



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

Latest update: 30 June 2023

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1 Introduction

1.1 Subject

The Guidelines govern the principles, roles and responsibilities involved in managing environmental and energy issues and in fighting and mitigating climate change, with particular regard to the impact deriving from the choices and actions of Group companies.

1.2 Scope of application and implementation procedures

The Guidelines apply to Banco BPM and to all Companies included within the scope of consolidation.

The document and its subsequent updates are applied by the Companies, which ensure that their own internal regulations are consistent with the Group Guidelines.

The document is approved by the Parent Company's Chief Executive Officer.

1.3 Summary of updates

ID number	Date of update	Update summary content
Initial approval	30/04/2020	
1st update	01/12/2020	Extension of references to the rational use of energy and the fight against climate change.
2nd update	30/06/2023	Integration of roles and responsibilities and updating of indirect and direct impact management policies.

2 General Principles

In line with the points defined in the Code of Ethics, the values that guide the choices of the Banco BPM Group include respect for and protection of the environment, by contributing to and supporting the local community in the process of transition to a sustainable economy.

In particular, the Banco BPM Group:

- undertakes to support customers in the green transition process;
- materially undertakes, through practices, products, services and initiatives, to fight climate change and help reach the European goal of net zero emissions by 2050;
- promotes compliance with environmental laws and regulations;
- integrates environmental and climate risks into its risk management framework to correctly identify them, also from a reputational point of view, and manage them in order to minimise their negative impacts and grasp their positive aspects;
- prevents, manages and, where possible, reduces environmental impacts and natural resource consumption impacts generated by its activities;
- implements the rational use of electricity from 100% renewable sources.

In this regard, the Group adopts the principles of the Global Compact and is driven by the Agenda 2030 Sustainable Development Goals (SDGs) promoted by the United Nations. Banco BPM is a member of the Net Zero Banking Alliance (NZBA) which commits the Group to aligning its loan and investment portfolio to achieving net zero emissions by 2050, in line with the targets set by the Paris Climate Agreement.

The Group is also a member of the Task Force on Climate-related Financial Disclosures (TCFD).

Consequently, Banco BPM adopts a preventive approach to environmental and climate challenges and is proactive on these matters, undertaking initiatives that promote greater environmental responsibility, concrete actions to counter climate change and the rational use of energy sources, encouraging the development and dissemination of technologies that respect the environment and enable improved energy performance.

Company management is based on:

- the definition of a product mix that also includes products and services that support customers' green transition;
- the identification, prevention and management of possible risks related to the climate and the environment¹ (both physical and transition-related) for each area of Group activity, always maintaining a strict and precise approach;
- the measurement of impacts that, directly or indirectly, derive from its operations and the results of which are reported in the Consolidated Non-financial Statement.² The disclosure activity is carried out according to the main international standards and in line with recommendations of the Task Force on Climate related Financial Disclosures (TCFD);

¹ art. 25-undecies, Italian Legislative Decree 231/01.

² Available on the Group's website (<https://gruppo.bancobpm.it/sostenibilita/>).

- the promotion and implementation of initiatives aimed at disseminating operational methods and individual behaviours that are aware of environmental and energy issues, with the aim of continuously improving internal processes and reducing consumption.

These objectives, which make up the environmental and climate action plan, in compliance with international reference standards, take concrete form in the analysis, assessment and reporting of the Group's direct and indirect impacts.

2.1 Indirect impacts

Indirect impacts refer to the conduct of third parties which the Group can influence through its choices and actions.

With reference to customers, the Group:

- adopts conduct and offers solutions that help customers to effectively manage the transition to a sustainable economy and contribute to fighting and mitigating climate change;
- implements objectives and actions aimed at guaranteeing easier access to capital for green activities or for companies involved in a transition process;
- with regard to lending, it adopts exclusionary policies and a selective approach to high-risk sectors. To this end, climate and environmental risks are integrated into lending policies and the overall risk management framework. In particular, it considers the transition risk associated with the counterparty's operating sector, assessing its emissions profile and reduction plan, and the physical risk, which measures the negative impacts of climate/physical phenomena on the counterparty's business continuity and on the assets used to guarantee the loans granted;
- considers the main international standards that influence project financing, including those relating to large infrastructure and industrial facilities;
- includes information collected through ESG questionnaires completed by individuals and companies as part of customer profiling;
- participates in national and European work groups that develop innovative solutions and make it possible to market products in line with the report on the taxonomy regulation issued by the European Technical Expert Group³ and with the goal of reducing environmental impact and fighting climate change.
- envisages a framework aimed at integrating ESG risks (including environmental aspects) in the provision of investment services, and in particular in product governance processes, the provision of financial advisory services and in investment decisions in the portfolio management service, through the application of proprietary methodologies;
- considers the cash needs of customers who have suffered damage caused by extreme weather events;
- assesses the impacts of climate and environmental factors related to events (e.g. floods, droughts, fires, etc.) that could give rise to business continuity risks.

³ Report on the Taxonomy Regulation (Regulation (EU) 2020/852) issued by the European Technical Expert Group establishing a list of economic activities with a sustainable environmental impact through the definition of technical monitoring criteria.

