



**Regulation
on the limits of the number of directorships**

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Index

1	INTRODUCTION	3
1.1	<i>Objective</i>	3
1.2	<i>Application perimeter and implementation procedure</i>	3
1.3	<i>Summary Updates</i>	3
1.4	<i>Glossary</i>	3
2	GENERAL PRINCIPLES	5
2.1	<i>Roles and Duties</i>	5
2.1.1	<i>ParentCo</i>	5
2.1.2	<i>Banks of the Group</i>	6
3	PROCEDURES	7
3.1	<i>Determination of the limits of the number of directorships</i>	7
3.2	<i>Specifications</i>	7
3.3	<i>Proceeding to be applied in case of excess of the limit of the number of directorships and informative duties</i>	8
3.3.1	<i>at Banco BPM</i>	8
3.3.2	<i>at the Banks of the Group</i>	9

1 Introduction

1.1 Objective

The present Regulation identifies the operating criteria to determine a limit of the number of directorships which may be held at the same time by the members of the Board of Directors, the Board of Statutory Auditors and the General Management of the Banks of Banco BPM Group. Such persons commit therefore an appropriate commitment, in terms of time, to perform their directorship.

In the present Regulation has been also ruled the procedure to be applied in case of directorships held in excess of the allowed limits.

The application of the principles provided by the present Regulation does not compromise the competition prohibition pursuant to article 2390 of the Italian civil code and the article 20.3.2 of the By-laws, except in the case of central institutions of category or companies participated, directly or indirectly, by the Group, as well as provided by article 36 of the Legislative Decree 201/2011 converted with amendments by the Law 22 December 2011, no. 214 (prohibition of “*interlocking*”).

1.2 Application perimeter and implementation procedure

The present Regulation has been applied to Banco BPM and the other Banks of the Group operating in Italy for the aspects specifically indicated, without prejudice to the application to the Banks of the Group with registered directorship in the European Union countries other than Italy to the national legal framework implementing the Directive 2013/36/EU.

The present Regulation has been approved by resolution of the Board of Directors of Banco BPM, with the support of the Nomination Committee and heard the Board of Statutory Auditors and, then, has been adopted by means of resolution of the Board of Directors and – if required – the Ordinary Meeting of each Bank of the Group to which it has been applied. The eventual following variations shall be approved and adopted with the same procedures.

The Holding, in the context of its guidance and coordination role, may authorize, if required by the operating specific characteristics, the single Banks of the Group to apply partially or to adopt gradual implementation procedure.

1.3 Summary Updates

First update.

1.4 Glossary

In relation to the context and the aspects provided in the present Regulation, the “Reference Terms” shall be assumed as follows.

BANCO BPM O PARENTCO: identifies Banco BPM Società per Azioni.

GROUP (OR BANCO BPM GROUP): identifies the Banco BPM Group of which Banco BPM is the ParentCo.

REPRESENTATIVES: identifies the members: (i) of Board of Directors; (ii) Standing of the Board of Statutory Auditors; (iii) General Management (General Manager, Co-General Manager, Vice-General Manager), of the Banks of the Group.

EXECUTIVE DIRECTORSHIP: identifies the executive directorships and precisely: (i) CEO; (ii) Sole Director or similar directorships; (iii) General Manager, Co-General Manager, Vice-General Manager; (iv) member of the Executive Committee; (v) Director with delegated powers or who carries out also *in facto*: a) functions related to the ordinary management of the company; b) executive directorships supervising specific areas of the business management.

NON-EXECUTIVE DIRECTORSHIP: identifies the directorships of:

- a) NON-EXECUTIVE DIRECTOR: (i) Director without delegated management powers and who does not participate to the Executive Committee; (ii) member of the Supervisory Board non-belonging to the relevant Control Committee, when cases, for expressed By-laws provision, are referred to art. 2409-*terdecies*, lett. f-*bis*), of the Italian civil code;
- b) CONTROL: (i) standing member of the Board of Statutory Auditors; (ii) member of the Supervisory Board, when the latter does not have the duties provided by art. 2409-*terdecies*, lett. f-*bis*), of the Italian civil code; (iii) member of the Control Committee incorporated in the context of the Supervisory Board; (iv) member of the Committee for the control of the management, in the companies organized in compliance with the single-tier governance.

ORGANIZATIONS WHICH DO NOT PURSUE PREDOMINANTLY COMMERCIAL OBJECTIVES: (i) non-economic public authorities; (ii) association, recognized and unrecognized; (iii) committees; (iv) foundations (included those governed by the Legislative Decree 153/1999); (v) the cooperatives which have the qualification of ONLUS pursuant to art. 10 of the Legislative Decree no. 460/1997; (vi) social enterprises, in any form incorporated (and therefore also in the case in which they have the form of limited company or cooperative company or consortium or limited liability consortium), governed by the Legislative Decree no. 155/2006; (vii) mandatory consortiums, consortiums having agricultural products in public storage, “*consorzi di bonifica*” and consortiums of land improvement.

