Report PRB Unep
Banca Monte dei Paschi di Siena

December 2021

MONTE DEI PASCHI DI SIENA
BANK SINCE 1472

Principles for Responsible Banking

Our history

Monte dei Paschi di Siena, the oldest bank in the world, originated in 1472 as a Monte Pio (pawn agency) at the behest of the Magistracies of the Republic of Siena and was expressly instituted to give aid to the more underprivileged classes of the population during a time of particular hardship for the local economy. Its activity, continuing the great commercial and banking traditions of the city of Siena, evolved rapidly towards classical banking, especially after the reforms of 1568 and 1624. In particular, the Charter of 1624 launched the adoption of progressive operating structures, which bound the activity of the Monte even more closely to the economy of the area where it was present. As a result of this reform, the bank changed its name to Monte dei Paschi, by which it is still known today; on this occasion, Grand Duke Ferdinand II of Tuscany granted the Monte's depositors a state guarantee, entailing for this purpose the revenues from the state-owned pasture lands in the Maremma (known as the "Paschi"). Monte dei Paschi gradually extended its activity to larger and larger areas of Tuscany, and at the time of Italian unification it was one of the most solid banks in the country, initiating new activities including land credit, a first for Italy.

The bank consolidated its presence throughout Italy and expanded abroad, opening branches and offices in the major financial centers of the world: New York, Singapore, Frankfurt, and London. A decree by the Minister of the Treasury dated 8 August 1995 gave birth to two entities: the Fondazione Monte dei Paschi di Siena and the Banca Monte dei Paschi di Siena S.p.A. The foundation has as its statutory purpose the pursuit of aims of aid and charity, as well as of social benefit in the sectors of scientific research, education, health care, and the arts, especially in the city and province of Siena, and is the direct heir of the original Monte, a public law institution.

The second is the bank proper and the leader of the Group, carrying out activities of credit, finance, and insurance. On 25 June 1999 the Banca Monte dei Paschi di Siena was quoted on the Milan stock exchange, marking a fundamental milestone in the process of strengthening the Group's size and competitiveness.

In 2017, following a capital increase of Euro 8.3 billion, the Ministry of Economy and Finance became MPS's majority shareholder. At the same time, the bank began a process of radical transformation geared towards innovation, the rationalization of resources and bringing the customer back to the core of its business.

As for ownership, according to the communications received pursuant to applicable legislation and based on the other information available, as well as the information on the CONSOB website, the entities that, as at 30 March 2021, directly and/or indirectly hold ordinary shares accounting for more than 3% of the Issuer's share capital, and that do not fall under the cases of exemption provided for by Article 119-bis of the Issuers' Regulation, are as follows:

