



**Regulation**  
**LIMITS TO THE NUMBER OF OFFICES**

Latest update: 9 March 2021

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# 1 Introduction

## 1.1 Purpose

These regulations (“Regulations”) identify the operating criteria to determine a limit to the accumulation of offices that can be held concurrently by members of the Board of Directors, the Board of Statutory Auditors and the General Management of the Banks in the Banco BPM Group. Those parties must dedicate suitable availability of time to carrying out their office.

These Regulations also govern the procedure to apply by both the Board of Directors and the Board of Statutory Auditors, in the event of offices taken on over the permitted limits.

The application of the principles set out in these Regulations does not compromise the prohibition of competition set out in article 2390 of the Italian Civil Code and in article 20.3.2 of the Articles of Association, unless these are central trade associations or direct or indirect subsidiaries of the Group, as well as that set out in article 36 of Decree Law no. 201/2011, converted with amendments by Law no. 214 of 22 December 2011 (*interlocking ban*).

## 1.2 Scope of application and procedures for adoption

These Regulations apply to Banco BPM and the other Banks of the Group with registered office in Italy, for the aspects specifically indicated, without prejudice to the fact that Group Banks with registered office in countries of the European Union other than Italy are subject to the national laws implementing Directive 2013/36/EU.

These Regulations are approved by resolution of the Board of Directors of Banco BPM, with the support of the Appointments Committee, having consulted with the Board of Statutory Auditors on the aspects under its responsibility, and are subsequently endorsed via resolution of the Board of Directors and - where envisaged - by the Shareholders' Meeting of the Group Bank to which they apply. Any subsequent changes shall be approved and endorsed using the same methods.

As part of its role of guidance and coordination, if required by specific operating conditions, the Parent Company may authorise individual Group Banks to partially apply the Regulations or to adopt phased assimilation procedures.

## 1.3 Summary of updates

Progressive	Date of update	Summary content update
Initial approval	14/03/2017	
1st update	06/08/2020	Update aimed at specifying that the offices held concurrently in one (or more) company/ies of the Banco BPM Group and in companies in which Banco BPM holds an eligible equity investment

		are no longer considered as one office, but as two offices.
2nd update	09/03/2021	Alignment with <i>Ministerial Decree no. 169/2020</i> .

## 1.4 Glossary

With regard to the areas and aspects governed by these Regulations, the “Terms of Reference” described below are adopted.

**BANK**: indicates a Bank of the Banco BPM Group with registered office in Italy, including the Parent Company, and, where subject to the national laws implementing Directive 2013/36/EU, the Group Banks with registered offices in countries in the European Union other than Italy.

**BANCO BPM OR PARENT COMPANY**: identifies Banco BPM Società per Azioni.

**APPOINTMENTS COMMITTEE**: indicates the Appointments Committee established within the Board of Directors of the Parent Company, which performs its corporate functions for the Group Banks.

**CRD IV**: indicates Directive 2013/36/EU approved by the European Parliament on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as subsequently amended and supplemented.

**Ministerial Decree no. 169/2020**: indicates the Decree of the Ministry for the Economy and Finance no. 169 of 23 November 2020, on “Regulations on the suitability requirements and criteria for carrying out the position of company representative of banks, financial intermediaries, confidi, electronic money institutions, payment institutions and deposit guarantee systems”.

**SUPERVISORY PROVISIONS FOR BANKS**: indicate Bank of Italy Circular no. 285 of 17 December 2013, as subsequently amended and supplemented.

**REPRESENTATIVES**: identifies the: (i) members of the Board of Directors; (ii) standing members of the Board of Statutory Auditors; (iii) members of the General Management (General Manager, Joint General Managers, Deputy General Managers), of the Group BANKS.

**GROUP (OR BANCO BPM GROUP)**: identifies the Banco BPM Group, of which Banco BPM is the Parent Company.

**OFFICES**: identifies the *EXECUTIVE OFFICES* and/or *NON-EXECUTIVE OFFICES*, as defined below.

**EXEMPT OFFICES**: identifies *OFFICES*:

- a) at companies or entities whose sole purpose consists in managing the private interests of a representative or their non-legally separated spouse, partner in civil

unions or cohabiting partners, relatives or in-laws up to the 4th degree, which do not require any type of daily management by the representative;

b) as a professional in a licensed professional firm;

c) as Alternate Auditor.