COMPANIES OF THE GROUP: generally identifies all the Banks and other Companies of Banco BPM Group.

COMPANIES OTHER THAN THE GROUP: generally identifies limited companies, cooperative companies, mutual insurance companies, limited liability consortiums, consortiums, when the latter have been other than *Organizations which do not pursue predominantly commercial objectives*, non-economic public authorities.

NON-COMMERCIAL COMPANIES: identifies the partnerships (simple partnerships, general partnerships, limited partnerships, *de facto* companies) which do not exercise commercial business.

2 General Principles

The acceptance of the appointment entails, by the *REPRESENTATIVES*, a preventive assessment on the possibility to commit the necessary time to perform diligently the assignments and duties linked to the directorship, also taking into account the number of the *EXECUTIVE AND NON-EXECUTIVE* directorships held in *COMPANIES OTHER THAN THE GROUP* as well as the professional activities performed by the member concerned, taking care in particular to those directorships which request a superior involvement in the ordinary business activity, herein included the participation to Intra-Board Committee of the Board of Directors.

In addition to the other incompatibilities provided by the current legal framework and the By-laws as well as by the Regulations on “Requirements and eligibility criteria for serving as a corporate representative of Banco BPM Group”, and also without prejudice to the prohibition provided by the discipline of interlocking, the directorship of *REPRESENTATIVES* is also not compatible with political directorships, meaning as the directorships of member of the national parliament and the Government. It is also recommended that the directorships of *REPRESENTATIVES* have not been performed by persons who hold the directorship of member of the European parliament or of the regional, provincial and municipal Council (limited to the county seats).

In relation to the provisions which concern the directorships held also outside the *GROUP*, and the related informative duties to the public provided by the current legal framework, the *REPRESENTATIVES* have to provide to their belonging bank all necessary information, included herein, in case of violation, their constant and timely update. The abovementioned information and the related updates have been made in writing, using the set of forms eventually prepared by the function which exercises the activity of secretaryship. Except for the provisions set out on the basis of the rules from time to time in force concerning the prevention of the conflicts of interests.

2.1 Roles and Duties

2.1.1 ParentCo

In order to express a unique direction and organization, the Board of Directors of the *PARENTCO* determines the principles, the rules and the limits on the number of the directorships which shall have to be met by the *REPRESENTATIVES* of the *PARENTCO* and other Banks of the *GROUP*.

The function which performs the activities of secretaryship for each Bank of the *GROUP*, included the *PARENTCO*, on the basis of information received by their *REPRESENTATIVES*:

- notes every year the *EXECUTIVE / NON-EXECUTIVE DIRECTORSHIPS* held by them in *COMPANIES OTHER THAN THE GROUP*;
- lets the abovementioned directorships be known in the “Information to Public” drafted pursuant to the Section VII, Chapter 1, Title IV of the Supervisory Provisions for the banks (Circular no. 285/2013 and following amendments and integration) of the Bank of Italy as well as, for Banco BPM, in the Corporate Governance Report.

2.1.2 Banks of the Group

In order to carry out the full and concrete implementation of the Group model, the Banks of the GROUP:

- shall have to implement, as far as respectively competence, principles, rules and limits of the number of directorships held by own REPRESENTATIVES;
- timely inform the competent function of the PARENTCO – entrusted with protecting, coordinating and monitoring the management procedures of the corporate affairs of the subsidiaries – about what it has been communicated to them on this issue by own REPRESENTATIVES, by the way always before that they assume a EXECUTIVE / NON-EXECUTIVE DIRECTORSHIP in COMPANIES OTHER THAN THE GROUP;
- implement their resolutions, when provided by the present Regulation, in accordance to the ParentCo Board of Directors.

3 Procedures

3.1 Determination of the limits of the number of directorships

Each REPRESENTATIVE may hold at the same time (taking into account also the offices held in the context of the BANCO BPM GROUP) only one of the following combinations of directorships:

- a) one EXECUTIVE DIRECTORSHIP with two NON-EXECUTIVE DIRECTORSHIPS; or
- b) four NON-EXECUTIVE DIRECTORSHIPS.