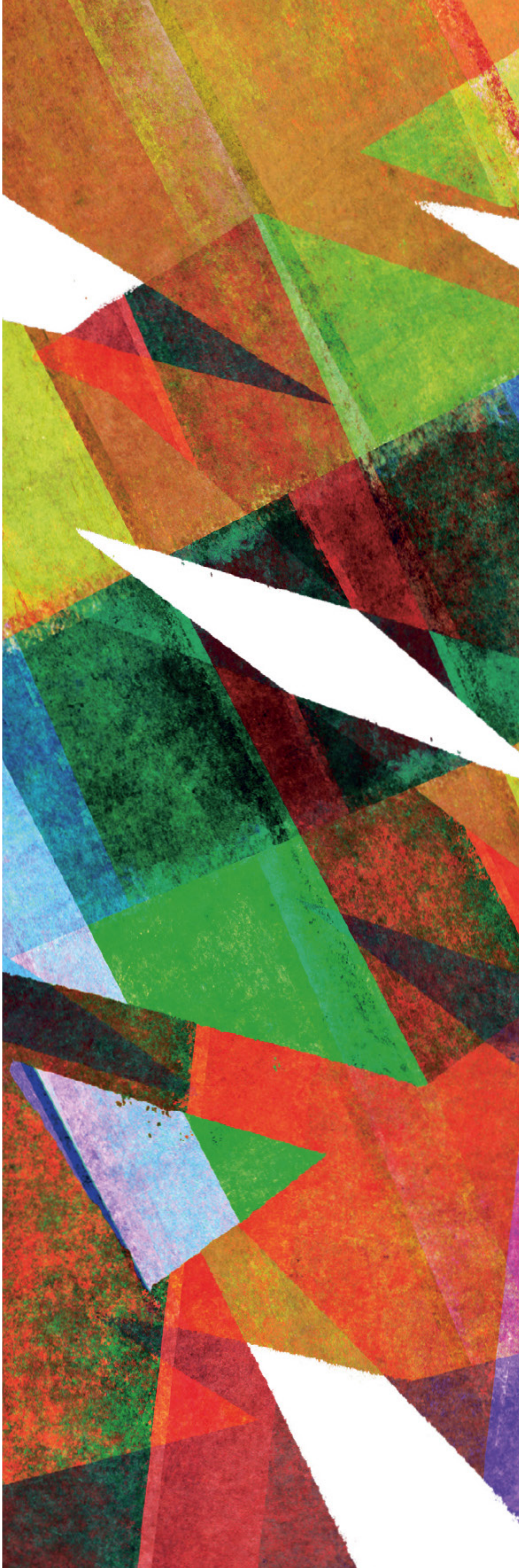
MEF: 64.230%

Assicurazioni Generali S.p.A. : 4.319%

Group Overview

The Montepaschi Group is active across Italy and in the major international financial markets with operations centered around traditional retail and commercial banking services and with a focus on households and small and medium enterprises.

The Group combines traditional services offered through its network of branches and specialized centres with an innovative self-service and digital services system.



The Group is composed by:

Banca Monte dei Paschi di Siena and its subsidiaries operate in the different segments of the banking and financial industry with activities ranging from traditional banking to special purpose loans, asset management, bancassurance and investment banking. Banca Monte dei Paschi di Siena has about 1,400 branches and 150 specialist centres, and offers its services to approximately 4 million customers.

Monte Paschi Fiduciaria may take on the custody of assets in its capacity as trustee and act as a protector in trusts.

MPS Capital Services Banca per le Imprese provides customers with solutions to financial and credit issues, focusing its business on medium-long term credit facilities, special-purpose loans, corporate finance, capital markets and structured finance.

MPS Leasing Factoring is the Group bank specialized in developing an offer of integrated leasing and factoring packages for businesses, artisans and professionals.

Widiba (Wise-Dialog-Bank) is the Group's direct bank, offering a comprehensive and customizable online platform to over 600 personal advisors throughout Italy. Widiba manages a full range of savings and investment products and services on a daily basis. Moreover, it offers a totally paperless customer experience and enjoys a satisfaction rating of 4.8/5, based on more than 500,000 reviews. Its relationship model is rooted in the expertise of its network of advisors, awarded the PF Awards in 2018. The network uses Robo 4 Advisor systems to help clients make an informed choice when defining their objectives and the most appropriate means of achieving same.

Consorzio Operativo is the centre for the development and management of ICT and telecommunication systems.

Monte Paschi Banque SA, located in France, is the Group bank that supports commercial trade and investments of Italian companies abroad.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information

Principle 1

Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1 *Describe* (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	The Montepaschi Group is the banking hub led by Banca Monte dei Paschi di Siena, which does business primarily in Italy, mainly providing traditional retail & commercial banking services. The Group is also active through its specialised product companies in business areas such as leasing, factoring, corporate finance and investment banking. The insurance-pension sector is covered by a strategic partnership with AXA while asset management activities are based on the offer of investment products of independent third parties. The Group combines traditional services offered through the network of branches and specialised centres with an innovative self-service and digital services system enhanced by the skills of the Widiba financial advisor network.	**2020 Non-Financial Statement** **3. Presentation of the Group (p. 15)**

