible, inter alia, for investigation and advisory activities with regard to the scope reserved to the Board of Directors relating to the:

- internal control system;
- risk analysis, measurement, monitoring and management;
- IT accounting structure.

In performing its duties, the Committee pays special attention to all activities that are instrumental or necessary for the Board of Directors to be able to correctly and effectively establish the Risk Appetite Framework and risk governance policies.

In compliance with the specific functions provided by the Supervisory Provisions of the Bank of Italy and the Code of Corporate Governance, the Committee also carries out, inter alia, in accordance with the specific Regulations, the following duties:

- assists the Board of Directors by providing its opinion:
  - i. on establishing the guidelines of the internal audit and risk management system, so that the main risks to which the Company and its subsidiaries are exposed to are correctly identified as well as adequately measured, managed and monitored;
  - ii. on determining the level of compatibility of said risks with the sound and prudent management of the Company, consistent with the strategic objectives identified;
- identifies and proposes to the Board of Directors, with the contribution of the Appointments Committee and the managers of the internal control functions to be appointed and gives its opinion on the proposal to remove them;
- forms an opinion on changes to the organisational structure of the internal control departments within the scope of the Board of Directors, on the adequacy of the resources assigned to them, with respect to the performance of their duties and, subject to the responsibilities of the Remuneration Committee, on the remuneration of the relative managers in accordance with company policy;
- makes assessments and forms opinions for the Board of Directors on compliance with principles, legislative and regulatory provisions, to which the internal audit system and the company organisation must adhere, and the requirements that must be fulfilled by the internal control departments, bringing any weak areas to the attention of the Board of Directors as well as the consequent corrective measures to be implemented;
- examines the programmes (including the audit plan) and the annual reports of the internal control departments addressed to the Board of Directors in advance, providing its opinion;
- contributes, through assessments and opinions, to the definition of the company outsourcing policy as regards the internal control functions;
- supervises the internal control functions, ensuring that they correctly comply with the recommendations and the guidelines of the Board of Directors, assisting it in drawing up the Regulation for the coordination and collaboration of the Control Functions and Bodies;
- assesses the correct use of accounting standards for the preparation of the separate and consolidated financial statements, to this end coordinating with the Financial Reporting Manager

and with the Board of Statutory Auditors, also requesting, if deemed appropriate, opinions or information from the parties assigned the independent auditing of the accounts;

- expresses its opinion to the Board of Directors regarding the assessment of the results illustrated by the parties assigned to independently audit the accounts in any letter of recommendations and in the report on fundamental matters that arose at the time of the independent audit;
- forms its opinion, and informs the Board of Directors on the description, in the report on corporate governance, of the main characteristics of the internal audit and risk management system and on assessments as to its adequacy;
- assesses, every six months, the adequacy of the internal control and risk management system with respect to the characteristics of the Group and its selected risk appetite, as well as its effectiveness, providing its opinion regarding the similar annual assessment conducted by the Board of Directors.

With specific reference to its risk management and control duties, the Committee:

- supervises the strategies for capital and liquidity management, as well as all other risks pertaining to the Group, such as market, credit, operating risks (including legal and IT risks) and reputational risks, in order to evaluate their suitability with respect to the risk appetite and the risk strategy approved;
- supports the Board of Directors in defining and approving strategic guidelines and policies for risk management. More specifically, as regard the Risk Appetite Framework, in the process of determining the risk appetite, the Committee makes assessments and proposals, in accordance with company regulations, so that the Board of Directors may define and approve the Risk appetite and the Risk tolerance;
- supervises the alignment between all substantial financial products and services offered to customers with the business model and the risk strategy of the Group;
- assists the Board of Directors in defining the policies and the processes to assess company activities, including ensuring that the price and the terms of transactions with customers are consistent with the business model and risk strategies;
- provides support to the Board of Directors in verifying the correct implementation of the strategies, the risk governance policies and the Risk Appetite Framework, also by examining the periodic reports on Group risk exposure prepared by the relevant company functions;
- supervises, with the assistance of the relevant internal audit departments, the effective use for management purposes of the internal capital requirement measurement systems (use test) and their compliance with other requirements envisaged by law;
- without prejudice to the responsibilities of the Remuneration Committee, verifies that the incentives underlying the remuneration and incentive system are consistent with the Risk Appetite Framework.

The Committee is also primarily responsible for matters regarding sustainability connected to the performance of company activities and its interactions with all stakeholders.

In this context, the Committee:

- supports the Board of Directors in defining and approving the Group's ESG strategic guidelines;
- constantly monitors the Group's ESG activities, verifying their consistency with the strategic guidelines defined;
- expresses its opinion to the Board of Directors regarding the evaluation of the Consolidated Non-Financial Statement.

The Committee reports to the Board of Directors when necessary, through its Chairperson, on the outcome of the activities performed, as well as, at least every six months, at the time of the approval of the annual and interim financial statements, prepares a specific report on the activities performed and on the adequacy of the internal control and risk management system.

The Committee must structure the execution of its tasks around the standards of autonomy and independence. To this end, it must be granted autonomous powers of initiative and, to effectively perform its duties, it may carry out verification and audit activities within all areas of Group activities.



In performing its duties, the Committee is generally assisted by the company's internal control departments and in particular by the Internal Audit Function, by the Risk Control Department, the Compliance Department, the Internal Validation Department and the Anti-Money Laundering Department, as well as the Financial Reporting Manager.

The Committee may suggest that the Chairperson of the Board of Directors requests the Internal Audit Function to conduct specific audits.

In performing its activities, the Committee has also access to all areas of activity and company departments within the Company and the companies of the Group, including central offices and peripheral structures, and has the right to obtain any information, data or copies documents deemed necessary to carry out its tasks. In any case, the Board of Directors guarantees that the Committee has adequate resources available to fulfil its tasks and exercise its powers, establishing a budget annually, within the limits of which the Committee may make use of external specialist consulting from entities with recognised experience.

Committee meetings are called by the Chairperson whenever the same considers it appropriate, by notice, containing an indication of the items to be discussed on the agenda, to be sent via any means, which guarantees proof of receipt, sent at least three days before the date set for the meeting, in time to provide the members with sufficient information on the issues to be discussed, and this shall be followed by delivery of the necessary documentation, where available, to ensure the best operation of the Committee work. The notice is sent to the Committee members, as well as the Chairperson of the Board of Statutory Auditors for information.

If a Committee member has a personal interest, or third-party interest in an item to be discussed, he/she must inform the committee and abstain from participating in the debate and voting.

The following may be invited to attend the meetings, in relation to the topic being discussed: (i) Chairperson of the Board of Directors, (ii) the Chief Executive Officer, (iii) the other directors, (iv) where appointed, the General Manager and the Co-General Managers, (v) the managers of the company control functions, (vi) informing the Chief Executive Officer of them, the managers of the company functions of Banco BPM S.p.A. and of other Group companies competent on the matter, (vii) the statutory auditors of Group companies, (viii) the members of the Supervisory Body set forth in Italian Legislative Decree 231/2001, (ix) the parties assigned the independent auditing of the accounts and other parties whose presence is deemed useful by the Committee.

The Chairperson of the Board of Statutory Auditors or another auditor designated by them participates in committee meetings. Statutory Auditors have the right to participate in Committee meetings.

The Chairperson coordinates the Committee's work.

Between 1 January and 31 December 2021, the Internal Control, Risks and Sustainability Committee met 20 times, with an attendance rate of 99%, and the meetings lasted six hours and forty minutes on average.

The participation of the Chairperson of the Board of Statutory Auditors or another statutory auditor appointed by the former was 95%.

A total 21 meetings were scheduled for the current year, of which 5 had already been held by the date of approval of this Report.

The Internal Control, Risks and Sustainability Committee, through its Chairperson, always provides an in-depth report on the activities performed and the main findings that emerged in summary form at all meetings of the Board of Directors.

- In 2021, the Committee also assisted the Board of Directors with regard to:
- defining the guidelines and the proposal for the Risk Appetite Framework (RAF) for 2021;
  - the extension and update of the risk measurement internal models;
  - the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP);
  - reviewing reports on activities performed issued by Company Control Functions during 2020, as well as the respective schedules for 2021, and the proposed revisions and updates of the previous schedules;
  - 
  - the adoption and updating of relevant Regulations and legislation within the scope of the internal regulatory framework relating to the organisational and functional model of Banco BPM;
  - topics that regard relations with the Supervisory Authorities by carefully controlling and monitoring the implementation of the requests made by the latter;
  - the periodic reports on risk monitoring and management drawn up by the relevant corporate functions;
  - the monitoring of the so-called *Conduct Risk*, conducting in-depth analyses of the components of fiscal and legal risk to which the Group is exposed;
  - support activities in the preparation of the 2021-2024 Strategic Plan and, in particular (i) the 2021-24 Funding Plan and Emission Plan, (ii) the 2021-24 Capital Plan, (iii) the 2021-2024 Credit Risk Opinion and (iv) the 2022-2024 Risk Appetite Framework Guidelines.
  - the adequacy of the organisational, administrative and accounting structure of Banco BPM and of strategically important subsidiaries with specific reference to the internal control and risk management system.

Specific minutes are drawn up by a Secretary designated by the Committee, even if not a member, for each Committee meeting. The minutes, approved by the Committee and signed by the Chairman and by the Secretary, are sent to Committee members, to the Chairperson of the Board of Directors and to the Chairperson of the Board of Statutory Auditors and, where the committee deems it appropriate, within their scope, to the Chief Executive Officer and to the Chairperson of the Supervisory Body pursuant to Italian Legislative Decree 231/2001.

When the minutes of the resolutions of the Committee cannot be drawn up in time for the Board of Directors meeting in which a proposal must be formulated or an opinion granted, the Chairperson of the Committee must notify, also verbally, the Board of Directors at the next meeting of the same, on the resolutions of the Committee.

#### Related Parties Committee

Pursuant to article 24.4.1. of the Articles of Association of Banco BPM S.p.A, the Board of Directors shall establish a Related Parties Committee internally, approving the Regulations, which will determine its responsibilities and operation in accordance with prevailing laws and regulations.

The Related Parties Committee will comprise three Directors in accordance with the articles of association, all of whom meet the independence requirements pursuant to the Articles of Association; it shall be in charge of ensuring the smooth and unambiguous management of the CONSOB rules on Related Parties and the Provisions of the Bank of Italy on risk activities and conflicts of interest with respect to Connected Persons.

The Related Parties Committee - renewed with board resolution of 7 April 2020 - comprises the following three directors on the date of this report (and until the approval of the 2022 financial statements): Costanza Torricelli (Chairperson), Giulio Pedrollo and Giovanna Zanotti, all meeting the statutory independence requirement.

The Committee fulfils its duties and exercises the powers attributed to the independent directors:

- a) by article 2391-bis of the Italian Civil Code and related implementing and regulatory provisions (Consob Decision no. 17221 of 12 March 2010 and subsequent amendments and additions, Consob Communication DEM / 10078683 of 24 September 2010 subsequent amendments and additions) and company rules (Regulation of the Procedure to Govern Related Party Transactions adopted by Banco BPM S.p.A.);
- b) by article 53, paragraphs 4 and 4-*quater* of the Consolidated Banking Law and related implementing and regulatory provisions (Bank of Italy Circular no. 285/2013 subsequent amendments and additions) and company rules (Regulation on the Procedures relating to risk activities and conflicts of interest with respect to Connected Persons adopted by the Parent Company and the other Group Banks).

In the performance of its duties, the Committee has also access to all areas of activity and corporate functions of the other Group companies, both through central offices and peripheral structures, and has the right to obtain any information or data deemed necessary for the performance of its task. In any case, the Board of Directors guarantees that the Committee has adequate resources available to fulfil its tasks and exercise its powers, establishing a budget annually, within the limits of which the Committee may make use of external specialist consulting from entities with recognised experience.

Committee meetings are called by the Chairperson or whoever is acting on his/her behalf, whenever they deem it appropriate, by notice, containing an indication of the items to be discussed on the agenda, to be sent via any means, which guarantees proof of receipt, sent at least three days before the date set for the meeting, in enough time to provide the members of the Committee with sufficient information on the issues to be discussed.

Pursuant to article 10 of the Related Parties Committee Regulation, if a member of the Committee is, with respect to an individual transaction, a counterparty or a Related Party in accordance with article 2391-bis of the Italian Civil Code (provided that the transaction is among those governed by article 2391-bis), or a Connected Person in accordance with the New Prudential Supervisory Provisions for Banks of the Bank of Italy - Title V - Chapter 5 (provided that the transaction is one governed by the Provisions) or has an interest in the transaction in accordance with article 2391 of the Italian Civil Code or, beyond the previous cases, has relations with the counterparty that could harm his/her independent status with respect to them (the "Director with an Interest"), said Director will be replaced by the most senior Independent Director, not a related party, who is not a member of the Committee and who is not impeded in the manner described above. The related declaration must be given by the Director with an Interest as soon as they have enough information to make a reliable examination regarding a transaction. If there is more than one Director with an Interest, the duties of the Committee will be carried out by the remaining members (or substitutes) or individually by the sole independent director without an interest if it is not possible to substitute other independent directors without an Interest.

The Director with an Interest will not attend or take part in the meetings regarding the communications, discussions or decisions of the Committee relating to the transactions that relate to the impediment.

The Chairperson of the Board of Directors, the Chief Executive Officer, the other directors, where appointed the General Manager, the Co-General Managers, the managers of the company control as well as, informing the Chief Executive Officer of them, the managers of the company functions of Banco BPM S.p.A. and of the other Group companies competent on the matter, and other parties whose presence is deemed useful by the Committee may be invited to attend meetings.

The members of the Board of Statutory Auditors have the right to attend Committee meetings. Pursuant to article 8.2 of the Related Parties Committee Regulation, a standing member of the Board of Statutory Auditors designed by the Chairperson of said Board attends the meetings.

Specific minutes are drawn up by a Secretary designated by the Committee, even if not a member, for each Committee meeting. The reports must show the reasons behind the vote expressed by each member.

If the minutes of the resolutions cannot be sent in time to the Board of Directors or any other body in charge of deciding on the transaction or proposal to which the opinion refers, the Chairperson of the Committee must notify, also verbally, the body in charge of the decisions made by Committee itself.

In the period between 1 January 2021 and 31 December 2021, the Related Parties Committee met 6 times to express the assessments required by the regulations on Related Parties (CONSOB regulations) and/or Connected Persons (Bank of Italy rules) and to acknowledge the information reports on (i) monitoring the limits to exposures at risk with respect to Connected Persons (ii) periodic reporting (quarterly) of the transactions entered into in the applicable period.

More specifically, during the above-mentioned meetings, the Related Parties Committee monitored constantly the level of exposure with respect to the Connected Persons and consequently the compliance with the related risk limits, giving evidence of the checks carried out in meetings held on a periodic basis (quarterly).

No meetings were held between 1 January 2022 and the date of approval of this Report.

## **6.6 REMUNERATION**

The information concerning, inter alia, the remuneration of the executive and non-executive Board Members and the managers with key responsibilities, and the general remuneration policies and any share-backed remuneration plans are available in the "Remuneration Report" published in accordance with article 123-ter of the Consolidated Law on Finance.

## **6.7 INDEPENDENT AND NON-EXECUTIVE DIRECTORS**

### Independent directors

Regarding the independence requirement, it should be noted that, on the basis of the Code of Corporate Governance, independent directors are defined as *"non-executive directors who do not have, nor have recently had, directly or indirectly, any relationships with the company or persons linked to the latter, of such a significance as to influence their autonomy of judgement"*. Recommendation no. 5 contained in the Code of Corporate Governance also sets forth that *"in large companies [understood as those whose capitalisation exceeded Euro 1 billion on the last open market day in each of the three previous calendar years, a category Banco BPM falls under] independent directors must make up at least one half of the administrative body"*.

Recommendation no. 7 contained in the Code of Corporate Governance sets forth that the *"circumstances that compromise, or appear to compromise the independence of a director include at least the following:*

- a) *if he/she is a significant shareholder of the company;*
- b) *if he/she is, or has been in the previous three financial years, an executive director or an employee:*
  - *of the company, one of its strategically relevant subsidiaries or a company subject to common control;*
  - *of a significant shareholder of the company;*

- c) if he/she has, or had in the previous three financial years, directly or indirectly (e.g. through subsidiaries or companies in which he/she is an executive director, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:
  - with the company or its subsidiaries, or with the associated executive directors or the top management;
  - with a party that, also together with others through a shareholders' agreement, controls the company; or if the parent company is a company or entity, with the associated executive directors or the top management;
- d) if he/she receives, or has received in the previous three financial years, from the company, one of its subsidiaries or parent companies, significant additional remuneration to the fixed compensation for office or to that envisaged for participation in the committees recommended by the Code or required by the legislation in force;
- e) if he/she has been a director in the Company for more than nine years, including non-consecutive, out of the last twelve;
- f) if he/she holds the position of executive director in another company in which an executive director of the Company is a director;
- g) if he/she is a partner or a director of a company or of an entity belonging to the network of the company appointed for the external auditing of the Company;
- h) if he/she is a close relative of a person who holds any position listed in the above paragraphs".

For the purposes of the above, a "significant shareholder" is a party that, directly or indirectly (also through subsidiaries, trust companies or third parties), controls the company or is able to exercise a significant influence over the same, or participates, directly or indirectly, in a shareholders' agreement through which one or more parties may exercise control or a significant influence over the company (definitions of the Code of Corporate Governance).

In accordance with article 147-ter, paragraph 4 of the Consolidated Law on Finance, where the Board of Directors has more than seven members, at least two of the Directors must fulfil the requirements of independence established for Statutory Auditors by article 148, paragraph 3 of said law.

In light of the above, also in order to acknowledge the updates made by the Code of Corporate Governance, in force from 1 January 2021, with reference to circumstances that are relevant for the purposes of the evaluation of the existence of the independence requirement, the company's articles of association make provision for the following in particular:

- i) a single definition of independence (see article 20.1.6. of the Articles of Association), which, on one hand, takes into consideration the provisions of article 148, paragraph 3 of the Consolidated Law on Finance noted above and the recommendations set forth in the Code of Corporate Governance and, on the other hand, meets the need for having an easy way to assess significant situations (relating to degree of kinship, financial or professional relationships, etc.);
- ii) regarding the minimum number of members who must meet the aforementioned statutory independence requirement, the setting of a quota of independent directors equal to at least 8 (eight) members of the Board of Directors (see article 20.1.5. of the Articles of Association), equal therefore to more than half of the members of said Board. In this regard, it is pointed out that the aforementioned recommendation no. 5 contained in the Code of Corporate Governance sets forth that "in large companies [understood as those whose capitalisation exceeded Euro 1 billion on the last open market day in each of the three previous calendar years, under which Banco BPM falls] independent directors must make up at least one half of the administrative body". Taking into account that the FAQs of the Corporate Governance Committee make provision for rounding, according to the arithmetic criterion, of non-whole numbers of independent directors (and, in particular, where the decimal figure is equal to or greater than 5, the figure is rounded up to the nearest unit), therefore Banco BPM must have eight independent directors. The Code of Corporate Governance requires, in this regard, that "large companies" apply the recommendations relating to the presence of independent directors in the administrative body (recommendation no. 5) starting

from the first renewal of the administrative body after 31 December 2020. Therefore, taking into account that the renewal of the administrative body took place at the Shareholders' Meeting held on 4 April 2020, Banco BPM would be required to apply the aforementioned recommendation no. 5 on the occasion of the renewal of the administrative body which will be submitted to the shareholders' meeting called to approve the financial statements as at 31 December 2022, but has already deemed it appropriate to incorporate it in the amendments to the articles of association approved at the Shareholders' Meeting held in April 2021;

- iii) the definition of "executive directors" in accordance with the instructions in the Supervision Provisions, since the independence requires, inter alia, the director to be non-executive (which can therefore be reconstructed *a contrariis*).

The provisions of the articles of association relating to the independence requirement are set out below:

"20.1. – Composition, number and requirements

20.1.6. For the purposes of these Articles of Association, Directors shall be deemed to be Independent Directors if they do not maintain, nor have recently maintained, directly or indirectly, any professional, pecuniary, personal or other relationship with the Company or any related party such as to influence the objectivity and balance of their judgement, provided that a director shall not, in any event, be deemed to be an Independent Director if he/she is in any of the following situations:

- a) if, directly or indirectly, also through subsidiaries, trust companies or third parties, he/she controls the Company or is able to exercise a significant influence over the same, or participates in a shareholders' agreement through which one or more parties may exercise control or a significant influence over the Company;
- b) if he/she is, or has been a significant representative in the previous three financial years - meaning by such: the Chairperson of the Board of Directors, when he/she has been attributed management powers or the authorisation to draw up company strategies, the "executive directors" and "top management" - of the Company, of a subsidiary of the same with strategic significance or of a company under joint control with the Company, or of a company or an entity which, also together with others through a shareholders' agreement, controls the Company or is able to exercise significant influence over the same;
- c) if he/she holds the position of executive director in another company in which an executive director of the Company is also a director, even if non-executive;
- d) if he/she is a partner, director or employee of a company or of an entity belonging to the network of the company assigned the external auditing of the Company;
- e) if he/she receives or has received, in the previous three financial years, from the Company or one of its subsidiaries or parent companies, a significant additional remuneration (with respect to the "fixed" compensation and the remuneration for participation in the internal Board of Director committees, any attendance fee for presence at meetings), including therein any participation in bonus plans linked to company performance, also share-based plans;
- f) if she/he has, or has had, directly or indirectly (for example through subsidiaries or those in which he/she is a significant representative, or as partner of a professional practice or of a consultancy company), a significant professional, equity, business or financial relationship in the previous three financial years:
  - with the Company, its subsidiaries or with any of the respective significant representatives;
  - with a party, which, also jointly with others through a shareholders' agreement, controls the Company, or - if it is a company or entity - with its significant representatives;
  - with companies subject to joint control with the Company; or is or has been in the previous three financial years, an employee, independent contractor or holder of a continuous working relationship with one of the above-mentioned parties; for the sole purposes of this letter f), relations that are held by the director with close family members, as defined below, of the significant representatives of the Company, of one of its subsidiaries or of a company subject

to joint control with the Company, or of a company or entity that, also along with others through a shareholders' agreement, controls the Company, are relevant;

- g) if he/she is a close family member (meaning by such, the spouse, provided they are not legally separated, relative or in-law to the fourth degree of kinship, the common law spouse or children of the common law spouse and family members of the cohabitant) of a person who is in one of the situations pursuant to the points set out above;
- h) if she/he is a close family member of a director of the Company or the directors of its subsidiaries, its parent company or those subject to joint control;
- i) if he/she has been a director in the Company for more than nine years, including non-consecutive, out of the last twelve;
- j) if he/she falls into any other category that fails to meet the requirement of independence envisaged by the legislation in force at the time.