With reference to suppliers, the Group is committed to:

- paying attention, in accordance with business needs and cost-benefit analyses, to environmental protection, the fight against climate change and the rational use of energy;
- including information collected through ESG questionnaires completed by suppliers as part of their profiling;
- for procurement, preferring suppliers that minimise environmental impact through their activities and products, requesting environmental and energy certifications from them where possible and appropriate.

With reference to staff, the Group:

- stimulates virtuous conduct in relation to environmental issues;
- plans and provides training on environmental protection, the importance of energy efficiency and climate change, to emphasise the significance of individual conduct within collective responsibility;
- maintaining a constant level of information and awareness regarding the sustainable mobility policies within and outside the Group, guaranteeing in-depth analyses of regulations, investigations and the activation of specific agreements.
- ensures appropriate prevention and protection measures in emergency situations, as required by legislation in force⁴.

With reference to the local community, the Group is committed to:

- supporting initiatives aimed at spreading awareness of the importance of environmental protection, the fight against climate change and support for energy efficiency as a value to be monitored;
- promoting and organising initiatives with the objective of sharing best practices regarding environmental awareness and in energy upgrade projects;
- considering the environmental and energy impact in the selection criteria in order to define practices to be supported and projects to be adopted regarding sponsorships and charitable donations.

With reference to all stakeholders, the Group is committed to assessing the potential impacts associated with ESG factors in the area of reputational risk, also with the aim of including, in economic capital estimates, the possible deterioration of the Group's image, as perceived by the various stakeholders, due to the potential occurrence of specific ESG risk factors.

Banco BPM activities are carried out primarily in Italy and, for this reason, despite considering the importance of certain issues such as nuclear energy production and the construction of particular types of water supply infrastructures in developing countries, these are not considered material to the Group's activities and therefore are not specified in the Guidelines. Any operations of this type are, nonetheless, analysed and dealt with on the basis of the values of the Code of Ethics.

⁴ See Italian Legislative Decree 231/01 "Regulation on the administrative liability of legal entities, companies and associations also without legal personality"; Legislative Decree 81/08 "Implementation of article 1, Law no. 123 of 3 August 2007 on occupational health and safety", adopted internally through the "Regulation on Company Safety" 05034-2016-RE-250 – ch. 4.1 et seq. - General principles regarding natural and man-made adverse events.

2.2 Direct impacts

Direct impacts refer to all consequences stemming directly from the performance of activities. In this regard, the Group is committed to searching for the best and most innovative solutions to reduce these impacts in all its operating domains.

Banco BPM Group pursues the adoption and maintenance of an environmental and energy management system (hereinafter S.G.A.E)⁵ compliant with the UNI EN ISO 14001:2015 environmental management standard and UNI CEI EN ISO 50001:2018 energy management (energy saving) standard for the management of internal processes relating to properties used in operations and related environmental and energy performance.

With reference to the use of resources, the Group is committed to:

- efficient energy use through:
 - the use of renewable energy, through suppliers able to guarantee the quality of the energy portfolio by renewable energy guarantee of origin certification;
 - the implementation of energy plans with continuous improvement objectives in terms of consumption, supply and efficiency, to be reported annually;
 - the promotion, in renovations and new builds, of choices and solutions aimed at improving energy performance and reducing emissions;
 - the use of venues with low-consumption energy performance, where possible, for the events and initiatives organised;
 - the promotion of digitalisation of communications;
- responsible management of the consumption of paper, toner and printers, and other hardware and software through:
 - the reduction of paper quantity used, also for promotional purposes and in the choice of gadgets;
 - where eliminating paper is not possible, the use of eco-friendly paper (e.g. recycled, chain of custody certified, low weight);
 - the preferential use of regenerated toners and the purchase of printers with the lowest environmental emissions available; promotion of double-sided printing;
 - the purchase of hardware and software with the lowest environmental emissions;
 - the promotion of process digitalisation;
- the responsible use of water resources and the promotion of a culture centred on the conscious use of water.

With reference to atmospheric emissions, the Group is committed to:

- confirming the use of only electricity from renewable sources for offices and branches;

⁵ The Environment and Energy Management System applies to each Banco BPM Group company consolidated line by line, with an intercompany service management contract, with a minimum number of employees exceeding 0.5% of the Group total and a minimum of 100 staff.

- reducing the impact of employee mobility with sustainable mobility solutions such as carpooling platforms, low-emission company cars and agreements with public transport operators;
- implementing solutions and technologies that promote virtual communication and projects such as smart learning and smart working;
- preferring venues for the organisation of training events and courses that are easy to reach by public transport, with adequate safety methods.

With reference to waste production, the Group is committed to:

- reducing the use of disposable materials, including during the various types of initiatives promoted;
- promoting separate waste collection on all premises and monitoring the collection and disposal process, also to implement recycling solutions;
- preferring the purchase of recycled or easy to recycle materials, in business supplies, including those for advertising, communication and relating to company events;
- promoting initiatives aimed at limiting the use of plastic.

In addition, in order to best interpret the choices regarding energy saving and the rational use of energy, as well as sustainable mobility and smart and remote working, the specific roles of Energy Manager and Mobility Manager have been established.