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
1.2 *Describe* how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	The Group is committed to combining to balance the pursuit of the company's objectives with the creation of sustainable value in the long-term, fostering the alignment with the Sustainable Development Goals of the UN 2030 Agenda. In the highly exceptional context brought about by the COVID-19 pandemic crisis, great efforts were made to address radically changed customs, methods, beliefs and expectations on a global level. A dramatic situation placed financial institutions in a crucial position to support people, businesses and communities and guide recovery towards a more sustainable development model. In 2020 the Bank decided to undertake the process of obtaining a sustainability rating from Standard Ethics, a third party of international standing which, in addition to certifying the Bank's good standing (EE- with a positive outlook), carried out an important in-depth analysis that enabled the Bank to progress on a path of action aimed at supporting company choices in terms of sustainability, assessing best practices and possible chances of improvement. On December 2021 the Board of Directors approved the 2022-2026 Strategic Plan, still pending DGCOMP approval. Two of the three Enabling Factors on the Plan are strictly linked to PRB principles: - Further integrate ESG principles into the bank's culture, processes and proposition - Enhance the value of MPS's staff, leveraging on talent, new skills and inclusion - Continue to preserve asset quality and complete the normalization of balance sheet risks.	**2020 Non-Financial Statement Letter to the stakeholder (p. 5)** **2020 Non-Financial Statement Table of correlations between Material Issues, GRI standards and SDGs (pp. 166-173)** **2020 Non-Financial Statement 3. Sustainability Governance (p. 28)** **https://www.gruppomps.it/en/media-and-news/press-releases/pr17-12-21.html**

The table below provides the Monte dei Paschi Group's material (or relevant) themes associated with the SDGs goals to which they refer.

PROTECTING HUMAN RESOURCES	3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
DEVELOPMENT OF HUMAN RESOURCES	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
DIVERSITY	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
QUALITY OF CLIENT RELATIONS	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
DIGITALIZATION AND INNOVATION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
SUPPORT FOR COMMUNITIES	8 DECENT WORK AND ECONOMIC GROWTH
SUPPORT FOR PEOPLE AND TERRITORIES	1 NO POVERTY; 3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 10 REDUCED INEQUALITIES; 13 CLIMATE ACTION
GREEN BANKING	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
INTEGRITY IN COMPANY CONDUCT AND ANTICORRUPTION STRATEGY	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
DIRECT ENVIRONMENTAL IMPACTS	7 AFFORDABLE AND CLEAN ENERGY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information

Principle 2

Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis: *Show* that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements: a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis. b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/ its major activities lie in terms of industries, technologies and geographies.	The Group has conducted an analysis to identify the positive and negative impacts of company activities and to identify the areas with the most significant impacts, also considering the context in which it operates. The organised and effective management of the Group's environmental impacts is one of the key issues that has emerged. In 2021, the Group continued activities geared towards identifying the main action areas, with the ultimate objective of improving its sustainability profile and, at the same time, facilitating the process of transition of its customers. In part due to the major regulatory push by the supervisory authorities, the Group has launched a project aimed at identifying the risks related to climate and environmental change, evaluating their impact and gradually introducing metrics for measuring them, focusing first and foremost on identifying climate risks. In said context, the Group has also launched a process of acquiring useful information for managing environmental risks and gradually integrating these factors into the Risk Management Framework.	

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
c) <u>Context & Relevance:</u> Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/ regions in which it operates. d) <u>Scale and intensity/salience of impact:</u> In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))	With regard to credit exposures, the Group's objective is to follow a holistic and integrated approach to take account of climate risks at all relevant stages of the credit process, by gradually implementing tools that make it possible to collect information and incentivise lending in sectors with significant ESG performance and support the transition of companies in said sectors towards a more sustainable business model and, ultimately, a smaller environmental footprint. Against this backdrop, in 2021 the Group conducted a sector-based analysis (top-down) of credit exposures in order to evaluate the sectors most exposed to transition risk and those which were already sustainable ("green"). This analysis was conducted by classifying credit portfolio exposures by NACE (Statistical Classification of Economic Activities in the European Community) sector and identifying a synthetic score for each sector, based on an internal assessment, which measures the exposure to transition risk based on alignment with relevant environmental targets, consistent with the EU Taxonomy. The main focus in this analysis was the objective of mitigating climate change.	