For the purposes of this article 20.1.6, the following are considered to be "executive directors":

- (i) the chief executive officer, directors to whom the Board of Directors has granted powers pursuant to article 2381, paragraph two of the Italian Civil Code (and article 24.2.2, letter f), of the Articles of Association) and directors who de facto carry out roles pertinent to the current management of the company for which they serve as directors;
- (ii) the directors who are members of an executive committee;
- (iii) members of a board of directors who hold managerial positions in the company they manage, supervising certain areas of company management.

Additionally, again for the purpose of this article 20.1.6, subjects who are not members of the administrative body and have the power and responsibility, directly or indirectly, for the planning, management and control of the activities of a company or a group which it heads up, are considered "top management".

The Board of Directors will generally determine the quantitative and/or qualitative criteria that could determine the materiality of the relationships indicated in letters e) and f) of the first paragraph of this article 20.1.6.

"20.1.7.The requirements pursuant to this article 20.1. may be accumulated in the same person, it being understood that an executive director of the Company, of one of its subsidiaries having strategic significance or of a company under joint control with the Company, or of a company or an entity, which, also together with others through a shareholders' agreement, controls the Company or is able to exercise significant influence over the same, cannot be considered an Independent Director, pursuant to article 20.1.6. above.

Bear in mind, in this regard, that at the meeting on 14 December 2021, Banco BPM's Board of Directors approved proposed amendments of some articles of the company's articles of association, including articles 20.1.6 and 20.1.7. – to be submitted for approval at the next Shareholders' Meeting on 7 April 2022 - aimed at harmonising and adjusting the statutory requirement regarding the independence of directors with the provisions introduced by Italian Ministerial Decree no. 169 of 23 November 2020 ("MD 169"), acknowledging additional provisions contained in the Code of Corporate Governance. In particular, the proposed changes include (i) introducing the concept of "significant shareholder" to the Articles of Association, contained in the Code of Corporate Governance, supplemented by the provisions regarding the definition of Bank "investor" introduced by Italian Ministerial Decree 16, and (ii) supplementing the list of situations, upon verification of which a director no longer meets the independence requirement, envisaged statutorily under the cases provided for in article 13 of Italian Ministerial Decree 169 regarding the independence of directors.

It should also be noted that, at its meeting on 8 April 2021, the Board of Directors updated the criteria, originally established by means of resolution of 1 January 2017, to determine the significance of the cases indicated in article 20.1.6., paragraph 1, letters e) and f) of the Articles of Association. In particular, significance thresholds were identified with respect to the following cases:

- additional remuneration (including any participation in company performance linked incentive plans, including share-based incentive plans) received by the director with respect to the sum of the

following amounts, i) fixed emolument of a non-executive director of Banco BPM; ii) the remuneration for participation in Banco BPM Internal Board Committees, iii) any attendance fee for presence at meetings. In any event, this is without prejudice to decisions made by resolutions passed at Shareholders' Meetings with regard to remuneration and incentive policies for members of the Board of Directors.

- professional and financial relationships - including commercial relations (considering the economic-financial situation of the party who is involved) and financial (with regard to the amount of the line of credit granted/used, its weight with respect to the system figure and the financial situation of the borrower).

"Indirect" relationships, which are relevant for the purpose of the independence requirement have also been identified. The updates made were necessary in order to adjust the criteria into line with the changes introduced by the Code of Corporate Governance.

In accordance with article 20.3.5. of the Articles of Association, the loss of the independence requirement pursuant to article 20.1.6. by a director will not result in the loss of office if the requirements are still met by the minimum number of directors who, in accordance with the Articles of Association, comply with the prevailing laws, have to meet said requirement.

The Board of Directors, at the meeting of 10 January 2017, had approved the non-application of criterion 3.C.1., letter e) of the Borsa Italiana Code of Best Practice - which made provision for the loss of the independence requirement if the party was "*a director of the issuer for more than nine years in the last twelve*". The reason for this was that the independence requirement, understood as the attitude of independence and autonomy of judgement that characterises the work of Directors, did not necessarily change nine years after the date of appointment.

By means of resolution of 15 December 2020, the Board of Directors then subscribed, without reservations, to the Code of Corporate Governance issued by the Corporate Governance Committee in January 2020 and in force from the first year starting after 31 December 2020.

The Board of Directors of 6 May 2021 - taking account of the aforementioned resolutions -, pursuant to article 20.1.6. of the Articles of Association and, therefore, also in accordance with the Code of Corporate Governance and article 148, paragraph 3, of the Consolidated Law on Finance as well as Italian Ministerial Decree 169, verified the independence of all its members, ascertaining as follows: Massimo Tononi (Chairperson) (\*\*)<sup>3</sup>; Mauro Paoloni (Deputy Chairperson) (\*\*); Giuseppe Castagna (Chief Executive Officer); Mario Anolli (\*)<sup>4</sup>; Maurizio Comoli (\*\*); Nadine Faruque (\*); Carlo Frascarolo (\*); Alberto Manenti (\*); Marina Mantelli (\*); Giulio Pedrollo (\*); Eugenio Rossetti (\*); Manuela Soffientini (\*); Luigia Tauro (\*); Costanza Torricelli (\*); Giovanna Zanotti (\*).

The names of the Board Directors who were found to be non-independent in accordance with article 20.1.6. of the Articles of Association are reported below:

- *Mauro Paoloni*, based on: i) the fact that he was a member of the Executive Committee of Banco BPM until 4 April 2020 (article 20.1.6., paragraph 1, letter b) of the Articles of Association; article 13, paragraph 1, letter d) of Ministerial Decree No. 169; article 2, Recommendation no. 7, letter b) of the Code of Corporate Governance);
- *Giuseppe Castagna*, due to i) his position as Chief Executive Officer and therefore, due to his classification as "executive director" (article 20.1.6., paragraph 1, letter b), of the Articles of Association; article 13, paragraph 1, letter d) of MD 169/2020; article 2, Recommendation no. 7, letter b) of the Code of Corporate Governance; article 148, paragraph 3, letter c), of the Consolidated Law on Finance), and as an employee of Banco BPM (article 20.1.6., paragraph 1,

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<sup>3</sup> (\*) Independent Director pursuant to Article. 20.1.6 of the Articles of Association and therefore also pursuant to the Corporate Governance Code and Article 148, paragraph 3 of the Consolidated Law on Finance, as well as Italian Ministerial Decree 169.

<sup>4</sup> (\*\*) Independent Director pursuant to Article 148, Par. 3, Consolidated Law on Finance



- letter f), of the Articles of Association; article 13, paragraph 1, letter h) MD 169/2020; article 2, Recommendation no. 7, letter b) of the Code of Corporate Governance; article 148, paragraph 3, letter c), of the Consolidated Law on Finance); ii) the receipt of significant additional remuneration for the office of Chief Executive Officer, also considering the criteria for such purpose identified with the board decision mentioned above (article 20.1.6., paragraph 1, letter e), of the Articles of Association; article 2, Recommendation no.7 letter d) of the Code of Corporate Governance; article 148, paragraph 3, letter c), of the Consolidated Law on Finance;
- *Maurizio Comoli*, based on: i) the fact that he was a member of the Executive Committee of Banco BPM until 4 April 2020 (article 20.1.6., paragraph 1, letter b) of the Articles of Association; article 13, paragraph 1, letter d) of MD 169/2020; article 2, Recommendation no. 7, letter b) of the Code of Corporate Governance);

In any case, the Board of Directors decided that the above-mentioned Directors could exercise their terms of office with independence of judgement.

Following the above-mentioned inspection, a press release was issued.

The number of Board Directors who have been declared as being independent in accordance with article 20.1.6. of the Articles of Association, MD 169, the Code of Corporate Governance as well as article 148, paragraph 3, of the Consolidated Law on Finance, fully complies with the criteria set out by each statutory, regulatory and legislative source mentioned above.

The Board of Directors, upon appointment and afterwards if any significant situations occur with regard to the independence, and in any case once a year, shall assess its members with respect to the independence requirements on the basis:

- of the information provided by the persons involved through self-declarations with which the parties involved who are classified as independent (for every case provided for under article 20.1.6. of the Articles of Association and therefore also in accordance with the Code of Corporate Governance and article 148, paragraph 3, of the Consolidated Law on Finance and the criteria identified with specific board decisions) undertake to maintain their independence for the entire duration of the term of office and to give notice of any subsequent significant fact for the purposes of independence;
- of any other information that Banco BPM has available;
- of the documentation provided by the applicable internal technical divisions - relating to the examination, inter alia, of all the lending relationships held directly or indirectly by the Director involved with Banco BPM or its subsidiaries - and made available to the Directors, considering - as expressly provided for by the Code of Corporate Governance and in the related "Q&A Repertoire to the Corporate Governance Code"- that:
  - cases that would indicate the absence of independence listed in the Articles of Association are not to be considered as obligatory since the substantive element is understood to prevail over merely formal elements (i.e. the occurrence of one or more of the assumptions that would indicate the presence/absence of independence);
  - the objectivity and balance of judgement - expressed in the exercise of the duties - are taken to be significant assessment factors to verify the independence requirement.

The result of the inspections is made known, upon appointment, by a press release to the market, and afterwards if any significant situations occur that relate to the independence, and in any case once a year, as part of the corporate governance report.

With reference to the "independence" requirement, we should note that, as desired by the Corporate Governance Committee of listed companies that underlines the importance of its assessment on a substantive basis, and not on a merely formal basis, it is also characterised by the independence of judgement required of all Directors, executive and non-executive, and the awareness of their independence in the exercise of the position held.

This is reflected, in Banco BPM, through ways of behaviour that involve full freedom of thought and expression of the Independent Directors, which can be inferred, especially, from the broad discussions, with the involvement of all the Directors, during the board approval of proposals and projects.

The purpose of the independent directors is to balance out the executive directors, and provide a significant contribution to the development of dialogue in the respective board bodies they belong to and to the in-depth examination of the problems and decisions that said bodies have to make.

\* \* \*

In accordance with recommendation no. 5 of the new Code of Corporate Governance), 12 independent directors of Banco BPM met twice in 2021, without the other directors, and precisely on 23 November and 14 December.

At the aforementioned meetings, attention was focussed in particular, on the methods of operation of the Board of Directors and the internal board committees, on the confidentiality obligation on the part of representatives and on the issues regarding the Bank's strategic view, also taking account of the process of preparation of the 2021-2024 Strategic Plan.

Bear in mind that the independent directors of Banco BPM signed a declaration during the year in which they classified themselves as independent in accordance with the Articles of Association (and therefore also in accordance with the Code of Corporate Governance and article 148, paragraph 3, of the Consolidated Law on Finance), undertaking to maintain their independence during the entire duration of the term of office and to give notice of any subsequent situation that may occur that would influence said independence.

It was also considered unnecessary to appoint an independent director as the lead independent director since the conditions provided for on that point by Recommendation no. 13 of article 3 of the Code of Corporate Governance were not met

### Non-Executive Directors

At the date of this report, there are 14 Board directors considered non-executive pursuant to the Code of Corporate Governance and, more precisely, the following: Massimo Tononi (Chairperson); Mauro Paoloni (Deputy Chairperson); Mario Anolli; Maurizio Comoli; Nadine Farida Faruque; Carlo Frascarolo; Alberto Manenti; Marina Mantelli; Giulio Pedrollo; Eugenio Rossetti; Manuela Soffientini; Luigia Tauro; Costanza Torricelli and Giovanna Zanotti, therefore, a number consistent with the provisions of the Borsa Italiana Code of Best Practice and the provisions of the Articles of Association in force. \*\*\*

## **7) BOARD OF STATUTORY AUDITORS**

The information below is also provided in accordance with article 123-bis, paragraph 2, letters d) and d-bis of the Consolidated Law on Finance.

The main provisions of the Articles of Association, as amended on 15 April 2021, containing the rules on the Board of Statutory Auditors of the Company are illustrated below. For more information, please refer to the Articles of Association on the website of Banco BPM ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) – under Corporate Governance section).

### **7.1 APPOINTMENT, REPLACEMENT AND COMPOSITION OF THE BOARD OF STATUTORY AUDITORS**

Pursuant to article 33.1. of the Articles of Association, the Board of Statutory Auditors consists of five standing and three alternate auditors, who hold office for three years, expiring on the date of the Shareholders' Meeting called for the approval of the financial statements relative to the last financial year of their office, and can be reappointed. The Statutory Auditors must meet the requirements of eligibility, independence, professional competence and integrity as established in the legislation in effect at the time and the Articles of Association.

In compliance with article 33.2. of the Articles of Association, the composition of the Board of Statutory Auditors ensures, in compliance with the provisions of Italian Law no. 120 of 12 July 2011, as amended, as well as the legislation and regulations in force at the time, gender balance for the period envisaged under the same law.

In this regard, it should be noted that, in compliance with the legal and regulatory provisions that govern equal access to the control bodies of listed companies on regulated markets, two standing auditors out of five belong to the less represented gender on the current Board of Statutory Auditors of Banco BPM.

In accordance with articles 34 and 35 of the Articles of Association, the election of the Board of Statutory Auditors will be carried out on the basis of lists (divided into two sections, one for the candidates for the position of Standing Auditor and one for the candidates for the position of Alternate Auditor) submitted by shareholders who represent a total of at least 1% of the share capital (or any other percentage established by the law) using the mechanisms illustrated below.

The ownership of the minimum percentage of shares to submit the lists is determined with respect to the shares that are registered in favour of the individual shareholder, or by more shareholders on a joint basis on the day on which the lists were filed with the Company. The ownership of the number of shares necessary to submit the lists must be confirmed in accordance with prevailing laws; this confirmation must be sent to the Company, even after the filing, as long as it takes place at least twenty-one days before the date of the Shareholders' Meeting in compliance with the conditions set forth by prevailing laws.

The lists that, considering both sections, present a number of candidates equal to or higher than 3 (three) must also include candidates of different genders in order to ensure that the composition of the Board of Statutory Auditors complies with prevailing laws on gender balance.

A shareholder may not submit nor vote more than one list of candidates, even by proxy or through trust companies. Shareholders who belong to the same corporate group - with this meaning the parent company, the subsidiaries and the companies subject to joint control - and shareholders who subscribe to a shareholders' agreement as provided by article 122 of Italian Legislative Decree no. 58 of 24 February 1998 regarding the shares of the Company, may not submit, and those who are entitled to

vote may not vote for, more than one list, even if through third parties or through trust companies; if this is not complied with, its submission will not be calculated for any of the lists.

The lists of candidates must be filed with the registered office, otherwise the right will be forfeited, including through remote communication means defined by the Board of Directors in accordance with the mechanism, set forth in the notice calling the Shareholders' Meeting, which allow the identification of the parties who are filing, at least twenty-five days before the date of the Shareholders' Meeting, and made available to the public at the registered office, on the website of the Company and with any other mechanisms provided for under the law in effect at the time, at least twenty-one days before the date of the Shareholders' Meeting. Unless otherwise specified by prevailing laws, the following must be attached: (i) information on the identity of the shareholders who submitted the lists, indicating the total percentage shareholding held; (ii) an exhaustive disclosure of the personal and professional characteristics of each candidate, indicating the administration and control positions held in other companies; (iii) the declarations with which the individual candidates accept their candidature and confirm, under their own responsibility, the lack of grounds for ineligibility or incompatibility and the existence of the requirements provided by law or the Articles of Association for the position; and (iv) a declaration by the shareholders that submitted the list and not those who hold, including jointly, a controlling interest or relative majority, confirming the absence (or presence) with those of relations linking them pursuant to article 144-quinquies, first paragraph, of CONSOB Regulation no. 11971/1999 and prevailing laws.

If, by the expiration of the above-mentioned deadline, only one list has been submitted, or only lists submitted by shareholders who, on the basis of the declarations made in accordance with article 34.6, are related to each other in accordance with prevailing laws, the Company will promptly give notice of this using the mechanisms provided by applicable law, and then proceed in accordance with the law.

The lists submitted that do not fulfil the above-mentioned requirements will be considered not to have been submitted, also in the case where any defects or shortcomings regard the documentation relating to the individual candidates.

Each candidate may only form part of one list, if this condition is not met the candidate shall not be eligible. Anyone who does not hold the requirements provided by law or the Articles of Association may not be elected and if they are elected, they shall be removed from office. Each voting shareholder may vote for one list only.

Regarding the election mechanisms, two Standing Auditors and one Alternate Auditor shall be drawn from the list that obtains the highest number of votes, in the order in which they are listed on the sections of the list.

Two Standing Auditors and one Alternate Auditor will be taken from the list that comes second in terms of number of votes and that is not linked, even indirectly, in accordance with prevailing laws, with the shareholders that submitted or voted for the list that came first in terms of number of votes, in the progressive order with which the candidates are indicated in the sections of the list.

One Standing Auditor, who will be appointed as the Chairperson of the Board of Statutory Auditors and one Alternate Auditor will be taken from the list that comes third in terms of number of votes and that is not linked, even indirectly, in accordance with prevailing laws, with the shareholders that submitted or voted for the lists that came first and second in terms of number of votes, in the progressive order with which the candidates are indicated in the sections of the list.

In the event of a tie between the various lists, the Shareholders' Meeting shall hold a new vote, only putting the lists with the tied votes to the vote. The candidates from the list that obtains the relative majority of the votes will be elected.

If only one list is submitted and this obtains the majority required by law for the ordinary Shareholders' Meeting, all the Statutory Auditors will be taken from this list, both standing and alternate. In this case, the chair of the Board of Statutory Auditors shall vest in the person indicated in first place in the section of the candidates for the position of Standing Auditor in the list submitted.

If only two lists are submitted: (a) three Standing Auditors and two Alternate Auditors will be taken from the list that obtains the highest number of votes, in the order in which they are listed in the sections of the list; and (b) two Standing Auditors and one Alternate Auditor will be taken from the remaining list that is not linked, even indirectly, in accordance with prevailing laws, with the shareholders that submitted or voted for the list that came first in terms of number of votes, in the order in which the candidates are listed in the sections of the list. The chair of the Board of Statutory Auditors will vest in the person indicated in first place in the section of the candidates for the position of Standing Auditor in the list pursuant to this letter (b).

If the composition of the collective body or the category of resulting Alternate Auditors not comply with the required gender balance requirements, taking account of the order in which they are listed in the respective sections, the last persons elected from the list that obtained the highest number of votes of the most represented gender will lose their positions to the extent needed to ensure compliance with the requirements, and the first unelected candidates on the same list and the same section of the less represented gender will replace them. In the absence of the less represented gender in the relevant section of the list that obtained the highest number of votes in sufficient numbers to be replaced, the Shareholders' Meeting will appoint the missing Standing or Alternate Auditors in accordance with the legally required majority to ensure that the requirement is met.

If no list is submitted, the Board of Statutory Auditors will be elected with the relative majority by the Shareholders' Meeting in accordance with the provisions of prevailing laws on gender balance and the eligibility, independence, professional competence and integrity requirements for Statutory Auditors.

If the Chairperson of the Board of Statutory Auditors leaves, the Alternate Auditor taken from the same list that the Chairperson was taken from will take over the position until the Board is made complete again in accordance with article 2401 of the Italian Civil Code.

Pursuant to article 35.11 of the Articles of Association, if one or more standing auditors leave office, they are replaced by the alternate auditors taken from the same list, in order of age, as well as in observance of the professionalism requirements set out in the *currently applicable* legislation and regulations and the gender balance principle. Where this is not possible, the outgoing auditor is replaced by the alternate auditor who meets the requirements, taken gradually from the lists that received the highest number of votes from the minority lists, according to the progressive order in which they are listed. The incoming Statutory Auditors will remain in office until the following Shareholders' Meeting, which will complete the Board.

If the Shareholders' Meeting should, in accordance with article 35.11. of the Articles of Association noted in the paragraph above, or in accordance with the law, elect the Standing Auditors or the Alternate Auditors needed to complete the Board of Statutory Auditors, it will do it as follows:

- (i) if it has to replace the Statutory Auditors taken from the list that came first in terms of number of votes, the election will be by relative majority voting, without the requirement for a list, in accordance however with regulatory provisions on gender balance;
- (ii) if, on the other hand, it is necessary to replace Statutory Auditors taken from the list that came second or third in terms of number of votes and that is not linked, even indirectly, with the shareholders that submitted or voted for the list that came first, the Shareholders' Meeting, in accordance with regulations on gender balance, will replace them, by relative majority voting, choosing, where possible, from the candidates indicated on the list on which the Statutory Auditor to replace came from, who have confirmed their candidature, at least fifteen days before the date scheduled for the Shareholders' Meeting on first call, filing the declarations regarding the lack of grounds for ineligibility

and the existence of the requirements for the position with the Company's registered office, and providing an updated list of the administration and control positions covered in other companies. If it is not possible to do this, the Shareholders' Meeting will decide with relative majority voting, between the individual candidates submitted by the shareholders who, on their own or together with others, hold the minimum shareholding pursuant to article 34.4. of the Articles of Association, without the requirement for a list, in accordance however with prevailing laws on gender balance. In this case, when ascertaining the results of the voting, any votes expressed by shareholders who hold, including indirectly or also jointly with other shareholders who belong to a shareholders' agreement pursuant to article 122 of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), the relative majority of votes that can be exercised at the Shareholders' Meeting and the shareholders that control, are controlled or subject to their joint control, will not be counted; however, this will all be done in accordance with prevailing laws on gender balance.

The application of the above provisions must in any case ensure that at least one Standing Auditor and one Alternate Auditor are elected by minority shareholders who are not connected, even indirectly, with the shareholders who submitted or voted for the list that came first in terms of numbers of votes.

Bear in mind that, at the meeting on 14 December 2021, Banco BPM's Board of Directors approved the proposed amendments to the Articles of Association - to be submitted for approval at the next shareholders' meeting on 7 April 2022 - in order, inter alia, to:

- adjust the statutory provisions regarding the necessary requirements that statutory auditors must meet in line with the provisions introduced by Italian Ministerial Decree 169/2020 and Update no. 35 of Title IV, Chapter 1 of the First Part of Circular no. 285/2013 of the Bank of Italy;
- specify certain methods for the purposes of presenting lists, aimed at ensuring that the composition of the Board of Statutory Auditors respects the provisions governing gender balance and professionalism in accordance with the terms laid down in the aforementioned provisions;
- better detail the mechanisms for voting and distribution of statutory auditors to be elected, by specifically regulating: (i) cases of connection between lists, (ii) the criteria to be applied at the time of voting to ensure that the Board of Statutory Auditors is composed of the statutory auditors who meet the professionalism requirements and in observance of the provisions governing gender balance, (iii) the criteria to be applied in the event of the replacement of a statutory auditor who leaves office, in order to introduce the age criterion, as an alternative to respect for the professionalism requirement and the legislation governing gender balance;

also with the intent to implement the new provisions of the Code of Corporate Governance. The proposed amendments to the Articles of Association are subject to obtainment of the prescribed authorisation of the Supervisory Authorities.