Without prejudice to what provided in paragraph 3.2 "Specifications", for all REPRESENTATIVES of the Banks of the GROUP the following maximum limits has been prescribed:

- for the **Representatives who hold an EXECUTIVE DIRECTORSHIP** in Banks of the Group, EXECUTIVE DIRECTORSHIPS in COMPANIES OTHER THAN THE GROUP may not be held and 2 NON-EXECUTIVE DIRECTORSHIPS in COMPANIES OTHER THAN THE GROUP may be held;
- for the **Representatives who hold a NON EXECUTIVE DIRECTORSHIP** in Banks of the Group, the following combinations of directorships may be assumed:
 - 1 EXECUTIVE DIRECTORSHIP in COMPANIES OTHER THAN THE GROUP and 1 NON-EXECUTIVE DIRECTORSHIP in COMPANIES OTHER THAN THE GROUP;
as an alternative,
 - 3 NON-EXECUTIVE DIRECTORSHIPS in COMPANIES OTHER THAN THE GROUP.

3.2 Specifications

The following specifications have been assumed:

- a) the offices held in companies in dissolution and liquidation stage pursuant to Book V, Title V, Chapter VIII, of the civil code or the offices held following appointment disposed by the judicial or administrative authority in the proceedings provided by the article 2409, paragraph 4, of the civil code and in the proceedings provided by the bankruptcy (Royal Decree 16 March 1942, no. 267) and special laws, herein included those concerning public interested companies, are not significant in relation to the present Regulation;
- b) the directorships held at NON-COMMERCIAL COMPANIES or ORGANIZATIONS WHICH DO NOT PURSUE PREDOMINANTLY COMMERCIAL OBJECTIVES are not significant in relation to the present Regulation;
- c) the directorships held:
 - in the context of more than one company of BANCO BPM GROUP; or

- in the context of entities which are not members of the same system of institutional protection when the conditions provided by article 113, paragraph 7, of the Regulation (EU) no. 575/2013 are met,

are considered as a single directorship, without prejudice to the application of the provisions of which the following letter d).

In addition, the directorships held within one or more companies of the BANCO BPM GROUP and in the context of any of the companies of which Banco BPM holds, even if indirectly, at least 10% of the share capital or of the voting rights, or an interest that allows for exercising a significant influence on operations, are considered to be two directorships, without prejudice to the applicability of the provisions under the following letter d);

- d) without prejudice to the exemptions of which the previous letters a) and b), for the directorships held in the context of the same group the following provisions are applied: (i) the combination of EXECUTIVE DIRECTORSHIPS, or EXECUTIVE DIRECTORSHIP and NON-EXECUTIVE DIRECTORSHIPS, is counted as a single EXECUTIVE DIRECTORSHIP; (ii) the presence of only NON-EXECUTIVE DIRECTORSHIPS is counted as a single NON-EXECUTIVE DIRECTORSHIP;
- e) in relation to the present Regulation, a company is part of the same “group” when controls other companies, is controlled by other companies or is subject to, with other companies, common control. “Control” means the events pursuant to article 2359, paragraphs 1 and 2, of the civil code.

3.3 Proceeding to be applied in case of excess of the limit of the number of directorships and informative duties

3.3.1 at Banco BPM

In case of excess of the limits of the number of directorships of which the present Regulation, in occasion of the appointment or during the mandate, the interested REPRESENTATIVE informs timely own belonging body and, in any case, the Board of Directors of the belonging Bank, which establishes a term within the REPRESENTATIVE shall have to assume the consequent decisions to be in the abovementioned limits.

The Board of Directors, assessed the situation in the interest of the Group, may allow derogations to the present Regulation by the REPRESENTATIVE, after obtaining the opinion of the Nomination Committee, without prejudice to, in any case, the respect of the binding limits provided by the applicable laws and/or regulations provisions of the European Union, the country or prescribed by the By-laws.

3.3.2 at the Banks of the Group

The candidates for the appointment of Representative of the Bank of the Group shall have to give to the competent Management Body of the same bank – which in turn informs the competent function of the ParentCo entrusted with protecting, coordinating and monitoring the procedures of corporate affairs management of the subsidiaries – the updated situation of the EXECUTIVE DIRECTORSHIPS / NON-EXECUTIVE DIRECTORSHIPS held by everyone.

In case of excess of the limits of which the present Regulation, in occasion of the appointment or during the mandate, the REPRESENTATIVE timely informs own Board of Directors, which – agreed with the ParentCo Board of Directors – established a term within the REPRESENTATIVE shall have to assume the consequent decisions to be in the abovementioned limits.

The ParentCo Board of Directors, assessed the situation in the interest of the GROUP, may allow derogations to the present Regulation by the REPRESENTATIVES of a Bank of the GROUP, without prejudice to, in any case, the respect of the binding limits provided by the applicable laws and/or regulations provisions of the European Union or prescribed by the By-laws.