EXECUTIVE OFFICE: identifies the offices held in *BANKS* or in *COMMERCIAL COMPANIES*, as: (i) member of the Board of Directors or the Management Board vested operational powers or performing, even de facto, a) functions pertaining to the current operations of the company; b) management offices overseeing specific areas of company management; (ii) General Manager, Joint General Managers or Deputy General Managers; or (iv) member of the Executive Committee.

NON-EXECUTIVE OFFICE: identifies the offices held in *BANKS* or in *COMMERCIAL COMPANIES*, as:

a) NON-EXECUTIVE DIRECTOR: (i) member, without operating powers, of the Board of Directors or the Management Board, who does not participate in the Executive Committee; (ii) member of the Supervisory Board not part of the specific Control Committee, where, due to express provisions of the Articles of Association, the situation pursuant to article 2409-*terdecies*, letter *f-bis*) of Italian Civil Code exists;

b) CONTROL: (i) standing member of the Board of Statutory Auditors; (ii) member of the Supervisory Board, where the latter does not have the duties set out in article 2409-*terdecies*, letter *f-bis*) of the Italian Civil Code; (iii) member of the Control Committee set up within the Supervisory Board; or (iv) member of the Management Control Committee, in companies structured with a one-tier governance model.

COMPANY BODY: indicates the Board of Directors and the Board of Statutory Auditors. Board of Statutory Auditors shall mean the Statutory Auditors and Alternates unless otherwise specified.

COMPETENT BODY: indicates the *COMPANY BODY* which the *REPRESENTATIVE* is a member of. For the Representatives of the General Management (General Manager, Joint General Managers and Deputy General Managers), this indicates the Board of Directors.

COMMERCIAL COMPANY: identifies a company with registered office in Italy, established in one of the forms set out in Book V of the Italian Civil Code, Title V, Chapters III, IV, V, VI and VII, and Title VI, whose purpose is to exercise one of the businesses set out in article 2195, paragraph 1 of the Italian Civil Code or a company with registered office in a foreign country that can be classified as commercial in application of the provisions of the relevant law of the country where its registered office or general management is located.

GROUP COMPANY: generically identifies all the Banks and all the Companies in the Banco BPM Group.

COMPANIES OUTSIDE THE GROUP: generically identifies *COMMERCIAL COMPANIES* not included in the *GROUP*.

## 2 General Principles

In accepting the *OFFICE*, the REPRESENTATIVE must preventively assess his/her ability to dedicate the necessary time to the diligent performance of the tasks and duties associated with the *OFFICE*, also considering the number of Executive/Non-Executive *OFFICES* held in COMPANIES OUTSIDE THE GROUP as well as the profession practised by the interest party, focusing specifically on those *OFFICES* that require greater involvement in ordinary company business, including participation in Committees within the Board of Directors.

In addition to the reasons for incompatibility set out in the laws in force, the Articles of Association and the Regulations “*Regulation on the suitability requirements and criteria for the engagement of company Representative for the Banco BPM Group*”, and without prejudice to other prohibitions set out by regulations on *interlocking*, the office of REPRESENTATIVE is also incompatible with political offices, meaning offices in the national parliament or member of the government. It is also recommended that offices of REPRESENTATIVE not be held by persons that hold the position of Member of the European Parliament or member of Regional, Provincial or Municipal Councils or Committees (limited to municipalities that are provincial capitals).

In relation to the requirements for *OFFICES* held also outside the GROUP and the related public disclosure obligations set out in the laws in force, REPRESENTATIVES are required to provide the bank they work for with all the necessary information and, in the event of changes, constantly and promptly update such information. Said information and the updates thereto shall be provided in writing, using any forms prepared by the function that performs secretariat functions. The provisions forming the basis of regulations concerning the prevention of conflicts of interest, in force at all times, shall remain valid.

### 2.1 Roles and Responsibilities

#### 2.1.1 Parent Company

In order to provide guidance and unitary governance, each *COMPETENT BODY* of the PARENT COMPANY shall determine the principles, rules and limits on the accumulation of *OFFICES*, which must be followed by REPRESENTATIVES of the PARENT COMPANY and, limited to the activity under the responsibility of the Board of Directors, by the other Banks of the GROUP.