\* \* \*

### **Qualitative-quantitative composition of the Board of Statutory Auditors**

Subject to fulfilling the professional competence requirements required by the legislation (primary and secondary) and the Articles of Association of Banco BPM to take office, even without a specific provision that requires the identification of the optimal qualitative-quantitative composition for the Board of Statutory Auditors, the outgoing Board - in view of the renewal of the entire Board of Statutory Auditors on the expiry of the first term of office submitted to the General Meeting of 4 April 2020 - to make available to Shareholders and anyone who might be interested a reference document (approved at the meeting of 17 February 2020) for the optimal composition of the Board of Statutory Auditors and the ideal profile of Banco BPM's Statutory Auditors, providing the relative indications and recommendations.

Subsequently, as the shareholders' meeting called to approve the financial statements as at 31 December 2020 was obligated to supplement the Board of Statutory Auditors following the resignation of some of its members that had occurred in the meantime, said control body drafted a new version of the aforementioned document, updated accordingly on the basis of the regulatory changes

introduced in the meantime (Italian Ministerial Decree 169/2020 and the new Code of *Corporate Governance*), also taking into account the outcome of the periodic performance of the Board's self-assessment.

This document, approved at the meeting on 15 March 2021 with the name "Qualitative-quantitative composition of the Board of Statutory Auditors" is available on the Bank's website ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) – under Corporate Governance section > Shareholders' Meeting > Ordinary and Extraordinary Shareholders' Meeting of 15 April 2021 > Other documentation).

### **The quantitative composition**

According to Article 33.1. of Banco BPM's Articles of Association, the Board is made up of 5 Standing Auditors, including the Chairperson, and 3 Alternate Auditors.

### **The qualitative composition**

The optimal composition of the Board of Statutory Auditors of Banco BPM was defined in a way to ensure the complementary nature in terms of professional competence, experience and expertise of its members, with special regard to:

- ensuring that the Control Body features a balanced combination of profiles and experiences in order to foster internal debates and discussions;
- enhancing profiles with personal and attitudinal characteristics that are able to ensure the best possible performance of the position while encouraging the emergence of a plurality of approaches and perspectives in the analysis of issues, also in contexts such as the Board's internal committees the Statutory Auditors are invited to participate in;
- guaranteeing an adequate diversification of skills so as to supervise effectively the risk management activities while adequately challenging the work of the managers, bearing in mind the multiple interests that contribute to the Bank's sound and prudent management;
- identifying profiles with adequate availability of time and resources to ensure the role is carried out effectively;
- further promoting the diversity requirements already present, especially with respect to training and professional experience, gender diversity and personal diversification.

### Professional competence requirements

All the members of the Board of Statutory Auditors must possess the professional competence requirements laid down by the legislation in force at the time (in particular, article 26 of the Consolidated Banking Law, article 148 of the Consolidated Law on Finance and related implementing Italian Ministerial Decrees). At least two of the Standing Auditors and at least one Alternate Auditor must be chosen from those listed on the Official Register of Auditors with at least three years' experience in the auditing of accounts. Statutory Auditors who do not meet the above-mentioned requirements will be chosen from those who have accrued total experience of at least three years, including alternately, in:

- independent auditing activities; or
- professional activities related to the credit, financial, securities and insurance sectors or, in any case, activities that are functional to the bank's activity; the professional activity must be characterised by adequate levels of complexity, also with reference to the recipients of the services provided, and must be carried out on a continuous and significant basis in the above-mentioned sectors; or
- university teaching activities, as first or second level lecturer, in legal or economic subjects or in other subjects that are in any case functional to carry out the activity of the credit, financial, securities or insurance sector; or
- managerial, executive or top management functions, under whatever denomination, at public bodies or public administrations that relate to the credit, financial, securities or insurance sector, provided that the body at which the representative carried out such functions is of a size and complexity that are comparable with those of the bank at which the position is to be held.

The Chairperson of the Board of Statutory Auditors is selected from the people who have accrued professional experience of at least two years more than that required for standing and alternate auditors.

### Competence criteria

In addition to the provisions of the law, significant attention was paid to Italian Ministerial Decree 169/2020, the CRD IV, the Supervisory Provisions, the regulations on listed companies (including the Code of Corporate Governance) and the instructions contained in the EBA-ESMA Guidelines and the ECB Guide.

In relation to the above, the skills/experience that will make a candidate more fully qualified for the role of member of the Board of Statutory Auditors are reported below:

- their possession, for the purposes of collective suitability, of a mix of knowledge, expertise and technical experience that will permit the Board to understand the main areas of business and the main risks that the Banco BPM Group is exposed to;
- the overall experience accumulated, both through studies and training and through practical experience within the scope of the positions covered;
- the size, level of operating complexity, scope of activities and connected risks and the markets in which the representatives previously operated.

More specifically, for the role of member of the Board of Statutory Auditors, account shall be taken of both the theoretical knowledge (acquired through studies and training) and the practical experience (acquired through the performance of previous or current working activities) in one or more of the following fields:

- financial and/or banking markets;
- banking and financial activities and products;
- risk management;
- accounting and financial information;
- strategic guidance and planning gained in listed companies or multi-nationals or leading international strategic consulting firms, preferably in financial services;
- information systems and new technologies applied to the banking and financial sector gained in leading international strategic consulting firms or in companies, preferably listed, with executive, non-executive or control positions;
- regulation in the banking and financial sector, gained in prime law firms or in companies or groups of significant size;
- organisational and corporate governance structures;
- internal control systems and other operational mechanisms.

Without prejudice to the above, the following skills and experience are also relevant:

- digitalisation and digital transformation processes;
- sustainability and non-financial reporting issues.

It is envisaged that said skills and experiences have been accumulated and acquired in Strategic Control and/or Supervision Bodies or in Internal Board Committees with control functions in banks, finance companies, insurance companies, that are listed or with sizes and complexity comparable to those of Banco BPM.

The experience and skills of the candidates, with a specific indication of the ways in which these have been acquired and their duration, shall appear in their *curricula vitae* and in the other documentation produced in support of the application.



### Attitudinal requirements

The aptitude profiles provided for by the EBA/ESMA Guidelines as determinant in the role as a member of the Board of Statutory Auditors of Banco BPM are also relevant.

### Integrity requirements

All the members of the Board of Statutory Auditors will have to comply with the integrity requirements in accordance with prevailing laws. In particular, they must meet the requirements of integrity set out in Italian Ministerial Decree no. 169/2020 and Italian Ministerial Decree no. 162/2000.

The failure to comply with the integrity requirements will make it impossible to take on the office or will lead to loss of the office.

### Fairness criteria

In addition to the requirements of integrity, each member of the Board of Statutory Auditors must meet specific criteria of fairness with regard to their personal and professional conduct, in line with the provisions of the currently applicable legislation (including Italian Ministerial Decree no. 169/2020, the EBA/ESMA Guidelines and the ECB Guide). More specifically, it is important that the members of the Board of Statutory Auditors:

- must not have behaved in a way that, although not constituting an offence, is incompatible with the office of Statutory Auditor of the Bank or that might entail serious prejudicial consequences for the Bank in terms of reputation and public trust;
- do not - and did not in the past - find themselves in situations that, with regard to the economic activities and financial conditions of the candidates (or the companies controlled by them or with significant stakes or direct interest) are - or were - including on a potential basis, capable of affecting their reputations;
- must not be correlated to specific circumstances whose existence could affect the good reputation, honesty, integrity and financial soundness of the candidate.

Each member of the Board of Statutory Auditors must not be involved in situations that could give rise to suspension from the position in accordance with Italian Ministerial Decree 169/2020.

### Availability of time and commitment required of members of the Board of Statutory Auditors

In accordance with the provisions of the applicable law, the availability of time to dedicate to performance of the position, in accordance with its nature, quality and complexity, is a basic requirement that candidates for the position of Statutory Auditors will have to be able to ensure.

With regard to Banco BPM's specific situation, it should be noted – for information purposes – that the following were held in 2021: 40 meetings of the Board of Statutory Auditors, 22 meetings of the Board of Directors, 20 meetings of the Internal Control, Risks and Sustainability Committee (formerly the Internal Control and Risks Committee), 18 meetings of the Appointments Committee, 26 meetings of the Remuneration Committee and 6 meetings of the Related Parties Committee.

In addition to the above, there will have to be a commitment to take part in the Induction meetings and ongoing training sessions, in addition to the commitment resulting from the participation of the Statutory Auditors in the work of the Shareholders' Meeting, the Board of Directors and the Internal Board Committees. Apart from the commitment relating to attendance at the meetings, the time that each Statutory Auditor believes he/she has to dedicate to preparation for attendance at said meetings should also be considered.

To this end, on the basis of the experience accrued, the resources dedicated by the Chairperson of the Board of Statutory Auditors to carrying out his/her role are enough to use up a significant portion of his/her time.

Special attention is paid to the threshold of expected attendance at the meetings of the Board of Statutory Auditors as article 2404 of the Italian Civil Code states that *"statutory auditors who, without justified reason, do not attend two meetings of the Board of Statutory Auditors during the financial year will lose their office"*. Also in relation to the guidelines expressed by the Supervisory Authority, it is also considered useful (though not indispensable) for candidates to ensure their physical presence at meetings, with the exception of any extraordinary meetings. It should be noted that Article 149 of the Consolidated Law on Finance provides, inter alia, that *"statutory auditors who do not attend, without a justified reason, Shareholders' Meetings, or during a financial year, two consecutive meetings of the Board of Directors or the Executive Committee, will lose their office"*.

In view of the above, it is recommended - also in line with the positions expressed by the European Central Bank - that members of the Board of Statutory Auditors accept the position if they believe they can dedicate the energy and the time necessary, taking account of factors such as: the other commitments and situations of a personal and professional nature, and performance of the duties covered in other companies; the nature, extent and complexity of the functions carried out, the sizes and situations of the companies where they hold the positions and the place or country where they operate from.

In this regard, and paying special attention to the proper functioning of the Board of Statutory Auditors and the contribution of each member to the internal dialogue of the relevant body, in compliance with article 16 of Italian Ministerial Decree 169/2020, an estimate was prepared, in conjunction with the drafting of the "Qualitative-quantitative composition of the Board of Statutory Auditors" - based on the average of the number of meetings held in the 2017-2019 three-year period and confirmed by means of Board resolution of 5-6 May 2021 at the time of the annual assessment of the *time commitment* of the its members - to be taken as a reference to evaluate the minimum time considered necessary for the effective participation in meetings, summarised in the table below:

Position	Commitment estimate (days/year)
Chairperson of the Board of Statutory Auditors	100 days
Auditor	80 days

#### Limit to the accumulation of external positions

Pursuant to the provisions of the Articles of association, the limits on the accumulation of the administrative and auditing positions established in the CONSOB regulation and any other applicable provisions apply to members of the Board of Statutory Auditors. In accordance with the provisions of CONSOB Issuers' Regulation no. 11971/99, in implementation of article 148-bis of the Consolidated Law on Finance, anyone who is a member of the Control Body of five issuers cannot be a member of the Control body of an issuer.

The member of the Control Body of an issuer can take on other administration and control positions with the companies indicated by the above-mentioned regulations within the limits established therein. Exempt positions and administration and control positions at small-sized companies (as defined by the above-mentioned regulation) are not taken into account in order to calculate overlapping positions.

A member of the Control Body who exceeds those limits for reasons outside his/her control will resign

from one or more of the previously covered positions within 90 days from becoming aware that said limit has been exceeded.

Moreover, with specific reference to the limits on accumulation of positions for the corporate representatives of banks set out in Directive CRD IV, expressly mentioned also in the Supervisory Provisions (and subsequently acknowledged in the recent Italian Ministerial Decree 169/2020, implementing the provisions of article 26 of the Consolidated Banking Law), attention is drawn to the specific provisions in this regard contained in the aforementioned Directive and in the Regulation "Limits to the accumulation of positions" of Banco BPM.

In particular, pursuant to Article 91 of the CRD IV Directive, Articles 17 and 18 of Italian Ministerial Decree no. 169/2020 and Article 3.1 of the Regulation on limits to overlapping positions of the Bank, the members of the Bank's Board of Statutory Auditors may simultaneously (also taking into account the positions held within the Group) only hold one of the following combinations of corporate offices:

- a) 1 executive position with 2 non-executive positions;
- or
- b) 4 non-executive positions.

The above was set out under article 3.1 of the above-mentioned Regulations on the basis of which the following limits to taking on positions are provided for the Statutory Auditors of the Group Banks:

*"those who cover positions with non-executive functions in Banks of the Group, may hold the following combinations of offices:*

- 1 executive position in a company that does not belong to the Group and 1 non-executive position in a company that does not belong to the Group;*
- alternatively*
- 3 non-executive positions in companies that do not belong to the Group."*

The Board of Statutory Auditors may, having assessed the situation in the interests of the Group, allow the limits of the aforementioned Regulation to be exceeded by the representative, without prejudice, in any case, to compliance with the mandatory limits provided for by the applicable European Union or national laws and/or regulations or prescribed by the Articles of Association.

In this regard, it is stressed that MD 169/2020 and the internal regulations of the Bank (updated, inter alia, in acknowledgement of the aforementioned Decree) & attributed the "competent body" (i.e. body in which the representative is a member) with the responsibility to evaluate the individual suitability of the representatives as well as observance of the limit on the maximum number of offices, the time commitment and the interlocking regulation, as well as the adequacy of the collective composition of the body itself.

Therefore, at the meeting on 5-6 May 2021, the Board of Statutory Auditors verified, inter alia, the respect for the limits on the maximum number of offices and the *time commitment*, as well as the absence of relevant situations for the purposes of application of Law no. 214 of 22 December 2011, regarding *interlocking directorships* with reference to the standing auditors.

For further details and specifications regarding the position accumulation limits, please refer to the Regulation "Limits to the accumulation of positions" - presented at the board meeting of 9 March 2021 and refinements for alignment with the provisions pursuant to Italian Ministerial Decree 169/2020 - available on the Bank's website ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) – under Corporate Governance section).

#### Grounds for ineligibility, loss of office and incompatibility

In accordance with article 148 of the Consolidated Law on Finance, the following may not be elected as Statutory Auditors, and if elected, will lose their offices:

- a) those who find themselves in the conditions provided under article 2382 of the Italian Civil Code;
- b) the spouse, family and in-laws within the fourth degree of kinship of the directors of the company, the directors, the spouse, family and in-laws within the fourth degree of kinship of the directors of the companies it controls, the companies that control it or those subject to joint control;
- c) those that are linked to the company or its subsidiaries or the companies that control it or those subject to joint control or the directors of the company and the parties described under letter b) by self-employment relations or employment relations or other equity-related or professional relations that would compromise their independence.

In accordance with the provisions of article 17 of Italian Legislative Decree no. 39/2010, anyone who had a key role in the independent audit or that carried out an audit on behalf of the auditing firm of Banco BPM may not hold the position of Statutory Auditor in Banco BPM either, unless at least two years have passed since they stopped said work. This prohibition is extended to employees and shareholders, besides the key audit manager, and any other natural person whose services are made available or that are under the control of the auditing firm, if authorised to work as an auditor, for a two-year period from their involvement as an auditor.

In accordance with the provisions of the Supervisory Provisions, members of the Board of Statutory Auditors cannot accept office in other bodies besides those with control functions with other Group Companies in which Banco BPM holds, also indirectly, a strategic investment, of at least 10% of the share capital or the voting rights at the ordinary shareholders' meetings of the investee company and 5% of the Banking Group's consolidated regulatory capital.

Subject to any other incompatibility provided by prevailing laws (including the prohibition on interlocking directorships in accordance with Law no. 214 of 22 December 2011), the position of Statutory Auditor is not compatible with office of a political nature, meaning national parliamentary duties or as a member of the government. It is also recommended that the position of Statutory Auditor should not be held by persons who are members of the European Parliament or members of the Regional, Provincial or Municipal Boards or Councils (limited to provincial capitals).

### Independence

Without prejudice to cases of ineligibility set forth in the regulations, statutory auditors must meet the independence requirements contained in article 148, paragraph 3 of the Consolidated Law On Finance, as well as the provisions of the Recommendation in the Code of Corporate Governance, which the Bank has complied with and according to which all members of the Board of Statutory Auditors are chosen from the persons who meet the requirements set out Recommendation no. 7 of article 2 of the aforementioned Code with reference to directors.

As already reported previously, bear in mind that, at the meeting on 14 December 2021, Banco BPM's Board of Directors approved the proposed amendments to the company Articles of Association - to be submitted for approval at the next Shareholders' Meeting of 7 April 2022 -- in order to, inter alia, adjust the provisions of the articles of association regarding the requirements of the statutory auditors into line with the provisions introduced by Italian Ministerial Decree 169/2020 and Update no. 35 of Title IV, Chapter 1 of the First Part of Bank of Italy Circular no. 285/2013. In particular, also with regard to the regulatory provisions in force regarding the independence requirement on the part of the statutory auditors, it is proposed that the rule laid down regarding the independence of directors be extended to the latter.

All the members of the Board of Statutory Auditors must act with independence of judgement, pursuing the sound and prudent management of the Bank and in compliance with all applicable laws.

### Guidelines on diversity matters

Subject to the provisions of prevailing regulations, in order to ensure adequate discussion within the Control Body, it is considered necessary to ensure that the composition of the Control Body reflects an adequate degree of diversification in terms of gender and expertise, and it will have to adopt an age policy.

More specifically, the composition of the Board of Statutory Auditors will have to ensure balance between the genders in accordance with the provisions of prevailing laws<sup>5</sup>, on the basis of which a quota of at least two fifths of the Standing Auditors elected must be reserved for the less represented gender for six consecutive terms of office.

Additionally, subject to the provisions of prevailing laws, to ensure that the Control Body, as a collective body, can ensure the effective performance of the duties assigned to it, it is important that the composition of the Control Body provides for the balanced and diversified presence of Statutory Auditors who, individually, have accrued the skills and experience indicated in paragraph 3.2.2 of the "Qualitative and quantitative composition of the Board of Statutory Auditors".

Finally, the Board of Directors also approved an age policy for the representatives, establishing that the candidates who fill the roles of Statutory Auditors in Banco BPM cannot be, inter alia, older than 75, subject to the right to make exceptions to said criteria due to justified and grounded reasons.

#### Collective suitability of the Board of Statutory Auditors

In order to ensure the "collective suitability" of the Board of Statutory Auditors, the members of the control body must show a balanced composition of experience and technical knowledge (in the areas referred to below) that will permit the Body to understand the main areas of business and the main risks that the Banco BPM Group is exposed to.

In particular, in light of the provisions of Article 11 of Italian Ministerial Decree no. 169/2020, the presence of Statutory Auditors is taken into consideration:

- who are diverse in terms of age, gender and duration of the position;
- whose skills, considered collectively, are suitable for (i) encouraging internal debate and discussions; (ii) promoting the emergence of a plurality of approaches and perspectives in the analysis of issues and in the taking of decisions; (iii) *effectively supervising* the management of activities and risks, controlling the work of top management; (iv) taking into account the multiple interests that contribute to the sound and prudent management of the Bank.

#### Induction and training

Banco BPM, also in light of the provisions of the EBA/ESMA Guidelines, promotes, through the Chairperson of the Board of Directors, the participation of Directors and Statutory Auditors in the applicable training programmes aimed at providing in-depth knowledge of the sectors that the Bank and relevant Group operate in and to guarantee the continuity and protection of the experience accumulated, over the years, by the corporate bodies of Banco BPM.

The training and induction plans are also aimed at helping Directors and Statutory Auditors to get a clear understanding of the structure of the Bank and the Group, the business model, the proper risk management profiles, the legal and regulatory framework in place and to give them in-depth knowledge of issues of strategic relevance.

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<sup>5</sup>Article 148, paragraph 1-bis of the Consolidated Law on Finance as amended by paragraph 303 of Italian Law no. 160 of 27 December 2019.

On the basis of the above, training sessions were organised during 2021, also open to the Statutory Auditors and the representatives of the Group Banks invited if necessary, and that represented - as encouraged by the Supervisory Provisions of the Bank of Italy and the Code of Corporate Governance) - an opportunity to obtain more in-depth information on matters of current interest and relevance for the banking system.

More specifically, the matters addressed in 2021 concerned, in particular, the following areas: (i) the new Code of Corporate Governance; (ii) the general guidelines of Italian Legislative Decree 231/2001 and the main offences set forth in the regulation; (iii) banking business and regulations; (iv) the management of conflicts of interest of company representatives; (v) identification, evaluation, monitoring, control and methods for mitigating the main types of risk of a credit institution; (vi) selection and management of human resources; (vii) outsourcing strategies and the associated governance tools.

The Statutory Auditors were also updated - inter alia with specific information reports provided during the board and collective meetings - on the main legislative and regulatory news involving the Company and the corporate bodies. In order to ensure that the members of the Board of Statutory Auditors are kept constantly updated and trained, a regulatory alerting service was prepared and created by the applicable company departments on topics of legal and tax interest.

\* \* \*

The Board of Statutory Auditors, also in view of the importance and complexity of the duties entrusted to it and prevailing external and internal regulations, approved the "Regulation of the Board of Statutory Auditors" to govern the operation of the Control Body. Said regulation also regulates, inter alia, aspects relating to the composition of the Board of Statutory Auditors, with particular reference to the degree of diversification in terms of skills, experience, age, gender and international outreach, as well as aspects relating to the disclosure obligations on the part of members of the Board of Statutory Auditors regarding any assumption of interests, on own behalf or on behalf of third parties, in a given transaction of Banco BPM by describing the nature, terms, origin and extent of its interest. The process of self-assessment that the Board of Statutory Auditors must periodically subject itself to is also governed in order to assess its composition (both from a quantitative and qualitative standpoints) and performance.

\* \* \*

The Board of Statutory Auditors of Banco BPM currently in office was elected by the shareholders' meeting on 4 April 2020 and will expire on approval of the 2022 financial statements.