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
Show that building on this analysis, the bank has • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts	Said classification made it possible to provide an initial quantitative measurement of the exposure to Climate-related and Environmental risks and support for the definition of credit policies with a view to mitigating the impacts associated with financed activities through the gradual integration of environmental and climate aspects in the credit risk assessment framework. In order to evaluate the transition risk connected with the mortgage portfolio, internal processes for data acquisition were integrated for energy labels and CO2 emissions relating to properties pledged as collateral with reference to new disbursements for archiving purposes. As regards the Mortgage portfolio, data remediation activities are in progress on the internal data aimed at obtaining the necessary information to evaluate its transition risk. In terms of physical risk, an analysis was conducted on the exposures to companies and secured by retail properties by geolocating, respectively, the production sites of the companies and the location of the properties pledged as collateral, and by attributing a risk indicator to physical risk factors (e.g. landslide, flood). A similar analysis was conducted on properties in use and owned by the Group, following which, where deemed relevant, the appropriate mitigating actions were identified and implemented.	

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
	Aside from the indirect environmental impacts, for more than a decade now, the Group has been using 100% renewable electricity, and therefore zero CO_2 emissions, to carry out its activities. The Group will continue to exercise this choice over the coming years by also investing resources in advanced portfolio management models and efficient designs of its electrical and thermotechnical plants. The Group also intends, in the near future, to focus attention on improving direct impacts in terms of CO_2 emissions resulting from natural gas consumption (currently accounting for an average of 75% of the Group's total direct emissions). The Group has always placed a long lasting attention to gender equality policies; it was one of the first banking companies to hire female employees in 1940 and to found the Equal Opportunities Commission, an institution composed of company representatives and trade unions with the aim to investigate the issue of gender equality and share appropriate improvement actions. Also, about the welfare policies, the Group has consolidated traditions in initiatives aimed at work life balance.	

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

The Group has identified significant impacts that are associated with his business and implemented processes to control them. In the next few years, we will continuously focus on our impact analysis.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
2.2 Target Setting *Show* that the bank has set and published a minimum of two **S**pecific, **M**easurable (can be qualitative or quantitative), **A**chievable, **R**elevant and **T**ime-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services. *Show* that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.	S.M.A.R.T. TARGET IMPACT AREA CLIMATE CHANGE – ADAPTATION: The objective has been identified to gradually reach, by 2025, the threshold of offsetting 60% of CO2 emitted from the use of natural gas. In order to do this, the Group will undertake a process of participating in carbon offset initiatives by purchasing carbon credits. S.M.A.R.T. TARGET IMPACT AREA GENDER EQUALITY: Since 2019 the Group implemented a D&I Program aimed at enhancing diversity and inclusion. In this context, it was decided to formalize a goal that can support gender equality, in the belief that diversity is a value and that only by creating an inclusive environment everyone can be enhanced with positive feedback both for the engagement of resources and for the market context too. The Group already has a percentage of female presence of over 50% and about 31% of women who hold leadership position. The Group commits itself to reach **35%** of women who hold leadership position in the next two years.	

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.		