The function that performs secretariat functions for each GROUP Bank, including the PARENT COMPANY, based on the information received from its REPRESENTATIVES:

- annually surveys the EXECUTIVE/NON-EXECUTIVE OFFICES held by the same in COMPANIES OUTSIDE THE GROUP;
- publicises those OFFICES in the “Disclosure to the Public” drawn up pursuant to Section VII, Chapter 1, Title IV of the *SUPERVISORY PROVISIONS FOR BANKS* as well as, for Banco BPM, in the Corporate Governance Report.

## 2.1.2 Banks belonging to the Group

For the purpose of achieving full, concrete implementation of the GROUP model, the *COMPETENT BODIES* of the Banks of the GROUP:

- shall implement, insofar as their respective authorities, the principles, rules and limits to the number of *OFFICES* held by their REPRESENTATIVES;
- provide, also through their respective Chairmen, prompt information to the competent function of the PARENT COMPANY - assigned to oversee, coordinate and monitor the processes of managing corporate affairs of the subsidiaries - on that reported to them on the matter by their REPRESENTATIVES, in any event, always before they take on an *EXECUTIVE/NON-EXECUTIVE OFFICE* in COMPANIES OUTSIDE THE GROUP;
- implement the specific resolutions, where set out in these Regulations, in agreement with the Board of Directors of the Parent Company, limited to the activities under the authority of the Board of Directors.

## 3 Processes

### 3.1 Determination of limits to the number of offices

Each REPRESENTATIVE may concurrently hold (also considering OFFICES held in the BANCO BPM GROUP) only one of the following combinations of OFFICES, save for that set out in paragraph 3.2:

- a) one EXECUTIVE OFFICE with two NON-EXECUTIVE OFFICES; *or*
- b) four NON-EXECUTIVE OFFICES.

Without prejudice to that set out in paragraph 3.2, for all REPRESENTATIVES of the Banks of the GROUP the following maximum limits are set:

- **Representatives that hold an EXECUTIVE OFFICE** in Banks of the GROUP cannot take on EXECUTIVE OFFICES in COMPANIES OUTSIDE THE GROUP, but can take on 2 NON-EXECUTIVE OFFICES in COMPANIES OUTSIDE THE GROUP;
- **Representatives that hold a NON-EXECUTIVE OFFICE** in Banks of the GROUP can also take on the following combinations of offices:
  - i. 1 EXECUTIVE OFFICE in COMPANIES OUTSIDE THE GROUP and 1 NON-EXECUTIVE OFFICE in COMPANIES OUTSIDE THE GROUP;  
*alternatively,*
  - ii. 3 NON-EXECUTIVE OFFICES in COMPANIES OUTSIDE THE GROUP.

### 3.2 Specifications

For the purpose of determining the limits set out in paragraph 3.1, the following specifications apply:

- a) OFFICES held in each of the following cases are considered as a single position, without prejudice to the applicability of the provisions set out in letter b) below:
  - i. within the same group (including the BANCO BPM GROUP);
  - ii. within entities that are members of the same institutional protection system, where the conditions set out in article 113, paragraph 7 of Regulation (EU) no. 575/2013 are met;
  - iii. at any of the companies in which Banco BPM holds, even indirectly, at least 10% of the capital or voting rights or an interest that enables it to exercise a significant influence over operations.



Where one or more of the cases set out in letter a), points (i), (ii) and (iii) herein apply, the *OFFICES* shall be summed with each other.