The Shareholders' Meeting, held on 15 April 2021 in both ordinary and extraordinary sessions, supplemented the Bank's Board of Statutory Auditors by appointing a standing auditor and an alternate auditor, Silvia Muzi and Francesca Culasso respectively, for the years 2021 and 2022 (therefore, until approval of the financial statements for 2022).

Therefore, as at the date of this report, the Board of Statutory Auditors comprised the following five Standing Auditors: Marcello Priori (Chairperson), Maurizio Lauri, Silvia Muzi, Alfonso Sonato and Nadia Valenti, as well as the following three alternate auditors: Francesca Culasso, Gabriele Camillo Erba and Wilmo Carlo Ferrari.

The following should also be noted:

- At the meeting on 5-6 May 2021, the Board of Statutory Auditors ascertained that each of its members, including therein the newly appointed members, met the independence requirement pursuant to the applicable regulation (in particular, article 148, paragraph 3, of the Consolidated Law on Finance and articles 13 et seq. of Italian Ministerial Decree 169/2020) as well as the Code of Corporate Governance (recommendation 9 of article 2, which refers to recommendation 7 of the same article), as adopted by Banco BPM, also verifying that said parties are able to fulfil their

mandate with autonomy of judgment. The outcome of said check was sent to the Board of Directors which disclosed it by issuing a press release on 6 May 2021;

- at the aforementioned meeting, the Board of Statutory Auditors also conducted a check, with a positive outcome;
  - (i) on the possession of the professionalism and integrity requirements as well as respect for the expertise and fairness criteria in addition to the absence of grounds for ineligibility, forfeiture and incompatibility with reference to newly appointed members Silvia Muzi (standing auditor) and Francesca Culasso (alternate auditor);
  - (ii) on the satisfaction of the requirement of independence and independent judgment with reference to the positions of all members of the Board of Statutory Auditors and, in particular, by Marcello Priori (Chairperson), Silvia Muzi, Maurizio Lauri, Alfonso Sonato and Nadia Valenti (Standing Auditors) as well as – unless specified otherwise - Alternate Auditors Francesca Culasso, Gabriele Camillo Erba and Wilmo Carlo Ferrari;
  - (iii) respect for the limits on the maximum number of offices and the time commitment, as well as observance of article 36 of Italian Decree Law no. 201/2011 (converted with amendments from Italian Law no. 214/2011), regarding interlocking directorships with reference to Standing Auditors;
  - (iv) consistency of the quali-quantitative composition approved by the Board of Statutory Auditors at the meeting on 15 March 2021 with the composition of the Body as resulting from the appointments approved by the Shareholders' Meeting held on 15 April 2021.
- in 2021, the Board of Statutory Auditors met 40 times, each meeting lasting 3 and a half hours on average; all members of the Board took part, over the course of the applicable mandate relating to 2021, in an altogether satisfactory number of meetings of the control body with respect to the indications contained in the internal policy which, without prejudice to the legal provisions, requires 80% minimum attendance in the meetings over a company year;
- the attendance of the statutory auditors at the Shareholders' Meeting, held on 15 April 2021 (both ordinary and extraordinary sessions) took place - similarly to that of the other company representatives - in observance of the containment measures set forth by law, also by using remote connection systems, in compliance with the applicable provisions in force; therefore, only the Chairperson of the Board was physically present at the aforementioned shareholders' meeting, while the other standing auditors (except one on justified grounds) took part while connected via means of telecommunication; in 2021, the Board of Statutory Auditors also participated in all 22 meetings of the Board of Directors and, through one of its representatives, in almost all meetings of the internal Board committees;
- the activities of the Board of Statutory Auditors continued in 2022 on a weekly basis in general. Starting from 1 January 2022 and up to the date of this report, the Board of Statutory Auditors met 8 times.

The following table shows information on each member of the Board of Statutory Auditors, considering that from 1 January to 31 December 2021, 40 meetings of the Board of Statutory Auditors were held.

Name and Surname	Office held	Year of birth	Date of first appointment	In office from	In office to	List <sup>I</sup>	Indep. Cons. Law on Finance <sup>II</sup>	Indep. Code <sup>III</sup>	% B.S.A. <sup>IV</sup>	Other Positions <sup>V</sup>
Marcello Priori*	Chairperson	1964	01-Jan-2017	04-Apr-2020	Approval of financial statements as at 31.12.2022	1	YES	YES	100%	7

Wilmo Carlo Ferrari*	Standing Auditor (from 04.09.2020 to 15.04.2021)	1948	04-Apr-2020	04-Sep-2020	Approval of financial statements as at 31.12.2020	3	YES	YES	92.86%	2
Maurizio Lauri*	Standing Auditor	1962	04-Apr-2020	04-Apr-2020	Approval of financial statements as at 31.12.2022	2	YES	YES	82.5%	4
Silvia Muzi*	Standing Auditor (from 15.04.2021)	1969	15-Apr.-2021	15-Apr.-2021	Approval of financial statements as at 31.12.2022	NA	YES	YES	100%	4
Alfonso Sonato*	Standing Auditor	1951	01-Jan-2017	04-Apr-2020	Approval of financial statements as at 31.12.2022	3	YES	YES	100%	11
Nadia Valenti	Standing Auditor	1974	04-Apr-2020	04-Apr-2020	Approval of financial statements as at 31.12.2022	2	YES	YES	100%	1
Francesca Culasso	Alternate Auditor (from 15.04.2021)	1973	15-Apr.-2021	15-Apr.-2021	Approval of financial statements as at 31.12.2022	NA	YES	YES	-	2
Gabriele Camillo Erba*	Alternate Auditor (from 04.04.2020)	1963	01-Jan-2017	04-Apr-2020	Approval of financial statements as at 31.12.2022	1	YES	YES	-	6
Wilmo Carlo Ferrari*	Alternate Auditor (from 15.04.2021)	1948	04-Apr-2020	15-Apr.-2021	Approval of financial statements as at 31.12.2022	3	YES	YES	-	2

This column shows the number of the source list based on the order of presentation of the lists.

II: This column indicates whether or not the Statutory Auditors fulfil the independence requirement pursuant to article 148, paragraph 3, of the Consolidated Law on Finance.

III: This column indicates whether or not the Statutory Auditors meet the independence requirement in accordance with the Code of Corporate Governance.

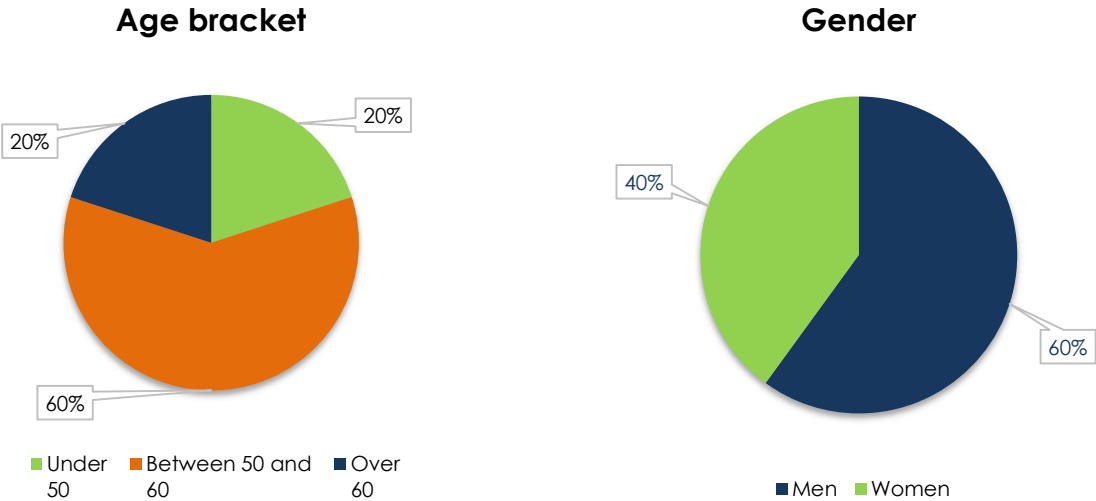
IV: This column indicates the attendance, in percentage terms, at the meetings of the Board of Statutory Auditors held in 2021, taking the period of application of the office as reference.

V: This column shows the total number of director, management and control positions held in other listed, financial, banking, insurance or significantly sized companies; these have been identified in light, in terms of uniformity of information, of the provisions set forth in the Regulation "Limits to the accumulation of positions" adopted by Banco BPM. The detailed list of positions is provided in annex 3 to this report.

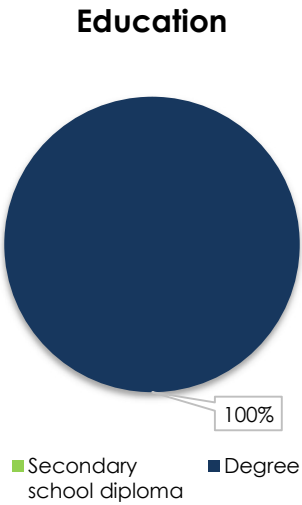
\* Member of the Register of Auditors established with the Italian Ministry of Justice.



The table below provides information on the composition of the Board of Statutory Auditors as indicators of diversity.



Average age 55 years old.



Some short biographical notes on the members of the Board of Statutory Auditors are set out below, showing that they have adequate professional competence in the areas of banking, finance, law, tax and risk management:

- Marcello Priori - *Chairperson of the Board of Statutory Auditors*: is a practising chartered accountant and statutory auditor in Milan, providing consultancy services on corporate, financial, business and corporate governance matters, as well as financial capital valuation services for companies operating in the financial and industrial sector. He is enrolled on the Register of Expert Witnesses of the Civil Court of Milan and has acted as a consultant in legal and arbitration proceedings. He is a lecturer of Business Economics and Business Management at Bocconi University in Milan. He is also a member of the Italian Association of Financial Analysts. He is a keynote speaker at conferences organised by the Italian Banking Association on corporate governance and internal control systems and at professional organisations and leading universities. He served as Deputy Chairperson of the Supervisory Board of BPM (having been a Member since 2011) until 31 December 2016. He previously served as Chairperson, Deputy Chairperson, Member of the Board of Directors, Chairperson of the Board of Statutory Auditors, Standing Auditor and Chairperson of the Supervisory Board of several banks and financial intermediaries (Asset Management Holding S.p.A., Banca Farmafactoring S.p.A., Profamily S.p.A., Bipiemme Gestioni S.p.A., Carrefour Servizi Finanziari S.p.A., Carrefour Italia Finance S.r.l., Carrefour Italia S.p.A., Carrefour Property Italia S.r.l., Cassa di Risparmio di Alessandria, Dexia Crediop S.p.A., Etica SGR S.p.A., Key Client Cards & Solutions, The Royal Bank of Scotland, NatWest Markets among others) and of industrial companies (including Alerion Clean Power S.p.A., Bracco Imaging Italia S.r.l., Daf Veicoli Industriali S.p.A., RGI S.p.A., Reno de Medici S.p.A., Borbonese S.p.A., Fomas Finanziaria S.p.A., Monzino S.p.A., Aemme Linea Energie S.p.A., Vivigas S.p.A., Algo S.p.A.). He currently holds positions at the following companies: Chairperson of the Board of Directors of F2A S.p.A.; Chairperson of the Board of Statutory Auditors of BPM Vita S.p.A.; Chairperson of the Board of Statutory Auditors of Banca Akros S.p.A.; Standing auditor of Banca Aletti S.p.A.; Standing auditor of Bipiemme Assicurazioni S.p.A.; Chairperson of the Board of Directors of Corob S.p.A.; Chairperson of the Board of Statutory Auditors of Primonial Reim Italy S.p.A. Since 1 January 2017 he has been the Chairperson of the Board of Statutory Auditors of Banco BPM S.p.A.
- Maurizio Lauri – *Standing Auditor*: Graduated in Economics from the Luiss University in Rome in 1986 and Master of Law from London School of Economics in 1989. He has been enrolled in the Italian Register of Chartered and Professional Accountants of Rome since 1989 and the Italian Register of Auditors since 1995. Previous roles include: Chairperson of the Board of Directors of Banca Intermobiliare di Investimenti e Gestioni S.p.A., Chairperson of the Board of Statutory Auditors of Unicredit S.p.A. and Deputy Chairperson of the Board of Directors of Veneto Banca S.p.A. (upon the appointment of Fondo Atlante). He has also been a member of the Board of Auditors for Party Budget Control, Auditor of the Italian Revenue Agency and Standing Auditor of GEDI S.p.A. He is currently the Chairperson of the Board of Statutory Auditors of Acea S.p.A., Officine CST S.p.A. and Standing Auditor of Tirreno Power S.p.A., Chairperson of the Board of Auditors of Fondazione Roma Europa Festival. He has been a Standing Auditor of Banco BPM S.p.A since 4 April 2020.
- Silvia Muzi – *Standing auditor*: born in Rome on 18 July 1969, graduated in 1993 in Business Economics from “La Sapienza” University of Rome. Practices the profession of accountant. Owner of practices in Rome and Milan. Has been enrolled in the Italian Register of Chartered and Professional Accountants since 1996 and the Italian Register of Auditors held at the Ministry of Economy and Finance since 1999. Master's specialising in "Corporate tax and extraordinary transactions" Master's in "Contract Law and International Trade". Master's in "Company Law", both at the Law Society of England and Wales of London. Advanced specialisation course in "International Tax" at the Advanced Economics and Finance School. Master's specialising in "The fiscal profiles of IFRS", organised by ASSONIME. "Board Academy" Advanced Master's, at the LUISS Business School. Advanced specialised ABI Master's for members of the Board of Statutory Auditors of listed banks. Induction Session" and the associated "Follow-ups" for Directors and Statutory

Auditors of listed companies, organised by ASSONIME and ASSOGESTIONI. She is an advisor of Assonime. Has acquired professional experience in financial companies as a member of the advisory board. Performs tax, corporate and financial advisory activities for companies and groups of enterprises, focussing on internal control, compliance and risk management systems. Has accumulated a wealth of experience in listed and public companies, as a member of control bodies, specialising in particular in corporate governance matters. She has held the position of member of the Board of Statutory Auditors at a number of companies including: Chairperson of the Board of Statutory Auditors of CEMENTIR Holding S.p.a. Istituto Finanziario S.p.A., IDS AIRNAV - Gruppo ENAV; Ansaldo T&D Europe S.p.A. in which she was the Chairperson of the Board of Statutory Auditors and then the Chairperson of the Supervisory Body; Energo Logistic S.p.A; Professional Trust Company S.p.A. Azienda Ambientale di Pubblico Servizio S.p.A. di Livorno, Ciano Trading e Services C.T. & S. S.p.A., Hospital Device S.r.l., Azienda Unità Sanitaria Locale (Local Health Unit) ROMA D, LAZIODISU, Ente Pubblico dipendente dalla Regione Lazio (Public Body dependent on the Lazio Region). She is currently the Chairperson of the Board of Statutory Auditors of RAI WAY S.p.A., Chairperson of the Board of Statutory Auditors of NEEP Holding S.p.A. and Stadio TDV S.p.A. in liquidation (both belonging to the NEEP ROMA Holding Group), Standing auditor of Esprinet S.p.A.. HAS BEEN a standing auditor of Banco BPM S.p.A. since 15 April 2021.

- Alfonso Sonato – *Standing Auditor: he has practised as a professional accountant (since 1981) and auditor (enrolled in the Italian Register of Auditors since 1995).* He was Standing Auditor of Banco Popolare from November 2011 to 31 December 2016, after serving as a Member of the Supervisory Board from May 2008 to November 2011. He has also held the following roles: Standing Auditor of Autostrada del Brennero S.p.A. - Brenner Autobahn AG, from June 2010 to 30 September 2017; Standing Auditor of VeronaMercato S.p.A. from May 2008 to 30 September 2017 (having served as Chairperson of the Board of Statutory Auditors from December 2001); Standing Auditor of Demetra Holding S.p.A. from April 2016 to 30 September 2017; Member of the Board of Directors of Burgo Group S.p.A from July 2015 to 30 September 2017; Standing Auditor of Falconeri S.r.l., formerly New Twins S.r.l., from April 2015 to 30 September 2017; Director of Zenato Holding S.r.l. from November 2013 to August 2021; Standing Auditor of BP Property Management S.c.a r.l. (Banco BPM Group) from April 2017 to February 2019. He currently holds the following roles: Chairperson of the Board of Statutory Auditors of Banca Aletti & C. S.p.A. - Banco BPM Group - since April 2012 (after having filled the role of Standing Auditor from April 2000 to April 2012) and, from the end of October 2017, member of the Supervisory Board, Chairperson of the Board of Statutory Auditors, formerly Casa di Cura Polispecialistica dott. Pederzoli S.p.A. since July 2008, Chairperson of the Board of Statutory Auditors of Ospedale P. Pederzoli Casa di Cura Privata S.p.A. since December 2013, and member of the Supervisory Board from May 2019, Chairperson of the Board of Statutory Auditors of Centro Riabilitativo Veronese Casa di Cura Privata S.r.l. from October 2021, Chairperson of the Board of Statutory Auditors of Promofin S.p.A. since June 2020 (he was a standing auditor in the company from April 2009), Standing Auditor of Società Athesis S.p.A. since May 2007, Chairperson of the Board of Statutory Auditors of Società Editrice Arena - SEA S.p.A. since May 2007, Chairperson of the Board of Statutory Auditors of 2Vfin S.p.A. from June 2020 (role previously held from March 2014 to June 2017 and then standing auditor), and Chairperson of the Board of Statutory Auditors of Società Italiana Finanziaria Immobiliare – S.I.F.I. S.p.A. from July 2013, Chairperson of the Board of Statutory Auditors of Verfin S.p.A. from 2011 (after holding the office of standing auditor in said company from April 2009). He has been an independent Director of Zenato Azienda Vitivinicola S.r.l. since November 2013; he has also been Chairperson of the Liquidation Committee of Raetia Sgr S.p.A., in liquidation, since September 2014. Since October 2019, he has been the Chairperson of the Supervisory Body of Veronafiore Servizi S.p.A.. Has been a standing auditor of Banco BPM S.p.A. since 1 January 2017.
- Nadia Valenti – *Standing Auditor: Graduated in 2000 in Economics and Legislation for Business from the Bocconi University in Milan; from 2007-2009 achieved a Master's in Capital Markets from the London Stock Exchange. She was Associate Consultant – Audit Function of Arthur Andersen from September 2000 until January 2002, first in Milan, in Transaction Services Group and then in London.*

From January 2002 to May 2007 she was part of PricewaterhouseCoopers, from May 2007 until December 2009, she held the role of Manager/Senior Manager for Ernst&Young, Moscow; from January 2010 until March 2015 she was Senior Manager-Capital Manager Group of Ernst&Young, Milan; from March 2015 until July 2016, Executive Director of Ernst&Young, Dubai; as well as, from September 2016 until December 2017, Regional Chief Financial Officer for South East Asia for Savino Del Bene Group, Singapore. From December 2017, she held the role of Head of Global Business Planning of Habasit Group and from July 2019 a Partner of Angels4Women: a business angels association promoted by AXA and Impact Hub, focussed on developing and supporting exclusively female entrepreneurs. She has been a standing auditor of Banco BPM S.p.A. since 4 April 2020 and a standing auditor at Banca Akros S.p.A. from March 2021.

- Francesca Culasso – *Alternate auditor*: Graduated in Business Economics from the Faculty of Economics in the University of Turin, is a full professor of Business Economics at the Management Department at the same University, where she also holds the following institutional roles: Head of the Management Department, member of the Research Doctorate Lecturer College in "Business Management", member of the Steering Committee of the "Ferdinando Rossi" School of Advanced Studies (SSST) , member of the Steering Committee of the Universities' Interdepartmental Strategic Sciences Structure (SUISS). She is also a member of the Steering Committee of the Italian Association of Business Economics (AIDEA) and a member of the Board of Directors of Fondazione Franca e Diego De Castro. She carries out research, teaching and third mission activities on Management Systems, in particular on Strategic Planning and Management Control in private, public and third sector companies. She has carried out advisory activities on management control and corporate organisation systems, strategic planning and business plans, as well as on issues connected with the implementation of Performance Management System and Financial Analysis tools. She has authored numerous national and international publications, is a member of publishing committees and scientific committees for journals, master's and research projects. She was also a member of the Board of Directors of UBI Banca from 2019 to 2020, as well as a member of the Management Control Committee and the Related Parties Committee. She has been a member of the Board of Directors of Equiter S.p.A. from 17 December 2020 and a member of the Board of Directors of ISP Innovation Center S.p.A. from April 2021. She has been an Alternate Auditor of Banco BPM S.p.A since 15 April 2021.
- Gabriele Camillo Erba – *Alternate Auditor*: He has been a practising chartered accountant since 1989 and a statutory auditor enrolled on the Italian Register of Auditors since 1995, with offices in Lodi. He has previously held, inter alia, the following posts: Standing Auditor of Banca di Credito Cooperativo di San Colombano al Lambro, ASL di Lodi, A.L.E.R. di Cremona and Banca Centropadana Credito Cooperativo; Chairperson of the Board of Statutory Auditors of Artigian Credit Lombardia Soc. Coop.; he also served as Chairperson of the Board of Statutory Auditors of the former BPV-SGSP S.p.A. from July 2007 to December 2011, after serving as Standing Auditor for the former BPI from January 2006 to June 2007. He was Standing Auditor of Banco Popolare from November 2011 to 31 December 2016, after serving as a Member of the Supervisory Board from April 2009 to November 2011. He was a Statutory Auditor at Società BP Property Management Soc. Cons. and Release S.p.A.. He currently holds offices at the Court of Lodi, including Judicial Commissioner, Judicial Liquidator and Bankruptcy Trustee in insolvency proceedings. He is also an expert witness for the court and is responsible for sales in real estate enforcement proceedings at the Court of Lodi. He is also a Standing auditor of Alba Leasing S.p.A.. From 2020 he has been a standing auditor at Anima Holding S.p.A. and Chairperson of the Board of Statutory Auditors of Anima SGR S.p.A.. He has been standing auditor of Banco BPM S.p.A. since 1 January 2017 and alternate auditor since 4 April 2020.
- Wilmo Carlo Ferrari – *Alternate auditor*: He has been practising as a chartered accountant with his own firm in Verona since 1979, and he is registered in the Italian Register of Chartered Accountants since 1979 and in the Italian Register of Auditors since 1986, as well as in the Italian Register of Experts and Independent Technical Consultant at the Court of Verona. HE has been a Director of the Association of Chartered Accountants of Verona; he carried out and continues to carry

out the functions as Director, Bankruptcy Trustee, Liquidator Commissioner and Judicial and Extraordinary Commissioner of several industrial and commercial companies. Until 2019 he was Standing Auditor of Tua Assicurazioni S.p.A. of the Cattolica Assicurazioni Group; he was also Chairperson of the Verona Municipal Transport Company (Azienda Municipale Trasporti di Verona), Director of the Cariverona Foundation (for 9 years) and of the Cattolica Foundation (for over 5 years). From 1998 to 2001 he was Chairperson of the Board of Statutory Auditors of the Financial Company COMEBA S.p.A.; for two terms he was also member of the Board of Directors of Duomo Previdenza S.p.A.; member of the Board of Directors of the Priamo Pension Fund; President of the Control Committee of Verona and, until 2018, Chairperson of the Board of Statutory Auditors and Chairperson of the Supervisory Board of Postel S.p.A. He is the Chairperson of the Board of Statutory Auditors of FSIA Investimenti S.r.l., is the Chairperson of the Board of Statutory Auditors of Gruppo Bertoli S.p.A., as well as the Chairperson of the Board of Auditors of the Poste Insieme Onlus Foundation, and member of the Supervisory Body of the Parent Company Cattolica di Assicurazioni Soc. Coop. He holds also the office of Chairperson of the Supervisory Board of: BCC Assicurazioni S.p.A., Berica Vita S.p.A., Vera Vita S.p.A., Tua Assicurazioni S.p.A., all companies belonging to the Cattolica Group. He is an Alternate Auditor of Bipielle Real Estate, Banco BPM Group company. From 4 September 2020 until 15 April 2021, he took over the position of Standing Auditor of Banco BPM S.p.A. and on 4 April 2020 returned to the position of alternate auditor.