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

The Group set SMART targets on Climate change adaptation and Gender equality significant impact areas to fulfil its requirements under this section.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
2.3 Plans for Target Implementation and Monitoring *Show* that your bank has defined actions and milestones to meet the set targets. *Show* that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.	S.M.A.R.T. TARGET IMPACT AREA CLIMATE CHANGE – ADAPTATION: Verification of the progress of said initiative will be integrated in the mandatory reporting process, namely the Non-Financial Statement, by determining, every year until 2025, the tonnes of CO_2 offset by participating in carbon offset projects with respect to the total tonnes of emitted CO_2 connected with natural gas consumption. S.M.A.R.T. TARGET IMPACT AREA GENDER EQUALITY: In order to achieve this goal, it is necessary to continue to: • Ensure that workplace policies and practices are free from gender-based discrimination • Invest in workplace policies and programmes to ease advancement of women at all levels and all business areas • offer flexible work options, leave and re-entry opportunities to positions of equal pay and status • support access to child and dependent care to both men and women • provide parental leave increase and training opportunities to women employees within the Group in order to upskill them creating a pipeline of candidates for succession planning.	

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

The comprehensive Non-Financial Statement published by the Group will fulfill the PRB requirements regarding Plans for Target Implementation and Monitoring. In the meanwhile, the Group will be constantly monitoring the achievement of the targets.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
2.4 Progress on Implementing Targets <u>For each target separately</u>: *Show* that your bank has implemented the actions it had previously defined to meet the set target. ***Or*** *explain* why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target. *Report* on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)	The impact areas identified fall under the material themes selected by internal and external stakeholders; their monitoring and progress reporting is therefore included in the Non-Financial Statement. Specifically, with regard to: S.M.A.R.T. TARGET IMPACT AREA CLIMATE CHANGE – ADAPTATION: The objective is to reach an offset target of 60% by 2025. In 2021 the Group is sitting at an offset mark of around 40%. S.M.A.R.T. TARGET IMPACT AREA GENDER EQUALITY: To monitor the achievement of this KPI, a Committee has been set up composed of all the HR functions that every quarter verifies the percentage and the list of upcoming applications in positions of responsibility.	

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

Target monitoring and progress reporting are concurrent and included in the NFS

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information

Principle 3

Client and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 *Provide an overview* of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.	In pursuing a plan of sustainable development, the Group is committed to supporting local activities by establishing a dialogue with its clients and with communities. The analysis of the areas where the Group operates has allowed it to enhance its characteristics through specific products aimed at supporting local economies. The Group's extensive network, acting as a point of reference for small local businesses, allows for attentive listening to customer needs. During 2020 support activities aimed at communities, people and areas covered by the Group was strongly influenced by the pandemic. Thus, the Group focused on extraordinary support activities for its clients, based on government provisions and specific activities initiated by the Group itself. A culture of risk and lawfulness is widespread throughout all levels of the organizational structure, and in this sense the adoption of Organizational Model 231, of the Anti-corruption Policy, and a system of internal whistleblowing are valid awareness-raising tools to prevent instances of corruption.	**2020 Non-Financial Statement** **6. People and territories (p. 69)** **2020 Non-Financial Statement** **5. Anticorruption strategy (p. 55)**

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.	The main sustainable activities underway by the Group include the following: • in accordance with strategic directives to support the agrifood sector, the Group created the so-called "Agrifood Centres", local facilities in the main agricultural districts of the country, aimed at enhancing commercial activities and make the Group one of the leading players in the sector, as well as supporting and stimulating businesses to develop through innovation, production and financial sustainability; • over 2020 the Group confirmed its interest in innovation and digital transformation quickly organizing a structured offer to provide concrete answers to clients who wished to avail themselves of the so called "Renovation Bonuses"; for these, Decreto Rilancio (an administrative order for relaunching the economy) introduced a specific role for Banks as grantors of the tax breaks obtained through supported interventions (renovation works to enhance energy efficiency, implementing of anti-seismic measures, installing of photovoltaic systems or infrastructure for recharging electric cars);	**2020 Non-Financial Statement 6. People and territories (pp. 78-85-86-88-89)** Sustainability-related disclosure in the financial services sector - Banca MPS – ENG (gruppomps.it)