- b) for *OFFICES* held in the same group, the following provisions apply: (i) concurrent *EXECUTIVE OFFICES* or *EXECUTIVE OFFICES* and *NON-EXECUTIVE OFFICES* shall be calculated as a single *EXECUTIVE OFFICE*; (ii) only *NON-EXECUTIVE OFFICES* shall be calculated as a single *NON-EXECUTIVE OFFICE*;
- c) for the purposes of these Regulations, a company is part of the same “group” when it controls other companies, is controlled by other companies or is subject, with other companies, to joint control. For the meaning of “control”, refer to the cases set out in article 2359, paragraphs 1 and 2 of the Italian Civil Code;
- d) for the purposes of these Regulations, *EXEMPT OFFICES* are not relevant, nor are *OFFICES* held at companies other than *COMMERCIAL COMPANIES* identified merely by way of example as follows:
  - i. partnerships (ordinary partnerships, limited partnerships or de facto companies) which do not conduct commercial business;
  - ii. Organisations that do not pursue mainly commercial objectives: (i) non-economic public entities; (ii) recognised and unrecognised associations; (iii) committees; (iv) foundations (including those governed by Italian Legislative Decree no. 153/1999); (v) cooperatives that have been recognised the status of non-profit organisation pursuant to article 10 of Italian Legislative Decree no. 460/1997; (vi) social enterprises, established in any form (and, therefore, also where they have the form of a corporation, cooperative, consortium or consortium company), governed by Italian Legislative Decree no. 155/2006; (vii) mandatory consortia, consortia for public storage of agricultural products, reclamation consortia and land improvement consortia;
  - iii. companies in the phase of winding up and liquidation pursuant to the provisions of Book V, Title V, Chapter VIII of the Italian Civil Code. Likewise, *OFFICES* taken on following the appointment ordered by the judicial or administrative authorities as part of procedures envisaged by bankruptcy law (Italian Royal Decree no. 267 of 16 March 1942) and by special laws, including those regarding public interest companies, shall not be relevant;

without prejudice to the fact that where the *OFFICES* under letter d) impact the time availability of the *REPRESENTATIVE*, such circumstance must be reported by the *REPRESENTATIVE* to the *COMPETENT BODY* as part of the verification of the requirements of suitability to hold the office as well as promptly in the event of occurring events.

### **3.3 Procedure to be followed in the event the limit to the number of offices is exceeded and disclosure obligations**

#### **3.3.1 at Banco BPM**

In the event the limits set out in these Regulations are exceeded, at the time of appointment or during the term of office, the REPRESENTATIVE concerned shall promptly inform the COMPETENT BODY, which shall set a deadline (usually no more than 30 days) by which the REPRESENTATIVE is required to take the resulting decisions to restore said limits. Otherwise, the *COMPETENT BODY* shall order the removal from office of the REPRESENTATIVE.

The *COMPETENT BODY* - with the support of the Appointments Committee, limited to the activities under the authority of the *BOARD OF DIRECTORS*- may, having assessed the situation in the interest of the GROUP, permit derogations from these Regulations by the REPRESENTATIVE, save for, in any case, compliance with the mandatory limits set out in the applicable legislative and/or regulatory provisions of the European Union, Italy or set out in the Articles of Association.

#### **3.3.2 at Banks belonging to the Group**

Candidates for appointment as REPRESENTATIVE of a GROUP Bank must provide the COMPETENT BODY of said Bank - which, in turn, shall notify the competent function of the Parent Company in charge of overseeing, coordinating and monitoring the processes of managing corporate affairs of the subsidiaries - the updated situation of the EXECUTIVE/NON-EXECUTIVE OFFICES held by each party.

In the event the limits set out in these Regulations are exceeded, at the time of appointment or during the term of office, the REPRESENTATIVE shall promptly inform the COMPETENT BODY of said Bank, which – in agreement with the Board of Directors of the Parent Company, limited to the activities under the authority of the Board of Directors – shall set a deadline by which the REPRESENTATIVE is required to take the resulting decisions to restore said limits. Otherwise, the *COMPETENT BODY* shall order the removal from office of the REPRESENTATIVE.

Always limited to the activities under the authority of the Board of Directors of the *GROUP BANK*, the Board of Directors of the Parent Company, with the support of the *APPOINTMENTS COMMITTEE*, may, having assessed the situation in the interest of the GROUP, permit derogations from these Regulations by REPRESENTATIVES (Members of the Board of Directors and General Management) of a Bank of the GROUP, save for, in any case, compliance with the mandatory limits set out in the applicable legislative and/or regulatory provisions of the European Union, Italy or set out in the Articles of Association. The above may also apply with reference to cases that involve the Statutory Auditors of Group Banks, without prejudice to the fact that responsibility for that assessment lies with the Board of Statutory Auditors of the Group Bank.