### Outgoing auditors

The Ordinary Shareholders' Meeting, held on 15 April 2021, supplemented the Bank's Board of Statutory Auditors by appointing a standing auditor and an alternate auditor, Silvia Muzi and Francesca Culasso respectively, for the years 2021 and 2022 (therefore, until approval of the financial statements for 2022). Due to the aforementioned appointments, Wilmo Carlo Ferrari stopped acting as Standing Auditor effective from 15 April 2021 and, also in consideration of the gender balance laws, returned to the post of Alternate Auditor.

The table below provides information on the standing auditors who resigned in 2021.

Surname and Name	Office held	Year of birth	Date of first appointment	In office from	In office to	List <sup>I</sup>	Indep. Cons. Law on Finance <sup>II</sup>	Indep. Code <sup>III</sup>	% B.S.A. <sup>IV</sup>	Other positions <sup>V</sup>
Wilmo Carlo Ferrari*	Standing Auditor (from 04.09.2020 to 15.04.2021) Alternate Auditor (from 15.04.2021)	1948	04-Apr-2020	04-Sep-2020	Approval of financial statements as at 31.12.2020	3	YES	YES	92.86%	2

<sup>I</sup>: This column shows the number of the source list based on the order of presentation of the lists.

<sup>II</sup>: This column indicates whether or not the Statutory Auditors fulfil the independence requirement pursuant to article 148, paragraph 3, of the Consolidated Law on Finance.

<sup>III</sup>: This column indicates whether or not the Statutory Auditors meet the independence requirement in accordance with article 2 of the Code of Corporate Governance.

<sup>IV</sup>: This column indicates the attendance, in percentage terms, at the meetings of the Board of Statutory Auditors held in 2021, taking the period of application of the office as reference.

<sup>V</sup>: This column shows, based on the latest information provided by the representative, the total number of director, management and control positions held in other listed, financial, banking, insurance or significantly sized companies; the latter have been identified in light, in terms of uniformity of information, of the provisions set forth in the Regulation "Limits to the accumulation of positions" adopted by Banco BPM. The detailed list of positions is provided in annex 3-bis to this report.

\* Member of the Register of Auditors established with the Italian Ministry of Justice.

## **7.2 ROLE OF THE BOARD OF STATUTORY AUDITORS**

Pursuant to article 36.1. of the Articles of Association, the Board of Statutory Auditors carries out the duties and exercises the control functions laid down by legislation in force at the time, and particularly it supervises:

- (a) observance of laws, regulations and the Articles of Association as well as compliance with the principles of proper administration;
- (b) the adequacy of the Company's organisational and administrative/accounting structure and the financial reporting process, within its scope of responsibility;
- (c) the effectiveness and adequacy of the risk management and control system, the internal audit system, as well as the functioning and adequacy of the overall internal control system;
- (d) the separate and consolidated independent audit process;
- (e) the procedures for the proper implementation of the rules of corporate governance with which the Company states that it complies;
- (f) the adequacy of the orders given by the Company to its subsidiaries in the exercise of supervision and coordination activities;
- (g) the independence of the auditing firm, particularly as regards the provision of non-auditing services.

In addition, in accordance with article 19 of Italian Legislative Decree no. 39/2010 (as amended by Italian Legislative Decree no. 135/2016), the Board of Statutory Auditors is given the functions of the Internal Control and Auditing Committee, and more specifically, the duty to: (i) inform the Management Body of the audited entity of the results of the audit and send to said body the additional report pursuant to article 11 of Regulation (EU) no. 537/2014, with any comments attached; (ii) monitor the financial disclosure process and submit the recommendations or the proposals, ensuring they are complete; (iii) check the effectiveness of the quality and risk management, and if applicable, the internal auditing to the extent the financial disclosure of the entity subject to audit is concerned, without breaching its independence; (iv) monitor the statutory auditing of the separate and consolidated financial statements, also taking account of any results and conclusions of the quality controls carried out by CONSOB in accordance with article 26, paragraph 6, of the above-mentioned European Regulation where available; (v) assess and monitor the independence of the auditing firm in accordance with articles 10, 10-bis, 10-ter, 10-quater and 17 of Italian Legislative Decree no. 39/2010, and article 6 of the above-mentioned European Regulation no. 537/2014, especially with respect to the adequacy of the other services besides the auditing received by the entity being audited in accordance with article 5 of said Regulation; (vi) be responsible for the procedure aimed at selecting the auditing firm and recommend the auditors or the independent auditors to designate in accordance with article 16 of the European Regulation.

In any case, the Board of Statutory Auditors is invested with the powers established in the regulatory provisions and reports to the supervisory authorities pursuant to the regulations in effect at the time.

The Board of Statutory Auditors will inform the Board of Directors of flaws and irregularities that may be identified, request the adoption of appropriate corrective measures and verify their effectiveness over time.

Statutory Auditors have also the right to begin, at any time, including individually, actions to inspect and audit, as well as to ask for information from directors, including with reference to subsidiaries, regarding the performance of corporate transactions or certain business affairs, or to send the same requests for information directly to the administrative and control bodies of the subsidiaries.

The Board of Statutory Auditors may also exchange information with the corresponding bodies within subsidiaries with regard to the administration and control systems and the general status of corporate activities.

\* \* \*

In 2021, the Board of Statutory Auditors met 40 times, with an average duration of 3 hours 30 minutes for each meeting. The activities of the Board of Statutory Auditors continued in 2022 on a weekly basis in general. Starting from 1 January 2022 and up to the date of this report, the Board of Statutory Auditors met 8 times.

In 2021, the Board of Statutory Auditors also took part in the Shareholders' Meeting, the meetings of the Board of Directors and, through one of its representatives, the meetings of the internal Board committees, as already detailed in the previous chapter.

The Statutory Auditors took also part in training sessions organised by the Bank for the benefit of its corporate representatives.

The Board of Statutory Auditors obtained information from the Directors, also in accordance with article 150, paragraph 1, of the Consolidated Law on Finance, principle XX of article 6 of the Code of Corporate Governance article 25 of the Articles of Association on the activities carried out and the most significant economic, financial and equity transactions carried out by Banco BPM or its subsidiaries, both through a disclosure made by the bodies with delegated authority in accordance with article 2381 of the Italian Civil Code, and at an ordinary level, through the Board's participation in the meetings of the Board of Directors.

The Board of Statutory Auditors carried out the supervisory duties (in accordance with the law, the Articles of Association and internal procedures) assigned to it in accordance with prevailing law, also on the basis of an applicable programme. In this regard, it should be noted that the Control Body, as part of the previous tasks attributed to it by law and the statutory provisions in force, monitored, in particular, the methods of practical implementation of the rules of corporate governance which the company has declared its compliance with, by verifying, inter alia, the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its non-executive members, following appointment and, subsequently, on an annual basis, pursuant to the Code of Corporate Governance.

In 2021, the Control Body issued the opinions required by law, the Supervisory Regulations and the Articles of Association, formulating proposals to be dealt with by the Shareholders' Meeting. It also expressed its considerations and/or observations and carried out specific investigations where requested by the Supervisory Authorities. The Board of Statutory Auditors then examined the disclosure requests and/or the applications for specific actions made by the Supervisory Authorities and the related responses and/or plans drawn up by the Bank, monitoring the progressive realisation of improvement actions where required and referring, if necessary, to the Board of Directors.

It should be stressed that 2021 was also heavily impacted by the effects of the ongoing COVID-19 pandemic. Therefore, the Board of Statutory Auditors directed much of its efforts- as it did in 2020 - at monitoring the implications of the health emergency for a number of areas of Bank operations (ranging from the health and safety of workers and customers, guaranteeing business continuity and IT security, the impacts of risk management - in particular credit risk - and their monitoring as well as on the stability of the internal control system).

In order to deal with the matters provided in the agenda, upon the invitation of the Board, they attended the meetings of the Control Body representing the company divisions including the business divisions. Taking account of the provisions in force and the recommendations formulated by the competent Government and regional bodies for health and safety in light of the aforementioned health emergency (COVID-19), from an organisational perspective, the meetings of the Board of Statutory Auditors were held by promoting attendance (of Statutory Auditors, secretarial staff and speakers) via remote communication means (through video and/or audio-conference connection), so as to limit people's movements and, nonetheless, ensure observance of the provisions in force regarding social

distancing. This approach, however, did not compromise the quality of the discussion and interaction between Board members and between them and the attendees.

More specifically, the Board met periodically all the Internal Control Departments and, in implementation of the provisions of Italian Legislative Decree no. 39/2010 (as amended by Italian Legislative Decree no. 135/2016), kept up a constant flow of information on the development of the planned activities and the methods applied, both with the Financial Reporting Manager of the company and with the Auditing Firm PricewaterhouseCoopers S.p.A. (engaged to audit the accounts of Banco BPM S.p.A. for the financial years 2017-2025). The Board of Statutory Auditors received and examined the so-called Additional Report addressed to it as the Internal Control and Auditing Committee in accordance with article 19 of the above-mentioned Italian Legislative Decree no. 39/2010.

In order to guarantee an adequate exchange of information with the Control Bodies of the Group Companies, the Board of Statutory Auditors of the Parent Company organised meetings with the Boards of Statutory Auditors of the main Subsidiaries (especially Banca Aletti & C. S.p.A., Banca Akros S.p.A and Release S.p.A.) and maintained constant dialogue (including through the Chairperson) with the Supervisory Board pursuant to Italian Legislative Decree no. 231/2001 of Banco BPM.

For further details on the activities performed, please refer to the "Report of the Board of Statutory Auditors of Banco BPM S.p.A. to the Shareholders' Meeting pursuant to article 153 of Italian Legislative Decree no. 58 of 24 February 1998" published on the Bank's website [www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it), in the *Investor Relations* section.

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*Considerations on the letter dated 3 December 2021 by the Chairperson of the Corporate Governance Committee.*

At its meeting of 10 December 2021, the Board of Statutory Auditors acknowledged, for matters within its competence, the contents of the letter dated 3 December 2021 of the Chairperson of the Corporate Governance Committee, addressed to the Chairpersons of the governing bodies, and in copy to the Chief Executive Officers and the Chairpersons of the governing bodies of Italian listed companies, with which the Committee, in order to promote good corporate governance in the financial community, called the attention of the governing bodies and the applicable internal board committees, to the recommendations it made in order to ensure that they are carefully complied with both in the corporate governance practices and when the bodies are self-evaluating, with the results having to be reported in the annual reports on corporate governance.

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As already reported previously, the Board of Statutory Auditors, also in view of the importance and complexity of the duties entrusted to it and prevailing external and internal regulations, in order to regulate the functioning of the Control Body, approved the "Regulation of the Board of Statutory Auditors" on 26 April 2017 and subsequently supplemented and amended most recently on 3 May 2021. Said regulation regulates, inter alia, the aspects relating to the responsibilities and the functioning of the Board, to the tasks and the control functions assigned to it, to the specific role assigned to its Chairperson, to the powers conducive to the exercise of its duties and to relations with Company Bodies. The process of self-assessment that the Board of Statutory Auditors must periodically subject itself to is also governed in order to assess its composition (both from a quantitative and qualitative standpoints) and performance.

\* \* \*



## Process of self-assessment of the Board of Statutory Auditors for 2021

The Board of Statutory Auditors, in compliance:

- the Supervisory Provisions pursuant to Bank of Italy Circular no. 285 of 17 December 2013 (First Part, Title IV, Chapter 1, Section VI);
- with the recommendations of the Code of Corporate Governance, which the Bank applies;
- "the Regulation of the Board of Statutory Auditors";

launched, at the meeting on 12 January 2022, its annual self-assessment process relating to FY 2021.

Given the second year of the mandate of the Body in office, in continuity with the approach adopted in the past and in line with the decision adopted by the Board of Directors, the process was managed (also in accordance with the "Regulation of the Board of Statutory Auditors" in force) with the help of the staff belonging to the Corporate Affairs Secretariat, availed itself of a qualified external consultant, for whom the requirements of knowledge of the corporate governance mechanisms were assessed beforehand or of comparable financial intermediaries in terms of significance and/or complexity, as well as the guarantee of respect for needs for confidentiality and anonymity of the results deriving from the entities involved in the process and the needs for neutrality, objectivity and independence of judgment.

In addition, the use of the questionnaire (with methods suited to guaranteeing respect for confidentiality and anonymity in the final document) and one-to-one interviews were evaluated as the most suitable tool for fulfilling the self-assessment obligation.

Apart from these changes, the self-assessment process was carried out the same way as the previous year, and was structured, in line with the cited regulatory provisions, into the following phases:

- investigatory, with the collection of the information and data forming the basis of the evaluation;
- processing of the data and information collected in the investigatory phase and representation in aggregate form - also through quantitative indicators - of the results obtained;
- preparation of the outcomes of the self-assessment process, expressed through judgments and indications on the strengths and weaknesses identified;
- joint discussion of the outcomes of the evaluation process and their formalisation in the overall self-assessment document which shows, for each of the aspects subject to evaluation, the methodologies adopted and the process phases, the outcomes of the analyses conducted and the adequacy judgment, any areas of improvement highlighted and the points of attention that came to light as well as the relevant corrective actions to be taken;
- verification of the implementation status of the corrective actions adopted in previous self-assessments and the associated effects.

At the meeting on 14 March 2021, the Board of Statutory Auditors therefore approved the document "Board of Statutory Auditors of Banco BPM S.p.A. – Self-assessment Document - FY 2021".

The outcomes of the self-assessment highlighted substantial and pervasive adequacy, as much in the composition of the Board of Statutory Directors - with reference to the individual members and the Body on the whole - as in its operation.

In particular, the comparison between the process carried out in 2021 and the one relating to 2020 returned a general picture of improvement, corroborated by the fact that all areas of improvement identified in the previous self-assessment had been resolved.

With regard to the marginal areas for improvement that emerged with an outlook to continuous improvement, the Board identified a specific initiative to be implemented in the scope of the new ordinary training and induction plan to be implemented over the course of this year;

### **7.3 REMUNERATION**

The information concerning, inter alia, the remuneration of the members of the Board of Statutory Auditors, and the general policies on remuneration, are available in the "Remuneration Report" published in accordance with article 123-*ter* of the Consolidated Law on Finance.

## **8) COMPANY DEPARTMENTS AND PROCEDURES**

### **8.1 PROCEDURES FOR PROCESSING CORPORATE INFORMATION**

In relation to the significance and complexity of processes of communication to the market, partners and Shareholders, and the principles first approved by the Borsa Italiana Code of Best Practice and, later, the Code of Corporate Governance, Banco BPM S.p.A., in the month it was established - January 2017 - approved the "Regulation on the management of inside information", subsequently updated in August 2018.

This Regulation, within the scope of Regulation (EU) no. 596/2014 (Market Abuse Regulation), of Implementing Regulation (EU) 2016/347, and the CONSOB guidelines, governs the processes aimed at management of the register of persons who have access to relevant information and inside information and its disclosure to the public, and for the management of market surveys, attributing the roles and responsibilities in this specific area and establishing the measures applicable to employees, any other non-employed staff and representatives of the group companies. To that end, the above-mentioned Regulation was updated in August 2018 - also with the help and advice of an external law firm - in order to implement the recent regulatory provisions and laws in the area of Market Abuse.

The Board of Directors is in charge of supervising information to the public and communications. In accordance with the provisions of article 17 of Regulation (EU) no. 596/2014 and the related implementing regulations, Banco BPM must communicate inside information that directly relates to it and relates to the subsidiaries to the public as quickly as possible. This is subject to the option for Banco BPM to delay, under its own responsibility, the communication to the public of inside information, using the "delay process" application for this. The Chief Executive Officer oversees the external communication of inside information of Banco BPM or, if he/she makes use of the delay process, the same will inform the Board of Directors as soon as possible. The CEO - through the department that oversees Media Relations, Corporate Affairs Secretary, Investor Relations, Compliance Legal and Regulatory Affairs and the company divisions that are responsible for certain situations - will ensure the correct application of said corporate rules.

The above-mentioned divisions work together to manage and define the press releases, especially price sensitive ones, drawn up in accordance with the forms provided by Borsa Italiana - both in Italian and in English - in order to submit them for the approval of the applicable body or parties to disclose them to the market in accordance with the mechanisms provided by prevailing laws.

In relation to the need to coordinate external communications, especially significant communications, by the Group companies, subject to the supervisory duties of the Board of Directors regarding the processes of providing information to the public and corporate communications, a process was defined that provides for giving prior information to the Chief Executive Officer who will examine the text of the press release and approve it. To that end, the information report will be given to the Board of Directors as soon as possible.

Price sensitive press releases and internal dealing communications are disclosed to the market using the SDIR disclosure system along with the authorised storage mechanism ([www.emarketstorage.com](http://www.emarketstorage.com)) STORAGE managed by Spafid Connect S.p.A., and published on the Company website ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it)) and filed at the registered office in accordance with the law.

When taking part in meetings with analysts and institutional investors or call conferences, generally organised to present the operating results, the documentation is first sent to CONSOB and Borsa Italiana and made available on the company website.

If anyone has access to the news and documents relating to the Company, acquired during their working activities, they will have to keep said information confidential and only use it to carry out their functions.

Failure to comply with the provisions on confidential information will involve application of applicable sanctions.

The Regulation governs also the establishment and updating rules of the Registers of persons who have access to relevant information or inside information. Banco BPM manages (i) the Register of Relevant Information (hereinafter also referred to as "RIL"), which contains the registration of the persons who have access to information that could be, subsequently, inside information for Banco BPM, or for third party issuers, and (ii) the Insider List, which must contain the register of persons who have access to inside information of Banco BPM or relating to third party issuers; the Insider List in turn is broken down into occasional sections, specifically created for each piece of inside information, recording the parties who have access to the specific information, and a permanent section, registering those persons who, due to their positions, have access to all the inside information relating to Banco BPM since their identification.

The Regulation can be consulted on the Bank's website ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) – under Corporate Governance – Corporate documents section).

With respect to Internal Dealing, in August 2016, the new European law was introduced on market abuse, which became directly applicable to the Member States following the entry into effect of said European Regulation no. 596/2014 of 16 April 2014 relating to market abuse (known as "MAR"), European Directive no. 57/2014 of 16 April 2014 relating to the criminal sanctions in the case of said market abuses (known as "MAD II") and the Delegated Regulation (EU) 2016/522 and Implementing Regulation (EU) 2016/523.

The new law introduced amendments relating to:

- the scope of the instruments to be communicated, now also including - in addition to the ordinary shares of the Issuer and the related financial instruments - listed bonds and the related financial instruments;
- the prohibition on internal dealing in certain blocking periods. With reference to the blocking periods, a time period of 30 calendar days prior to the announcement of an intermediate financial report or a year-end financial report of the issuer was set.

With regard to the above, the Board of Directors meeting of 1 January 2017 approved the "Internal Dealing Regulation" after an in-depth analysis of the pre-existing and prevailing laws in order to identify the solutions that could be immediately applicable in the Banco BPM Group.

With reference to the reporting officer, in accordance with article 152-octies, paragraph 9, of the Issuers' Regulation, regarding the receipt, the management and the disclosure to the public of the information governed by the Internal Dealing Regulation, and who, to that end sends the information that comes from "relevant persons" to Borsa Italiana through SDIR-STORAGE, the function is carried out by the Corporate Affairs Secretary.

Any party who, due to the positions held in Banco BPM or its subsidiaries is included in the category of "insiders" in accordance with the above-mentioned Regulation, shall sign a declaration showing they are fully aware of the Regulation adopted.

Each "insider" of Banco BPM and its subsidiaries are notified of the period of suspension of operations, and any other useful information in that area, as the occasion arises.

Said Regulation can be found on the Bank's website ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) – under Corporate Governance – Internal Dealing section).

## **8.2 THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Internal Control System comprises the set of rules, functions, structures, resources, processes and procedures which, in order to contribute to the sustainable success of the company, aim to ensure, in respect of sound and prudent management, the pursuit of the following objectives:

- verification of the implementation of company strategies and policies;
- reduction of risk within the limits indicated in the reference framework for determining the Group's risk appetite (Risk Appetite Framework - "RAF");
- safeguarding of the value of assets and protection against losses;
- effectiveness and efficiency of company processes;
- reliability and security of company information and IT procedures;
- prevention of the risks of involvement, including involuntarily, in unlawful activities, to which the Group is exposed (with particular reference to those connected with money laundering, usury and financing of terrorism);
- operating and regulatory compliance with respect to the law, the supervisory regulations as well as the internal policies, plans, regulations and procedures.

The internal control system plays a central and strategic role for the Group in the company organisation: it represents a fundamental element of knowledge for the company bodies so that they can guarantee full awareness and responsibility for the effective monitoring of company risks and their inter-relationships; it directs the strategic guidelines and company policies and, therefore, the organisational context; it oversees the functionality of the management systems and respect for the prudential supervision provisions, promoting the dissemination of the proper culture of risks, legality and corporate values.

The culture of control takes up an important position in the scale of corporate values, and concerns not only the Company Control Functions but involves the entire company organisation (company bodies, structures, hierarchical levels, personnel), in the development and application of the logical and systematic methods for identifying, measuring, communicating and managing risks.

The Board of Directors approves the general planning and strategic guidelines and positions and the governance policies and the risk management of the Company and the Group, and their periodic review to ensure their effectiveness over time, defining and approving, inter alia: (i) the Risk Appetite Framework; (ii) the guidelines of the internal control system, so that the main risks relating to the Company and its subsidiaries and transactions of greater significance are correctly identified, as well as adequately measured, managed and monitored.

When drawing up the strategic, business and financial plans, the Board establishes the nature and the level of risk that are compatible with the sound and correct management of the Company and the Group. The Group's risk appetite is defined on an annual basis as part of the definition of the Group's Risk Appetite Process.

The Internal Control, Risks and Sustainability Committee is responsible for investigation and advisory activities with regard to the duties reserved to the Board of Directors relating to risks (analysis, appraisal, monitoring and management), the Internal Control System and the accounting IT structure. To effectively perform its duties, it may carry out audit and inspection activities in all areas of Group activities. On 29 April 2021 the Board of Directors approved the update to the Regulation which governs the functioning of the Committee, in order to incorporate its sustainability responsibilities. In particular, the Committee supports the Board of Directors in defining and approving the group's ESG strategic guidelines, monitors the Group's ESG activities, verifying their consistency with the strategic guidelines and expresses an opinion regarding the assessment of the Consolidated Non-Financial Statement.

The Board of Statutory Auditors oversees the effectiveness and adequacy of the risk management and control system, as well as the internal auditing system, and the functioning and adequacy of the overall internal control system.

the Chief Executive Officer; Mr. Giuseppe Castagna, was appointed by the Board of Directors as the "Director in charge of the internal control and risk management system", for the current mandate and in compliance with the contents of the Code of Corporate Governance. The specific duties that the Code assigns to said position are described below:

- ensure the identification of the main company risks, taking into account the characteristics of the activities performed by Banco BPM and its subsidiaries, and periodically submit them to the examination of the Board of Directors;
- to implement the guidelines established by the Board of Directors, organising the planning, formation and management of the internal audit and risk management system, and continuously verifying its overall adequacy and effectiveness;
- to handle the adaptation of said system to changes in operating conditions and the legislative and regulatory panorama.

In addition, the following powers and obligations are assigned:

- the power to ask the Audit Function to conduct audits on specific operating areas and on compliance with internal rules and procedures when performing company transactions, promptly informing the Chairperson of the Board of Directors, the Chairperson of the Internal Control, Risks and Sustainability Committee and the Chairperson of the Board of Statutory Auditors;
- the obligation to promptly inform the Internal Control, Risks and Sustainability Committee (or the Board of Directors) of problems and critical areas that have emerged during the performance of his/her duties or which he/she has been informed of, so that the Committee (or Board) may adopt the appropriate measures.

The Chief Executive Officer, as indicated in the Integrated Internal Control System Regulation:

- oversees the implementation of the strategic guidelines, the RAF and the risk governance policy defined by the Board of Directors and is responsible for the adoption of all the necessary initiatives to ensure the compliance of the organisation and the internal control system with the principles and requirements defined by the Supervisory Authorities, continuously monitoring their observance;
- implements the necessary initiatives and actions to constantly guarantee the completeness, adequacy, functionality and reliability of the internal control system and brings the results of the checks performed to the attention of the Board of Directors.

The Chief Executive Officer monitors and verifies the functioning of the internal control and risk management system through the Management Committees, established to support the Chief Executive Officer and the General Management in carrying out their activities.

Each Management Committee sends the Parent Company's Board of Directors at least annually, via the Chief Executive Officer, a report on the activities performed and the main results for matters within their competence. With specific reference to the internal control and risk management system:

- The Risk Committee, chaired by the Chief Executive Officer, oversees integrated management of the company risks to which the individual Group companies and the Group as a whole are exposed to. The Committee is responsible for the identification, measurement, assessment, monitoring and control of risks and for protecting the corporate value and sustainable success of the Group in the long-term.
- The Credit Committee, chaired by the Chief Executive Officer, analyses the trend in the quality of the loan portfolio and the credit classification, monitoring and assessment criteria.
- The NPE Committee, chaired by the Chief Executive Officer, supports the definition and implementation of policies concerning the management of exposures classified as non-performing. It monitors the management and recovery of non-performing loans. It monitors the recovery percentages, performances and the results achieved.

- As part of the responsibilities of the New Products and Markets Committee, chaired by the Chief Executive Officer, takes decisions in relation to commercial operations. In said domain, it examines the classification of the countries subject to restrictions, bans, limits on operations and any changes stemming from the sanctions.
- The Finance Committee, chaired by the CFO, defines and implements the policies concerning the liquidity and the financial investments, excluding equity investments and hedging transactions for interest rate mismatches for Asset Liability Management (ALM).
- Crisis Committee - chaired by the Chief Executive Officer, assumes responsibility for coordinating and managing crises relating to emergency situations with potential impacts on business continuity or situations where the thresholds envisaged for the recovery indicators or dissolution status of the Group have been exceeded.

In addition, in order to monitor the theme of sustainability, an Environmental, Social and Governance committee has also been set up which has proposal-making tasks in order to define the Group's social responsibility model and to supervise the implementation of the company strategies and initiatives regarding environmental, social and governance matters.

The principles, criteria, tasks and responsibilities regarding the functioning of the Management Committee are governed by the Regulation on Management Committees.

The Chief Executive Officer oversees the functioning of the internal control and risk management systems also through:

- the constant verification of the progress status of the remediation activities identified to resolve the findings of the Supervisory Authorities, through structured periodic meetings with the company functions responsible for implementing the solutions;
- the outcomes of the verification activities of the company control functions, which include the Compliance and Risk functions, that refer to the Chief Executive Officer and which periodically report to the Board of Directors.

From a technical-operational standpoint, the internal control system includes, in addition to the line controls carried out by the operational structures and incorporated in the IT procedures (first level controls), the Company's second level (Risk, Internal audit, Compliance, Anti-money Laundering), and third level (Audit) control functions.

The Risk Department, which directly reports to the Chief Executive Officer of the Parent Company, is in charge of monitoring, at Group level, and on an integrated basis, the risk governance processes (Enterprise Risk Management division), developing and measuring risk (Risk Models division) and the process of validating internal risk measurement models (Internal Validation division).

The Board of Directors, including in the exercise of its management and coordination in accordance with article 2497 of the Italian Civil Code, in agreement with the opinions of the Internal Audit and Risks Committee, with the support of the Appointments Committee and, to the extent of its responsibility, the Board of Statutory Auditors, decided - effective from 16 July 2020 - to appoint Andrea Rovellini as Manager of the *RISK* Department, defining his remuneration in accordance with the relevant company policies.

The Manager of said department oversees the definition, in line with the company strategies and objectives, of the guidelines and policies on risk management and control. He/she will also guarantee that the information will be complete, clear and integrated so that the Company Bodies can obtain a real, concrete awareness of the risk profile of the Group.

The Risks department comprises three divisions:

- Risk Models;
- Enterprise Risk Management;

- Internal Validation.

In the area of risk, the Group aims to guarantee i) the development and continuous improvement of processes, models and risk metrics, ii) alignment to the best international standards, iii) implementation of the Supervisory regulations and directives, and iv) the development of efficient monitoring and reporting controls.

In 2021, the Risk Models structure was committed to preparing the request for a material model change resulting from the improvement of all internal models for the estimation of the credit risk parameters needed to acknowledge the relevant Guidelines, in force from 1/1/2022, leveraging the new datasets containing the information reported for the first time to the entire Banco BPM Group on the new definition of default, as well as to the implementation of the remedial actions identified to resolve the weaknesses identified in previous inspections, not solely on credit risk but also on market risk.

In said latter area, the organisational unit in charge launched activities targeted at implementing the rules contained in the new regulation called "Fundamental Review of the Trading Book", which provides for the simultaneous implementation of the internal model and of the standardised model, whose first report was sent to the ECB purely for reporting purposes at the start of November 2021, with the reference date of 30/9/2021.

The structure has also made a greatly significant contribution to the self-assessment of the Bank's alignment with the expectations which, in November 2020, the ECB published in relation to risks connected with the climate and the environment, with particular regard to the necessary changes to introduce these new factors to the risk management framework. In addition, it guided the project stream dedicated to the preparation of the operating plans needed to fill the gaps identified in the self-assessment, as well as make a decisive contribution to the stream dedicated to the definition of the methodologies to incorporate the impact of the risks connected with the climate and the environment in the risk metrics calculated using internal models.

The methodological implementation activities needed to maintain the interest rate, liquidity and funding risk aligned to the regulatory provisions also continued, also updating the historical series for the calculation of the aforementioned measures, at the same time putting in place all the remedial actions stemming from the weaknesses identified in said areas by previous inspections and the annual assessment performed by the ECB on the ILAAP process.

Lastly, the Risk Models structure ramped up its commitment to carrying out the activities targeted at inclusion in the risk management framework of the effects of the ongoing pandemic and the subsequent government support measures for families and businesses, by defining and implementing the remedial actions within its competence based on the recommendations contained in the follow-up letter that the ECB sent to BBPM in June, following the assessment of the actions taken by the Bank in response to the expectations of management of the effects of the pandemic contained in the co-called "Dear CEO letter" sent by ECB in December 2020 to all supervised banks. The remedial actions, which will continue in the first half of 2022, refer in particular to the accounting area of determination of the value adjustments on the performing portfolio, in compliance with IFRS 9.

The Enterprise Risk Management (ERM) function was involved in both the ordinary monitoring (run) on the main aspects of systematic monitoring (ICAAP, Level II Controls, Data Quality and Data Governance) and on the project and development areas, also with reference to the evolution of internal second pillar models for matters within their competence (in particular, the reputational risk model)

Special attention was paid to the relevant activities concerning ESG – Environmental Social Governance profiles and the monitoring of risks in ordinary, forward-looking ordinary and stress situations (ICAAP and relative periodic monitoring activities).



At regulatory Stress Testing activity level, ERM managed the overall coordination of the performance of the successfully completed EU Wide Stress test 2021, and launched the preparatory activities for the Climate Stress test 2022.

In line with the responsibilities of Enterprise Risk Management, the new annual insurance plan was approved, also targeted at strengthening the information flows to the company bodies and improving the functioning of the overall risk mitigation and transfer programme.

As regards level two controls, activities aimed at ensuring solid credit risk management processes continued, especially in relation to the pandemic. With reference to ex-ante checks, these were concentrated in particular on enhancing the controls carried out at the credit disbursement phase, with particular reference to the SME portfolio, heavily impacted by the pandemic. As regards the above, when classifying counterparties (i.e. from performing to non-performing and vice versa), with particular reference to the expansion of the scope of analysis currently limited to cases within the competence of the NPE Committee.

In addition, it should be noted that from the end of June, all activities relating to customer risks were formally transferred to the Second Level Controls with a team of dedicated resources, including those from the Market Risk O.U.

With reference to data quality, the ERM function continued with the activities aimed at developing and maintaining the data quality governance framework required by BCBS 239 guidelines. In particular, the focus concerned the oversight of the level II controls of risk data relating to the main risks (Credit, Market, Liquidity and Interest Rate, Operational), as well as other risks monitored by the Bank (e.g. the Pillar 2 risks).

The data quality regulatory activities continued in line with the BCBS239 Roadmap approved by the Company Bodies, with particular regard to the "lineage" activities now carried out extensively within the Group. Other activities concerned not only the strengthening of the mapping and the controls, but also the support for the presentation of authorisation requests for the use of the internal risk assessment models.

The Internal Validation function reports directly to the Risk function. The neutrality of the Function within the Function is ensured by its independence from the structures responsible for model development ("Risk Models") and risk integration ("Enterprise Risk Management").

During the performance of its activities, Internal Validation highlights any areas for improvement on model development in order to ensure consistency between the internal models and the actual risk profile assumed. The results of the control activities carried out are periodically reported to the Internal Control, Risks and Sustainability Committee, to the Board of Statutory Auditors and the Board of Directors.

In 2021, the models currently in production were verified, with particular reference to those used for prudential or accounting purposes. In addition, Internal Validation carried out the in-depth analyses needed to validate the developments of the models in production. The activities targeted at verifying the changes to the models for the quantification of credit risk from a prudential perspective were especially significant, aimed at achieving full compliance with the regulations in force. In addition, the model revisions relating to the accounting methodologies for the quantification of write-downs of loan were subject to verification.

During the performance of its activities, Internal Validation highlights any areas for improvement on model development in order to ensure consistency between the internal models and the actual risk profile assumed. The results of the control activities carried out are periodically reported to the Internal Control, Risks and Sustainability Committee, to the Board of Statutory Auditors and the Board of Directors.

Legal risk is managed by the Legal and Regulatory Affairs Function through the process of providing support and advice on legal matters to the central and peripheral structures of the Parent Company and Group companies in relation to the activities they carry out and the related contractual aspects, and also through the management of judicial and extrajudicial litigation, both active and passive, of the Group, with the exclusion of labour, social security and tax litigation. Additionally, the Legal and Regulatory Affairs department provides an internal regulatory alerting service to ensure the constant monitoring and provision of information on developments in the external regulatory framework for matters that have an effect on the Group activities (EU and national, primary and secondary) and on case law.

The Group Compliance Function carries out its activities, reporting directly to the Chief Executive Officer, both for the Parent Company and for the Group companies that have outsourced the service.

The Parent Company's Compliance Function oversees, according to a risk-based approach, the management of compliance risk with regard to all company activities, verifying - during both the start-up and operating phases - that internal procedures are adequate to prevent that risk.

For rules relating to the exercise of banking and brokerage activities, the management of conflicts of interest, transparency towards customers and, more generally, regulations for consumer protection, the Compliance Function - as required by the Supervisory Provisions - is directly responsible for managing the risk of non-compliance.

With reference to other regulations that provide for specific forms of Specialised Oversight, the duties of the Compliance department - based on an assessment of the adequacy of the specialised controls to manage the non-compliance risk profiles - are tiered and the Compliance function itself is, in any case, responsible (in collaboration with the delegated specialised departments) for: i) defining the methodologies for assessing the risk of non-compliance; ii) identifying the relative procedures; iii) verifying the adequacy of the procedures themselves to prevent the risk of non-compliance.

For the areas directly supervised by other second-level Control Functions, the compliance risk management model is implemented by these functions, limited to the aspects falling under their specific responsibilities.

The Board of Directors, including in the exercise of its management and coordination in accordance with article 2497 of the Italian Civil Code, in agreement with the opinions of the Internal Control, Risks and Sustainability Committee, with the support of the Appointments Committee and having heard the opinions, to the extent of its responsibility, of the Board of Statutory Auditors, decided - effective from 19 June 2018 - to appoint Maurizio Nigro as Compliance Manager. The Compliance Manager is also responsible for the engagement of Group Data Protection Officer pursuant to article 37, paragraph 7, Regulation (EU) 679/2016 (GDPR) regarding privacy.

The current organisational structure of the Compliance Department is divided into five specific divisions, two of which report to the Compliance Manager (one responsible for methodological guidance and coordination, preparation of Management Reporting, and definition of the functional requirements for developing supporting applications, while the other is responsible for overseeing the privacy regulatory framework) and three divisions are dedicated to regulatory issues applicable to the Banco BPM Group. Specifically, the Organisational Units are as follows:

- Methodology and Reporting Coordination;
- DPO Support;
- Banking Services, Governance, and ICT Compliance;
- Investment Services and Markets Compliance;
- Anti-Money Laundering.

The Parent Company's Anti-Money Laundering Department, which is part of the Compliance Department, has full control independence and monitors the risk of money-laundering and financing of terrorism, as well as notifications of suspicious transactions. Furthermore, the department carries out the

activities required under the regulations assigned to the Anti-Money Laundering Manager and the Suspicious Transaction Notification Officer (SOS).

The Anti-money Laundering Department carries out its activities for the Parent Company and the Group companies that outsourced this service, taking a risk-based approach, carrying out inspections and controls in order to evaluate the exposure to the risk of money laundering and terrorism financing, the effectiveness of the organisational and control oversights - both when starting up and when operating - and any actions to take.

The current organisational structure of the department is based on the following four departments:

- Anti-Money Laundering Compliance
- Anti-Money Laundering Controls
- Suspicious Transaction Reporting
- Judicial Authority Research and Tax Assessments

Arianna Rovetto is the Manager of the Group Anti-money Laundering department, appointed on 29 September 2020 by the Board of Directors of the Parent Company, having heard the opinions of the Internal Control, Risks and Sustainability Committee, with the support of the Appointments Committee, and, to the extent of its responsibility, of the Board of Statutory Auditors, and she reports directly to the Corporate Bodies and communicates with them, on her own initiative or upon request, without restrictions.

The first power, at Group level, regarding the "reporting of suspicious transactions" pursuant to article 35 of Italian Legislative Decree 231/07 as amended to the Financial Information Unit, established at the Bank of Italy, is attributed to the Anti-Money Laundering Manager. This power was granted in accordance with a 'cascading' model that provides, in the event of absence or impediment, for granting said powers, on a successive basis, to the other authorised parties who belong to the same division.

The Audit Function of Banco BPM is responsible, on the one hand, for third level controls - also with inspections on site and remotely - to ensure the proper performance of operations and risk development, and on the other, for assessing the completeness, adequacy, efficiency and reliability of the internal control systems, indicating possible improvements to the management, measurement and control process of risks to the corporate bodies, and taking an active part in their realisation.

The Audit Function - hierarchically reporting to the Board of Directors - is in charge, as an internal audit function, for all the central and peripheral divisions of the Italian Companies of the Banking Group; it carries out verification activities in coordination with the local audit department for Banca Aletti Suisse.

The Board of Directors, including in the exercise of its management and coordination in accordance with article 2497 of the Italian Civil Code, in agreement with the opinions of the Internal Control, Risks and Sustainability Committee, with the support of the Appointments Committee, and, to the extent of its responsibility, of the Board of Statutory Auditors, decided - from 16 September 2019 - to appoint Andrea Francesco Antonio Alessandri as Audit Manager, defining his remuneration in accordance with company policies. Mr. Alessandri was also appointed by the Board as the Manager of the Internal System to Report Breaches (SISV) of the regulations governing the banking activities of the Parent Company.

Mr. Andrea Francesco Antonio Alessandri, pursuant to the Corporate Governance Code, also holds the role of internal control officer and - free from hierarchical constraints with respect to the managers of the operational areas - has access to all information useful and necessary to perform his duties.

The organisational structure of the Audit Function includes the following structures:

- Audit Coordination;
- Instrument methods and Quality Assurance;
- Lending Audit;
- Finance Audit;

- Governance Processes Audit;
- Network Audit.

This structure meets the requirement to ensure constant monitoring of the activities carried out by the Group, while ensuring the continuous strengthening of the audit methods and due attention to the effects of the strategic policies adopted by the Group (i.e. in terms of Risk Appetite Framework, strategic planning, processes with greater significance) to identify those areas that could be more exposed to weakness, including prospective.

The 2021 Audit Plan, approved by the Board of Directors on 9 March 2021 and updated in the third quarter of the same year, is distinguished for being focussed on the areas of Group operations characterised by a higher level of current and forward-looking risk. In this regard, we draw attention, inter alia, to the activities conducted on the processes adopted by the Group for the management of real estate and public collateral against customer loans, as well as to monitor credit exposures relating to the supporting measures for business operators in the context of the Covid-19 pandemic. However, the mandatory activities linked to the regulatory provisions are still significant, in addition to the inspections required by the ECB, with special reference to the risk governance, control and management processes and the internal market and credit risk models.

The inspections of the Sales Network were planned and carried out by also taking account of the risk highlighted by the remote red flags system. It should be noted that some inspections took place remotely in consideration of the temporary emergency period.

The Audit Function guarantees also the certification of adequacy and implementation of the remedial actions resulting from the inspections by the national or supranational regulator.

The Audit Function, on the basis of the information flows defined in an applicable company Regulation, prepared and sent, in a timely manner, to the Corporate Bodies (Board of Statutory Auditors, Internal Control, Risks and Sustainability Committee, Board of Directors), reports on events of particular significance, and periodic reports containing adequate information on their activities, on the mechanisms used to manage risks (and on compliance with the plans defined to reduce risks) and a periodic assessment of the suitability of the internal control and risk management system (including the information systems).

In implementation of the provisions of article 52-bis of the Consolidated Banking Law and the associated implementing rules, the Group is included in an Internal System to Report Breaches (so-called Whistleblowing) relating to unlawful conduct also in accordance with the regulatory provisions (e.g. Legislative Decree 231/2001) and Supervisory Provisions (Circular 285 of 17.12.2013 and subsequent amendments and additions and Law no. 179 of 30 November 2017, containing "Provisions for the protection of the authors of reports of offences or irregularities, which they became aware of as part of a public or private employment relationship"), which promotes the identification of irregular or unlawful conduct by protecting those who, based on reasonable suspicion that an unlawful act or irregularity has been verified or may be verified, decide to send a report. The system is supported by a specific IT procedure which guarantees the confidentiality of the reports received and their management.

The Board of Directors, subject to the opinion of the Internal Control, Risks and Sustainability Committee, expressed its opinion on the substantial adequacy of the internal control and risk management system with respect to the characteristics of the company and the risk profile taken on, and its effectiveness, even though certain areas could be improved that are already being considered by the applicable control company departments.

#### **Coordination between the parties involved in the internal control and risk management system**

The direction and unified governance with respect to the Integrated Internal Control System is carried out by the Parent Company, which, within the scope of its functions of management, coordination and control:

- determines the principles, rules, roles and responsibilities;
- defines and delimits the profiles of responsibility of each Group entity, with special reference to the role of the Parent Company and the Group Companies;
- defines the information flows and related coordination mechanisms.

The Parent Company exercises also the following controls:

- strategic: to check the consistency of the decisions made by the individual members of the Group with respect to the guidelines decided on by the Parent Company and to define any corrective actions;
- management: to ensure the maintenance of the economic, financial and capital balance both by the individual members of the Group and the Group as a whole. This control is exercised on a prior basis through the preparation of plans, programmes and budgets, and on a final basis through the analysis of the periodic situations, the interim accounts and the financial statements of the individual companies and the consolidated accounts;
- operational techniques: to measure and evaluate the overall risks to which the individual Group members are exposed, and the Group as a whole, and to ensure that the activities are carried out with the necessary effectiveness and efficiency and to evaluate the relative oversight in terms of internal controls;
- compliance: to ensure compliance with the regulations and operational compliance of the company processes;
- adequacy: to assess the proper management of risks and the control processes.

The parties appointed to carry out the above-mentioned coordination, each for the aspects falling under their own responsibility, are represented by: Board of Directors of the Parent Company, Chief Executive Officer, Board of Statutory Auditors, Supervisory Authorities 231/2001, Internal Control, Risks and Sustainability Committee (internal board committee), Coordination Committee, Group Internal Control System (managerial) and Risks Committee (managerial).

A specific role in the area is assigned to the Coordination Committee of the Group Internal Controls System, which has the specific duty of strengthening the coordination and cooperation mechanisms between the control departments and providing an integrated representation and correct classification of the overall risks that the Group is exposed to, subject to the specific nature and responsibilities of the individual internal control departments.

The Parent Company has defined a coordination model of the Corporate Bodies and the control departments that is set out through the following elements:

*a) Definition of the methods and coordination instruments for the assessment of the Internal Control System*

In order to guarantee and facilitate the coordination between the control departments and the Corporate Bodies, the Internal Control System adopted an assessment method to perform the control activities that require the use of elements of analysis and common measurement metrics, and reporting mechanisms to ensure uniform reports (e.g. integrated Tableau de Bord - dashboard of the Control Functions).

The adoption of an integrated assessment of the Internal Control System aims to permit the comparison of the assessments made by the various control departments and to obtain an assessment of the overall operating model of the Group.

*b) Scheduling the control activities*

All the control departments have to prepare a plan of the respective activities.

The control departments, within the scope of the Coordination Committee of the Group Internal Control System, carry out formalised coordination for the periodic scheduling of the respective activities in order to efficiently manage potential areas of overlap and to capitalise on possible synergies.

The plans of the control departments are submitted for the approval of the Board of Directors of the Parent Company, with the opinion of the Internal Control, Risks and Sustainability Committee and the Board of Statutory Auditors and the Group Companies for the applicable parts, thereby ensuring a further level of inspection of the actual coordination of the activities.

*c) The performance of controls and inspections and the identification of risk mitigation measures*

Regarding coordination, the information flows defined by the Control Departments are significant with reference to the results of the inspections.

The managers of the Risk Department and the Compliance Department will inform the Audit Manager of the weaknesses found in the control activities that could be of interest for the audit activities. The Audit Manager will inform the managers of the other internal control departments of any inefficiencies, weak points or irregularities that emerged during their inspections and regarding specific areas of matters they are responsible for.

*d) Reports and Information flows*

Information flows were defined aimed at:

- guaranteeing completeness, quality and promptness of information in the findings that emerge, allowing the recipients to make use of any information useful to perform the activities they are responsible for correctly;
- ensuring adequate coordination between the activities arranged by the Corporate Bodies and the control departments;
- encouraging the movement of reports of weaknesses that allow situations of particular severity to be brought to the attention to the higher hierarchical levels;
- allowing informed choices to be made to support the decision-making process relating to the risk mitigation measures to adopt;
- supporting the Internal Control System improvement process as a whole.

**Main characteristics of the existing internal control and risk management system in relation to the process of financial disclosure (article 123-bis, paragraph 2, letter b), of the Consolidated Law on Finance)**

The reference model identified by Banco BPM (hereinafter for brevity the "Model") to fulfil the legal requirements set out by article 154-bis of the Consolidated Law on Finance, is based on the COSO and COBIT Framework<sup>6</sup>, that constitute the reference standard for the internal control system that is generally accepted at international level.

This Model, formalised in the "Regulation on the Financial Reporting Manager (Italian Law 262/2005)" most recently approved by the Board of Directors of Banco BPM on 29 November 2018 was aimed at guaranteeing reliability, accuracy, trustworthiness and timeliness of financial information, and provides as follows (in summary):

- an adequate internal control system at corporate level to reduce the risk of errors or incorrect conduct for the purpose of accounting and financial reporting;
- the establishment and subsequent maintenance of adequate sensitive processes for financial reporting purposes and to check their adequacy and actual application.

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<sup>6</sup> The COSO Framework was established by the Committee of Sponsoring Organizations of the Treadway Commission, the U.S. organisation dedicated to improving the quality of financial reporting through ethical principles and an effective system for corporate governance and organisation. The COBIT Framework - Control Objectives for IT and related technology is a set of rules prepared by the IT Governance Institute, the U.S. organisation whose aim is to define and improve the principles of corporate IT.

The main activities of the model are described below, prior to the issue of the statements provided for under article 154-bis of the Consolidated Law on Finance:

- *Identification of the scope of the inquiry* in terms of Group companies, financial statements items and processes considered to be significant in relation to the impact on the accounting and financial reporting of the company;
- *Assessment of the internal control system at company level (entity level control)* in order to ensure adequate governance systems at corporate level, such as adequate risk management processes and clear models for the assignment of authorisation and responsibility. To that end, the Financial Reporting Manager will coordinate with the Audit Function and examine the "Assessment report of the internal control system of the Group" prepared by the Audit department;
- *Formalisation of the processes and controls implemented to mitigate the risks relating to financial reporting*. The map of the controls to mitigate the risks to monitor proper financial reporting is carried out by the Financial Reporting Manager on the basis of the formalised processes in the internal rules by the Organisation division;
- *Assessment of the risks and the adequacy of the control designs adopted (Risk & Control Assessment / Test of Design)*. This activity aims to assess the adequacy of the administration and accounting procedures to draw up the financial statements and any other accounting and financial information and is carried out through the assessment of the key controls in order to reduce the risks relating to financial reporting;
- *Check of the effective and continuous application of the controls by the operating divisions (Test of Effectiveness)*. The testing of the effectiveness of the controls ("testing activities") is aimed at assessing the actual application, in the reference period, of the administrative and accounting procedures for the preparation of the financial statements and any other financial information and the technological infrastructure governance procedures;
- *Definition and monitoring of any corrective actions to put in place in view of any organisational shortcomings found in the assessment of the adequacy and actual application of the administrative-accounting procedures and the relative controls*.

In order to further support the process described above regarding the adequacy of the accounting and administrative processes aimed at the production of the consolidated financial reporting, the Model provides for a *statement system* by the Group subsidiaries with respect to the Parent Company Financial Reporting Manager whose aim is to ensure that the data communicated by the subsidiaries for the purpose of drawing up the consolidated Group financial statements give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the Company.

The Model defines also an adequate information flow system between the Financial Reporting Manager and the other company divisions/bodies in order to ensure that the Financial Reporting Manager promptly acquires and completes the relevant information for financial reporting purposes, and to guarantee the functional participation of the Financial Reporting Manager in the corporate governance of the Group.

The Financial Reporting Manager will inform the Board of Directors on the performance of the management and control of the process to prepare the accounting and financial reporting documents for the market, on any weaknesses found, on the corrective measures put in place to overcome these weaknesses and the adequacy and actual application of the procedures relating to the financial statements. This reporting obligation will be carried out by drawing up a half-yearly report submitted to the Board of Directors before the approval of the half-yearly and annual financial report.

For information on the appointment of the Financial Reporting Manager and on the related resources and powers, please refer to paragraph below "9.6 Financial Reporting Manager" of this report.

### **8.3 INDEPENDENT AUDITORS**



The Shareholders' Meetings of Banco Popolare and Banca Popolare di Milano, which decided, on 15 October 2016, to approve the Merger Plan, also decided to appoint the auditing firm PricewaterhouseCoopers S.p.A., with registered office in Milan, via Monte Rosa no. 91, enrolled in the Register of Auditors at the Italian Ministry of Economy and Finance, to audit the individual and consolidated financial statements of the Group, the limited audit of the abridged interim consolidated financial statements, to ensure that the corporate accounts are properly kept and that the operating events are correctly reflected in the accounting records.

The aforementioned engagement was assigned for the years from 31 December 2017 to 31 December 2025, in compliance with the duration envisaged by law (9 financial years).

During the financial period, the auditing firm checks to ensure that the company accounts are kept properly and that the company affairs are recognised correctly in the accounts; it also checks to ensure that the individual and consolidated financial statements correspond to the findings on the company accounts. The auditing firm expresses its opinion on the individual and consolidated financial statements and the abridged interim financial statements by the issue of a specific report. The audit report on the financial statements contains the key aspects of the audit, i.e. the aspects considered the most significant as part of the audit, according to the auditor's professional judgment.

The audit report also contains the judgment on the consistency of the management report with the financial statements and some specific information contained in the report on corporate governance and ownership structures and their compliance with the requirements of the legal provisions.

In accordance with the law and the Articles of Association, the independent auditors are appointed by the Ordinary Shareholders' Meeting on a grounded recommendation by the Board of Statutory Auditors.

In 2021, the results reported by the independent auditors in the additional report pursuant to article 11 of European Regulation no. 537/2014, addressed to the Board of Statutory Auditors, and in the letter of suggestions were sent to the Board of Directors for the appropriate evaluations.

#### **8.4 FINANCIAL REPORTING MANAGER**

In January 2017, the Board of Directors, based on the prior opinion of the Board of Statutory Auditors, after prior verification of the satisfaction of the requirements set forth in the legislation in force, appointed Gianpietro Val, Head of Administration and Financial Statements, as the Financial Reporting Manager, in compliance with the provisions pursuant to article 154-bis of the Consolidated Law on Finance (introduced by Italian Law 262/2005).

In accordance with the Articles of Association, the Financial Reporting Manager must possess, in addition to the requirements of integrity provided by prevailing laws for those who carry out administration and management, the requirements of professional competence characterised by specific expertise, from the administrative and accounting standpoint, on lending, finance, real estate and insurance matters. These skills must have been acquired through work experience in positions of adequate responsibility for a consistent period of time and in companies of comparable size to the Company.

The Financial Reporting Manager will have specific responsibilities aimed at ensuring a true and fair presentation of the assets, liabilities, profit or loss and financial position of the Group. More specifically, the Financial Reporting Manager will have the following duties:

- to certify that the documents and disclosures disclosed to the market and regarding interim and annual accounting information of the Company correspond to corporate records, books and accounts;



- to prepare, through the corporate divisions in charge, appropriate administrative and accounting procedures to govern the preparation of the individual and consolidated financial statements and all other communications of a financial nature;
- to confirm, jointly with the Chief Executive Officer, through a report attached to the individual and consolidated financial statements and the abridged interim consolidated financial statements (hereinafter "the documents"):
  - the adequacy and effective application of the administration and accounting procedures during the period to which the documents refer;
  - that the documents have been drawn up in accordance with the applicable international accounting standards recognised by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
  - the correspondence between the documents, the findings in the books and the accounting entries;
  - the suitability of the documents to give a true and fair presentation of the assets, liabilities, profit or loss and financial position of the issuer and the companies included in the scope of consolidation;
  - for the individual and consolidated financial statements for the financial period, that the report on operations contains a reliable analysis of the operating performance and results, as well as the financial position of the issuer and the group of companies included in its consolidation, together with a description of the main risks and uncertainties to which they are exposed;
  - for the abridged interim financial statements, that the interim report on operations is a reliable analysis of the significant events that took place in the first six months of the year and their impact on the abridged interim financial statements, and describes the main risks and uncertainties for the remaining six months of the year.

In order to express an overall assessment of the internal control system regarding the financial reporting, the Financial Reporting Manager shall refer to a control model defined in the "Regulation on the Financial Reporting Manager (Italian Law 262/2005)", the contents of which are described in paragraph "8.2 The internal control and risk management system" of this report.

The Group Regulation on the Financial Reporting Manager assigns also specific powers and resources as set out below.

The Financial Reporting Manager is guaranteed the following:

- free access to the accounting information needed for the production of accounting data of Banco BPM, without the need for authorisations;
- the free access to managerial information, linked to events that could significantly influence the performance of Banco BPM;
- the freedom to carry out, through the company divisions in charge, inspections of the company processes that have a direct or indirect impact on the financial reporting;
- the right to interact with the Administrative and Control Bodies;
- the right to exercise his powers with respect to all the Group subsidiaries;
- the guidance and coordination role for the Group companies with regard to administrative and accounting matters and for the financial reporting control systems;
- the power to propose to the Chief Executive Officer, in accordance with the Organisation department, the implementation of projects aimed at improving the administrative accounting structure;
- the power to propose any corrective actions to put in place in view of any organisational shortcomings found in the assessment of the adequacy and actual application of the administrative-accounting procedures and the relative controls.

With regard to the main resources, the Financial Reporting Manager:

- has an adequate group operating structure, specifically for the purpose;
- may use, with regard to the performance of the control tests, internal or external resources;

- may avail of external consultation for accounting, tax or legal-administrative issues, and acquire the professional services needed to carry out the role in accordance with prevailing laws and the budget assigned;
- has the full cooperation and support of the other divisions of the Parent Company and the subsidiaries to carry out the activities needed to comply with legally required duties;
- has an adequate flow of information from the Corporate Bodies, the internal control departments and the other organisational divisions in charge of reporting any anomalies or shortcomings in the procedures found within the scope of their activities, that could have significant impacts on the economic and capital situation of Banco BPM;
- takes part in the board meetings in which the draft annual and interim financial statements are drawn up, and, upon invitation, the meetings in which topics that have significant impacts on the administrative-accounting and financial aspects of the Banco BPM are discussed;
- takes part, upon invitation, in the internal board and Management Committees meetings in which topics that have significant impacts on the administrative-accounting and financial aspects of the Banco BPM are discussed.

If the Financial Reporting Manager believes that the powers and resources given are insufficient or not effective enough to carry out the duties provided by law, he/she must promptly inform the Chief Executive Officer so that this can be promptly referred to the Board of Directors.

If the Board of Directors, in the exercise of supervision or if informed by the Chief Executive Officer, believes that the powers and resources given to the Financial Reporting Manager are insufficient or not effective enough on the basis of prevailing laws, it will increase them.

## **8.5 ORGANISATION, MANAGEMENT AND CONTROL MODEL pursuant to Italian Legislative Decree no. 231/01 and relating to the Supervisory Board of Banco BPM**

Banco BPM continuously updates its Organisation, Management and Control Model, pursuant to Italian Legislative Decree 231/01 (the "Model"), with a view to transposing any new legislative provisions relating to the predicate offences envisaged by Italian Legislative Decree 231/01, as well as changes to the corporate structure that could impact the model in question.

The Model (with a summary of it, along with the Code of Ethics and other internal regulations including those that govern conflicts of interest, is published on the website [www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it), under the Corporate Governance section ) comprises a:

- General Part in which the applicable regulatory framework is summarised and the purpose of the Model is described, along with the adoption, amendment and updating process, the relationships between the Parent Company Model and the Model of the Group Companies, the role of the Supervisory Board, the sanctions system, the training and performance of the intercompany services;
- Special Part, which, with reference to all types of offences and crimes that Banco BPM established that it would consider in view of its business activities, identifies the activities at risk and the essential elements that the procedures must possess to reduce the risks. The Special Parts, that constitute "Protocols" for the purpose of the Decree, are completed by the regulatory documents drawn up to define and govern the individual processes typical of the business activities.

In 2021, a series of actions were completed to strengthen the 231/01 system, including:

- the greater involvement of the Compliance Function as regards monitoring the effectiveness of the Model and, in particular, in validating it, in reporting the need for any changes, and in mapping risks;
- strengthening the means of communicating the Model by checking that employees have consulted the model through online tracing, and verifying the effectiveness of training, also by managing the outcome of the courses taken by employees;

- acquiring an opinion on the risk assessment method used by the Compliance and Risk functions (Internal Validation);
- a 231/01 risk mapping exercise, which involved the commercial network, the central departments and top management bodies, to identify the areas that are most exposed to the likelihood of the crimes identified by Italian Legislative Decree 231/2001 being committed.

In addition, to increase the awareness of the risks of committing the crimes identified by Italian Legislative Decree 231/01, and to contextualise them with respect to the activities performed, information sheets were drawn up to show the connection between the activities performed by the various Group departments, the crimes that could be committed, the general principles of conduct, specific control ones and the reference to the company regulations in place.

The Banco BPM Parent Company, adopting an organisational structure that distinguishes it as a substantially and economically unified enterprise, gives guidance on the choices to make to implement the Decree, defining guidelines and frames of reference to adhere to in order to prepare the organisation, management and control models of the Group Companies, in accordance with the specific situations relating to the nature, size, type of activity, corporate structure and organisation of the internal delegations of authority.

Within the scope of the management and coordination, the Parent Company provides also the subsidiaries with non-binding instructions on the composition of the respective Supervisory Boards, which constitute the minimum requirements and do not rule out the option for higher standards.

The Supervisory Board, which is vested with the rights and powers of initiative and control as provided under Italian Legislative Decree 231/01, is responsible for monitoring the function and compliance of the Model's provisions, and ensuring it is kept updated.

The choice to identify an appropriately established Supervisory Board and that is not the same as the Board of Statutory Auditors, is determined by:

- the size and organisational complexity of the Company, in view of the "231 risk" profile that can be theoretically attributable;
- the advantages that result from the mixed composition (internal/external) referring on the one hand to the knowledge of the enterprise (therefore, more suitable for identifying and monitoring the applicable areas of risk) and on the other, to the independence of the corporate structure that reinforces the impartiality of the controls and judgements.

The Supervisory Board of Banco BPM will include three members from outside the Company and the corporate organisation (one of whom will act as Chairperson), a member of the Board of Statutory Auditors (appointed by it) and a Manager of the Internal Control Departments, all of whom will meet the requirements necessary for the position. It currently comprises the following:

- Federico Maurizio d'Andrea (Chairperson and member from outside the company);
- Gherardo Colombo (member from outside the company);
- Iole Anna Savini (member from outside the company);
- Alfonso Sonato (in his position as a member expressly authorised by the Board of Statutory Auditors);
- Andrea Alessandri (internal member, in his position as the Internal Audit Manager).

The Parent Company Board will also have the following functions in addition to those provided for under Italian Legislative Decree 231/01:

- the coordination and guidance of the activities aimed at the application of the Model within the scope of the Group Companies to ensure correct and uniform implementation;
- the right to ask the Group Company Bodies to carry out specific control actions in order to ensure that the Model is adopted and effective.

## 8.6 THE INVESTOR RELATIONS DEPARTMENT

The mission of the Investor Relations Department is described below, along with the activities carried out in 2021 and the organisational structure of the Department.

### Mission of the Investor Relations Department

The mission of the Investor Relations Department, reporting to the Chief Executive Officer, is to coordinate the flow of financial information between the Group and the market; analyse the position of the Group in the banking system and the business sectors of interest and to monitor macroeconomic performance.

The main responsibilities of the Department can be summarised as follows:

- to ensure the management of the financial information flows of the Group with the market, the financial community (financial analysts and institutional investors), ratings agencies and shareholders in general, in order to publish, in a transparent, continuous manner, information and news relating to the strategies, activities, results and prospects of the Group, also through taking part in the main financial events (*banking conferences and other industry events*), and organisation of specific events (e.g. roadshows, post-results conference call/video call etc.);
- to ensure monitoring of the information, valuations and recommendations on the securities disclosed by the operators, the income predictions, the market expectations and the perception of the Group in general;
- to support top management in the definition of the shareholder strategy;
- to coordinate periodic financial analyses of the banking sector and benchmarking analyses.

### Investor Relations activities in 2021

In 2021, the Investor Relations team managed 97 events overall, also with the involvement of the Group's top management, which led to dialogue with 453 investment companies and financial analyst firms (both on the stock and fixed income markets), credit rating agencies and other institutional financial entities. Of these events, 5, with a total of 28 investors attending, focused specifically on ESG topics.

Furthermore, during the year, Banco BPM held 5 telephone conferences with audio webcasts to present the Group's financial performance to the market (results as at 31 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021) and the 2021-2024 Strategic Plan.

	No. of events	% of the total	No. of companies met	% of the total
Industry conferences (stock market)	6	6.2%	81	17.9%
Industry conferences (fixed income market)	5	5.2%	46	10.2%
Roadshows & Reverse Roadshows (stock market)	11	11.3%	179	39.5%
Roadshows & Reverse Roadshows (fixed income market)	5	5.2%	41	9.1%
Other individual and/or group meetings, telephone conferences and video conferences (stock market)	58	59.8%	73	16.1%
Other individual and/or group meetings, telephone conferences and video conferences (fixed income market)	5	5.2%	6	1.3%
Other assets	1	1.0%	21	4.6%
Meetings/calls with credit rating companies	6	6.2%	6	1.3%
<b>Total</b>	<b>97</b>	<b>100%</b>	<b>453</b>	<b>100%</b>
<b>of which, with an ESG focus</b>	<b>5</b>		<b>28</b>	

On the stock market front, the Group participated in 6 industry conferences and 11 Roadshows and Reverse Roadshows organised by leading research and brokerage companies. Together, these resulted in meeting 260 counterparties, equal to 57.4% of the total reached overall during the year.

Similarly, in the fixed income market, Banco BPM participated in 5 industry conferences and 5 Roadshows and Reverse Roadshows, meeting 87 counterparties (19.2% of the total).

The remaining 23.4% of the institutional parties involved had the opportunity to dialogue with the Group on a further 70 occasions (individually and/or as a group).

Note that, given the pandemic crisis situation that characterised 2021, almost all of the meetings with the financial community were held virtually, enabling the Group to maintain constant and productive contact with its stakeholders, and, at the same time, safeguard the health and safety of all parties involved.

Lastly, it should be noted that at the end of 2021, Banco BPM stock was "covered" by 20 equity research companies (of which: 12 with positive recommendations, 8 neutral and 0 negative), with which continuous dialogue was maintained during the year.

### **Organisation of the Investor Relations Department**

Roberto Giancarlo Peronaglio is the Investor Relations Manager, and the department is organised as follows:

- Shareholder Strategy, Investor Coverage and Rating Agencies: Manager Tom Lucassen
- Market Relations: Manager Arne Riscassi
- Benchmarking and Financial Analysis: Manager Manuela Montagner

Institutional investors and financial analysts may contact the members of the Investor Relations Department at the following telephone numbers +39 02 94772108 and +39 045 8675537, and by email at [investor.relations@bancobpm.it](mailto:investor.relations@bancobpm.it) (email address of the work group).

For further information, please refer to the "Investor Relations" section on the website of the Banco BPM Group ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it)).

## **8.7 DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES**

In compliance with the provisions of the Code of Corporate Governance (in force from 1 January 2021), Banco BPM has adopted measures aimed at ensuring that the representative, on his/her own behalf or on behalf of third parties, who has an interest in a given transaction of the company, promptly and exhaustively informs the other members of the same body and the chairperson of the administrative body regarding the nature, terms, origins and extent of his/her interest, guaranteeing respect for the criteria of substantive and procedural correctness.

To that end, Banco BPM approved the "Application rules on the concept of related parties in accordance with international accounting standard IAS 24", which applies to Banco BPM and all the Group companies. The above-mentioned "Application rules" establish that within the scope of the Banco BPM Group, the definition of "related party" provided by IAS 24 is used, and they define the operating criteria for the identification of the Related Parties.

With reference to the provisions of the Bank of Italy to draw up individual and consolidated financial statements for banks, issued by order dated 22 December 2005, specific information is given on the transactions with Related Parties in accordance with the definition of IAS 24, also with reference to the remuneration of managers with strategic responsibilities, lending and guarantees and other transactions in the applicable section of the Explanatory Notes to the individual and consolidated financial statements. For greater detail, please refer to the above-mentioned section of the Explanatory Notes.

In relation to the provisions of article 2391-bis of the Italian Civil Code, Consob adopted, through resolution no. 17221 of 12 March 2010, and subsequent amendments and additions, a "Regulation containing provisions on transactions with related parties" (hereinafter the "Consob Regulation") governing the procedures and rules of transparency that transactions with Related Parties are subject to. The regulation sets out the principles that Italian companies with listed shares on Italian regulated markets have to comply with in order to ensure transparency and substantial and procedural fairness in the transactions with Related Parties, carried out directly or through subsidiaries.

In accordance with said Regulation, involving:

- Banco BPM directly;
- the subsidiaries of Banco BPM, indirectly, pursuant to article 2359 of the Italian Civil Code,

Banco BPM adopted, on 1 January 2017 and updated most recently on 15 June 2021, the Regulation "Procedures to govern transactions with Related Parties" (hereinafter "Related Parties Procedure" or "Consob Procedure") that sets out the rules and mechanisms aimed at ensuring compliance with the Consob Regulation for Related Party transactions of Banco BPM either directly or through subsidiaries and governing the decision-making process in accordance with the type and significance of the transactions, the role and responsibilities of the Bodies involved, and the activities related to the transparency obligations and communications to the public.

More specifically, the Related Parties Procedure:

- defines the scope, identifying, inter alia, the criteria to collect information on the Related Parties;
- indicates the decisions made by Banco BPM with reference to options provided by the Consob Regulation, with regard, inter alia, to the identification of transactions of greater significance and the exemptions from application of the Procedure;
- establishes the rules and mechanisms with which Banco BPM establishes and approves the transactions, with reference, inter alia, to the cases where Banco BPM examines or approves subsidiary transactions;
- establishes the mechanisms and deadlines by which the Related Parties Committee, asked to provide opinions on the transactions, and the administration and control bodies of Banco BPM, are provided with information on said transactions, along with the related documentation, prior to the decisions and during and after execution of the transactions;
- guarantees coordination with the administrative and accounting procedures provided for under article 154-bis of the Consolidated Law on Finance;
- specifies the cases in which Banco BPM prepares an information document, in accordance with article 114, paragraph 5, of the Consolidated Law on Finance, with regard to transactions of "greater significance".

The Related Parties Procedure can be consulted on the website of Banco BPM ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) – under the Corporate Governance section).

It should be noted that the regulatory provisions in force regarding related party transactions of companies with listed shares were modified in 2019 due to Italian Legislative Decree no. 49 of 10 May 2019, implementing directive (EU) 2017/828 (*Shareholder Rights Directive II*, "SHRD 2"), which amended directive 2007/36/EC ("SHRD").

Article 7, paragraph 3, of the aforementioned Italian Legislative Decree, delegated Consob with the task of adopting the appropriate regulatory amendments, based on the power attributed to it, respectively, by article 2391-bis of the Italian Civil Code and article 123-ter of the Consolidated Law on



Finance, as amended/introduced by the aforementioned legal provisions. By means of resolution no. 21624 of 10 December 2020, CONSOB amended Regulation no. 17221 of 12 March 2010 regarding related party transactions ("the Related Parties Regulation"). Pursuant to the transitory provisions of article 3 of the aforementioned resolution no. 21624/2020, the changes made to the Related Party Transactions Regulation came into force on 1 July 2021, consequently, the Regulation "Procedures for the regulation of transactions with related parties" of Banco BPM was updated accordingly, by means of board resolution of 15 June 2021 effective from 1 July 2021.

With regard to compliance with the prudential Supervisory Provisions of the Bank of Italy on risks and conflicts of interest with respect to connected persons (Circular of Bank of Italy no. 285/2013 as amended), on 17 October /2017, Banco BPM adopted the Regulation "Procedures and Policies on controls relating to risks and conflicts of interest with respect to Connected Persons" (Connected Persons Regulation), updated on 10 September 2019.

The Connected Persons Regulation, in accordance with the above-mentioned Supervisory Provisions, has the following objectives:

- aims at monitoring the risk that the closeness of said parties to the decision-making centres of the bank could compromise the objectivity and impartiality of the decisions relating to the granting of loans and other transactions with respect to said parties. The regulation identifies the category of connected persons and related connected parties (who, together form the category of connected persons);
- establishes the prudential limits for the risk activities carried out with respect to these connected persons, in proportion to the intensity of the relationships and the significance of the consequent risks to sound and prudent management. To that end, the Board of Directors, at its meeting of 10 September 2019, approved the review of the limits of the risk appetite on the exposures with respect to Associated Entities of the Banco BPM Group and the Connected Persons of the Group (Banco BPM, Banca Aletti & C. S.p.A. and Banca Akros S.p.A.) in order to take account of the accounting resulting from the streamlining initiatives of the corporate and operational structure of the Group.
- governs decision-making procedures that also apply to intercompany transactions and other economic transactions, which could generate risk activities;
- provides specific instructions on organisational and internal control structures, specifying the responsibilities of the bodies and the duties of the company departments and the obligations to collect information on the connected persons and to control the trends of the exposures.

The Connected Persons Regulation can be reviewed on the website of Banco BPM ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it) – under Corporate Governance section).

As regards transactions with connected persons, by means of the official document of the 35th update of title V, chapter 1 of the First Part of Bank of Italy Circular no. 285/2013, said Bank of Italy put in place the obligation for banks to comply with the provisions of article 88, sub-section 1, paragraphs 4 and 5 of (EU) Directive 2013/36 (CRD), as amended by (EU) Directive 2019/878 (CRD V), regarding loans to representatives and their related parties. Banks are required to comply with the Supervisory Provisions within six months of the entry into force (which took place on 30 July 2021), i.e. by 30 January 2022.

In particular, article 88 of Directive CRD V (i) introduced the specific obligation of providing, at the request of the Supervisory Authorities, documentation relating to the loans granted to members of the management body or their related parties and (ii) made provision for a new definition of related party, with the latter taken to mean:

"a) the spouse, registered partner pursuant to national law, the child or parent of a member of the management body;

b) a commercial entity in which a member of the management body or one of his/her close relatives pursuant to letter a) holds a qualified equity investment equal to or greater 10% of the capital and voting rights of said entity or over which said persons can exercise significant influence or in which said persons occupy management positions or are members of the management body."

The official document requires the appropriate actions involving connection with the provisions governing transactions with related parties ("Risk activities and conflicts of interest vis-à-vis connected

persons" pursuant to the Third Part, Chapter 11 of Bank of Italy Circular no. 285) to be evaluated in conjunction with the launch of an organic update to the Supervisory Provisions, which will be subject to public consultation.

Pending the aforementioned adjustment, Banco BPM prepared the registration and identification of the information system of the interested parties.

With respect to the application of the rules on the obligations of banking representatives in accordance with article 136 of the Consolidated Banking Law of Banco BPM and the Group Banks, that define the application and procedural mechanisms of the obligations of banking representatives (article 136 Italian Legislative Decree 385/1993) and directors' interests (article 2391 of the Italian Civil Code), Banco BPM adopted the "Regulation on the obligations of Banking Representatives pursuant to article 136 of the Consolidated Banking Law". From this perspective, there are, inter alia, obligations for the representatives involved (Director, Statutory Auditor, and if appointed, General Manager, Deputy General Manager etc.) to make timely disclosure to the Board of Directors regarding interests they may have in certain transactions.

With regard to the vote in favour of the Board of Statutory Auditors of the issuing/deciding Bank, in order for the decision to be valid, all its Members must vote in favour, with the exclusion of any Statutory Auditors who may have an interest in the transaction.

In addition, Banco BPM, in order to avoid any situations of incompatibility, while maintaining the compatibility of the interests of the representatives with the interests of the company, by means of a resolution of the Board of Directors of 17 October 2017, adopted a company policy that prohibits, apart from any exceptions that must be authorised by the Board of Directors of the Parent Company, the engagement of any Board members and the members of the Board of Statutory Auditors of the Parent Company and the subsidiaries to carry out professional services, both directly or through professional firms where the representative is a partner, associate or co-owner. This policy was prompted by CONSOB Communication no. 8067632 of 17 July 2008, which provided an interpretation of article 148, paragraph 3, letter c), of the Consolidated Law on Finance, regarding the disqualification of members of the control body in listed companies and expanded the subjective range of application to also include the members of the Board of Directors of the Group companies.

On 14 July 2020, the Board of Directors extended the aforementioned policy, including not only the prohibited assignment of professional engagements but also those of a non-professional nature (i.e. direct contracts for the supply of goods or services, such as, for example, supply contracts, tender contracts or service agreements), relating directly or indirectly to company representatives.



## **9) RELATIONS WITH SHAREHOLDERS AND THE FINANCIAL COMMUNITY**

The Banco BPM Group pays close attention to the continuous management of shareholder relations, institutional investors and other operators in the national and international financial community, and to guarantee the regular and systematic disclosure of qualified, complete and prompt information on Group operations, results and strategies, also in the light of indications provided by CONSOB, the principles expressed in the Code of Corporate Governance and in national and international best practices.

The establishment and maintenance of constant and ongoing relations with all shareholders, through correct, transparent and differentiated forms of dialogue (*engagement*) contributes to ensure information transparency and continuous attention to the Bank's governance issues, with a view to fostering the creation of value in the medium to long term.

Relations with retail shareholders and institutional investors are carried out by separate specialised divisions with adequate resources and professional competence.

Within the scope of the Corporate Affairs Secretariat Department, there is a team that provides assistance to shareholders, overseeing the activities relating to the management of shareholders' meetings and more specifically, managing relations with the retail shareholders.

This line of communication transparency includes also cooperation in the setting up and the timely and due updating of the pertinent information on the website [www.grupppo.bancobpm.it](http://www.grupppo.bancobpm.it) under Corporate Governance section, and in cooperation with the Investor Relations Department, under Investor Relations section of the company website. The development of this reporting channel reflects both the Company's attention to international best practices regarding investor relations and the need to comply with the requirements of regulations on corporate disclosures.

The bilingual website (Italian and English) contains updated information on the structure and governance of the Group, shareholders' meetings, the ownership structure and dividends, as well as share performance, press releases, financial statements and presentations of the results, ratings and prospectuses concerning securities issued by the Banco BPM Group. In this way the website is where the financial community and stakeholders in general can find numerous opportunities for information and dialogue with the Company within the framework of constant, consistent and complete communication.

Retail shareholders can contact the dedicated corporate team by writing to the certified email address [soci@pec.bancobpm.it](mailto:soci@pec.bancobpm.it), or the ordinary email address [segreteria soci@bancobpm.it](mailto:segreteria soci@bancobpm.it) or by contacting the free phone number 800.013.090, as indicated in the "Contacts" page, the Corporate Governance section and the Investor Relations section of the company website.

For further information, the "Shareholders' Meetings" section may be consulted in the more comprehensive "Corporate Governance" page of the Banco BPM Group website ([www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it)).

Contacts with institutional investors, financial analysts and the ratings agencies are followed by the Investor Relations Department; for more details, please refer to the applicable paragraph.

### **Shareholder-Director Engagement: direct dialogue between shareholders and the BoD**

In addition to the methods through which, via the competent corporate functions, in particular, the Investor Relations function and, as regards retail relations, the Corporate Affairs Secretariat, the Bank interacts on a continuous basis with shareholders, investors and the financial community in general, Banco BPM, by means of board resolution of 23 November 2021, adopted the *"Regulation governing the management of dialogue with shareholders"*, drafted in accordance with the provisions of the 35th update to Bank of Italy Circular no. 285 of 17 December 2013 and the recommendations in the Code of Corporate Governance.

This Regulation governs dialogue between the Board of Directors or its members and all shareholders of Banco BPM, meaning by this, and according to the definitions in force on each occasion, institutional investors, asset managers and the relevant trade associations, other holders of shares issued by the Bank, potential investors, proxy advisors, in relation to the matters within the competence of the Board of Directors, including corporate strategies, financial and non-financial results, the capital structure, *corporate governance*, the social and environmental impact, the internal control and risk management system and the remuneration policies (so-called *"Shareholder-Director Engagement"* or *"S-DE"*).

Dialogue with shareholders can take place at their written request (so-called reactive engagement) or on the Bank's initiative (proactive engagement). In deciding whether to accept or formulate a S-DE request, according to which methods (two-way or one-way, bilateral or collective) and under which conditions, the Bank takes account of various factors including respect for legislative, regulatory or self-regulation limits, in particular regarding market abuse, the significance of the topics, the potential interest of the matter for shareholders and/or the market, the dimensions and characteristics of the investors concerned, the foreseeable approach of investors, taking into account their policies of responsibility as well as the presence of any situations of any conflicts of interest.

The acceptance or rejection of the S-DE request are communicated in writing to the applicant by a Focal Point S-DE comprised of the Head of the Investor Relations Function and the Secretary of the Board of Directors of Banco BPM.

If the S-DE request comes directly from one or more members of the Board of Directors, the latter communicate it, also informing the Focal Point S-DE of it, to the Chairperson of the Board of Directors who, together with the Chief Executive Officer, takes the relevant decisions according to the provisions of the aforementioned Regulation.

The topics taken from those within the competence of the Board of Directors can be discussed during the meetings, which have been presented and agreed in advance, and no relevant, privileged or, nonetheless confidential information concerning the Bank or the Group can be disclosed, unless within the limits and according to the methods permitted by the regulations in force.

Based on prior evaluation by the Chairperson, together with the Chief Executive Officer, regarding any involvement in the S-DE of other Bank directors or other entities, such as the CFO, Co-General Managers or other Group executives and any external advisors, the following normally take part in the S-DE activities, by managing the associated dialogue:

- the Chairperson of the Board of Directors, in agreement with the Chief Executive Officer, if they concern topics of corporate governance (such as the appointment, size, composition, responsibilities and functioning of corporate bodies) or the internal control system;
- the Chief Executive Officer, in agreement with the Chairperson of the Board of Directors, when they relate to company strategies, the financial and non-financial results, the capital structure, the social and environmental impact, the remuneration policies or risk management.

The Board of Directors is informed, normally by the next meeting, on the development and significant contents of the S-DE's activities. The Board of Statutory Auditors is informed on said occasion

The aforementioned regulation is available on the institutional site [www.gruppo.bancobpm.it](http://www.gruppo.bancobpm.it); S-DE requests can be sent to the e-mail address [S-DE@bancobpm.it](mailto:S-DE@bancobpm.it) or sent to the Group's Corporate Affairs Office *Piazza Filippo Meda 4, 20121 Milan*.

Milan, 1 March 2022

ANNEX 1: List of the positions of administration, management or control covered by the members of the Board of Directors in other listed, financial, banking, insurance or significantly sized companies, pursuant to the Regulation "Limits to the accumulation of positions" adopted by Banco BPM.

Name and Surname	Company	Position held
<b>MASSIMO TONONI</b> (Chairperson)	Zambon S.p.A.	Director
<b>MAURO PAOLONI</b> (Deputy Chairperson)	Unione Fiduciaria S.p.A. Bipiemme Vita S.p.A. Bipiemme Assicurazioni S.p.A. Grottini S.r.l.	Director Chairperson of the BoD Chairperson of the BoD Chairperson of the Board of Statutory Auditors
<b>GIUSEPPE CASTAGNA</b> Chief Executive Officer	Banca Aletti & C. S.p.A.	Director
<b>MARIO ANOLLI</b> (Director)	Vera Vita S.p.A.	Chairperson of the BoD
<b>MAURIZIO COMOLI</b> (Director)	Vera Assicurazioni S.p.A. Vera Protezione S.p.A. Herno S.p.A. Montura S.r.l. Mirato S.p.A.  Mil Mil 76 S.p.A.	Chairperson of the BoD Chairperson of the BoD Standing Auditor Standing Auditor Chairperson of the Board of Statutory Auditors Chairperson of the Board of Statutory Auditors
<b>Montura S.r.l.</b> (Director)	None	NA
<b>CARLO FRASCAROLO</b> (Director)	Banca Aletti & C. S.p.A. Entsorgafin S.p.A.  Pedemonte Holding S.r.l.  VPA S.p.A. Villa Pedemonte Atelir  Laboratorio Damiani S.r.l.	Director Chairperson of the Board of Statutory Auditors Chairperson of the Board of Statutory Auditors Chairperson of the Board of Statutory Auditors Standing Auditor
<b>ALBERTO MANENTI</b> (Director)	Fabbrica d'Armi Pietro Beretta S.p.A.	Director
<b>MARINA MANTELLI</b> (Director)	None	NA
<b>GIULIO PEDROLLO</b> (Director)	Gread Elettronica S.r.l. Panelli S.r.l. Linz Electric S.p.A. Pedrollo S.p.A. Pedrollo Group S.r.l.	Director Chief Executive Officer Sole Director Chief Executive Officer Chief Executive Officer

	Michel Sales Inc.	Chairperson of the BoD
	Pedrollo Group Inc.	Chairperson of the BoD
	Pedrollo Michel Pumps LLC	Chairperson of the BoD
<b>EUGENIO ROSSETTI</b> (Director)	Tinexta S.p.A.	Director
	Infocert S.p.A.	Director
	Co Mark S.p.A.	Director
<b>MANUELA SOFFIENTINI</b> (Director)	Electrolux Appliance S.p.A.	Chairperson of BoD and Chief Executive Officer
	Electrolux Italia S.p.A.	Chairperson of BoD
<b>LUIGIA TAURO</b> (Director)	Prevention for you S.r.l.	Sole Director
<b>COSTANZA TORRICELLI</b> (Director)	None	NA
<b>GIOVANNA ZANOTTI</b> (Director)	SESA S.p.A.	Director
	Pharmanutra S.p.A.	Director

ANNEX 2: List of the administration, management or control positions covered by the members of the General Management in other listed, financial, banking, insurance or significantly sized companies, pursuant to the Regulation "Limits to the accumulation of positions" adopted by Banco BPM.

<b>Name and Surname</b>	<b>Company</b>	<b>Position held</b>
<b>DOMENICO DE ANGELIS</b> (Co-General Manager)	None	NA
<b>SALVATORE POLONI</b> (Co-General Manager)	Società Interbancaria Automazione S.p.A. Enbicredito Associazione	Director Director

ANNEX 3: List of the administration, management or control positions covered by the members of the Board of Statutory Auditors in other listed, financial, banking, insurance or significantly sized companies, pursuant to the Regulation "Limits to the accumulation of positions" adopted by Banco BPM.

Name and Surname	Company	Position held
<b>MARCELLO PRIORI</b> (Chairperson)	Banca Akros S.p.A.	Chairperson of the Board of Statutory Auditors
	BPM Vita S.p.A.	Chairperson of the Board of Statutory Auditors
	Banca Aletti & C. S.p.A.	Standing Auditor
	Bipiemme Assicurazioni S.p.A.	Standing Auditor
	Primonial Reim Italy S.p.A.	Chairperson of the Board of Statutory Auditors
	Corob S.p.A.	Chairperson of the BoD
<b>MAURIZIO LAURI</b> (Standing Auditor)	F2A S.p.A.	Chairperson of the BoD
	Officine CST S.p.A.	Chairperson of the Board of Statutory Auditors
	ACEA S.p.A.	Chairperson of the Board of Statutory Auditors
<b>SILVIA MUZI</b> (Standing Auditor)	Tirreno Power S.p.A.	Standing Auditor
	RAI WAY S.p.A.	Chairperson of the Board of Statutory Auditors
	NEEP Roma Holding S.p.A.	Chairperson of the Board of Statutory Auditors
	Stadio TDV S.p.A. in liquidation (NEEP Roma Holding S.p.A. Group)	Chairperson of the Board of Statutory Auditors
<b>Esprinet S.p.A.</b> (Standing Auditor)	Esprinet S.p.A.	Standing Auditor
	Banca Aletti & C. S.p.A.	Chairperson of the Board of Statutory Auditors
	Salus S.p.A. former Casa di Cura Pederzoli S.p.A.	Chairperson of the Board of Statutory Auditors
	Ospedale P. Pederzoli Casa di Cura Privata S.p.A.	Chairperson of the Board of Statutory Auditors
	Centro Riabilitativo Veronese Casa di Cura Privata S.r.l.	Chairperson of the Board of Statutory Auditors
	Promofin S.r.l.	Chairperson of the Board of Statutory Auditors
	Società Athesis S.p.A.	Standing Auditor

	Società Editrice Arena – SEA S.p.A.	Chairperson of the Board of Statutory Auditors
	2Vfin S.p.A.	Chairperson of the Board of Statutory Auditors
	Società Italiana Finanziaria Immobiliare - S.I.F.I. S.p.A.	Chairperson of the Board of Statutory Auditors
	Verfin S.p.A.	Chairperson of the Board of Statutory Auditors
	Zenato Azienda Vitivinicola S.r.l.	Director
<b>NADIA VALENTI</b> (Standing Auditor)	Banca Akros S.p.A.	Standing Auditor
<b>FRANCESCA CULASSO</b> (Alternate Auditor)	Equiter S.p.A.	Director
	ISP Innovation Center S.p.A.	Director
<b>GABRIELE CAMILLO ERBA</b> (Alternate Auditor)	Alba Leasing S.p.A.	Standing Auditor
	Anima SGR S.p.A.	Chairperson of the Board of Statutory Auditors
	Anima Holding S.p.A.	Standing Auditor
	Casa di Cura Privata S. Giacomo S.r.l.	Chairperson of the Board of Statutory Auditors
	Molino Pagani S.p.A.	Chairperson of the Board of Statutory Auditors
	Cantina Valtidone soc. coop. a r.l.	Chairperson of the Board of Statutory Auditors
<b>WILMO CARLO FERRARI</b> (Alternate Auditor)	Bipielle Real Estate S.p.A.	Standing Auditor
	Gruppo Bertoli S.p.A.	Chairperson of the Board of Statutory Auditors

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