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
	• the Group is enriching its commercial offering by selecting financial products and instruments that truly adhere to sustainability criteria, avoiding the inclusion of financial products and instruments which may claim to pursue sustainability goals but fail to do so in substance (greenwashing); • significant achievements have been made in terms of credit policies with the launch of portfolio analysis projects as a basis with which to incorporate ESG criteria in credit granting and management procedures, leveraging also on the experience of MPS Capital Services; • support of Microcredito di Solidarietà SpA, an ethical finance institution that aims to deal with financial necessities of private citizens and families experiencing difficulties in accessing ordinary credit channels and help them to overcome temporary financial problems or to open a new business. In November and December 2021 Banca MPS, in collaboration with J.P. Morgan Asset Management and the Italian newspaper Corriere della Sera, organized "Viaggio nell'Italia del Pnrr e della transizione", a roadshow through the various regions of Italy dedicated to medium-sized businesses, small and micro enterprises to explain the contents of the Recovery and Resilience Plan in which ESG investments are particularly important. The conferences and training sessions enabled the Bank to explain to its clients the benefits of investing in the green transition, thereby facilitating access to European funds.	

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information

Principle 4
Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.	Thanks to the listening and sharing activities conducted with management and staff, a list of the Group's stakeholders was drawn up, identifying them as: clients, shareholders, employees, institutions, trade associations, academics, suppliers, analysts, investors, and media representatives. The COVID-19 health crisis made it necessary in 2020 to consult our stakeholders to update the issues deemed relevant (Materiality Matrix). Issue relevance for the Group was assessed from two perspectives: relevance for the company and relevance for the stakeholders. The method implemented was structured into three stages: identifying potentially relevant issues, selecting potentially relevant issues and assessing issue relevance for the Non-Financial Statement. In particular the Group decided to further widen the sample of interviewees, including all the Group's employees among the recipients of the questionnaire used to define the Matrix.	**2020 Non-Financial Statement** **2. Methodological note (p. 8)**

Reporting and Self-Assessment Requirements	High-level summary of bank’s response	Reference(s)/ Link(s) to bank’s full response/ relevant information
	The questionnaire was prepared for each issue and group of stakeholders involved in relation to: • the relevance of each theme, understood as the importance of the positive or negative impacts that the Group can generate on the economy, the environment and/or society through its actions; • the coverage, in terms of how effectively the Group covers each individual theme through its strategies and activities.	

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information

Principle 5

Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 *Describe* the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	The Board of Directors keenly follows sustainability issues, which have become strategically relevant to promote sustainable and transparent business choices over time and to build an integrated company strategy that may pursue not only capital economic and financial aims but also human, social, relational and environmental objectives. The Risk and Sustainability Committee supports the Board of Directors with preliminary, consultative and investigative functions in sustainability-related assessments and decisions. In this context the Committee: • supervises the sustainability issues related to the conduct of business and its dynamics with stakeholders; • evaluates proposals regarding the guidelines and strategic macro-objectives in terms of sustainability, verifying their consistency with the strategic guidelines; • formulates proposals on environmental and social strategy, annual objectives and targets to be achieved, monitoring their implementation over time; • oversees the evolution of sustainability also in the light of international guidelines and principles, monitoring performance;	**2020 Non-Financial Statement** **3. Sustainability Governance and training (p. 26)**

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
	• examines and approves topics related to sustainability, including the validation of the "Materiality Matrix" for the Non-Financial Statement. In 2021, the BoD also clarified the Governance of Sustainability, underlining its strategic importance for the Group and assigning responsibility for it to the CFO. In view of the strategic importance, a special Staff Unit was established known as the "**Sustainability and ESG Staff Unit"**, reporting directly to the CFO, with the specific task of defining and monitoring the Sustainability strategy, managing the relevant issues and coordinating the drafting of the Non-Financial Statement. The BoD also decided to establish an **ESG and Sustainability session of the Management Committee** to promote and manage the strategy on sustainability matters, consistent with the contents of the Business Plan and the Sustainability Plan; within said domain, the Committee must: • coordinate the Corporate Functions as regards sustainability issues as well as the related risks;	

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
	• address the themes of social responsibility in the Group's activities, with particular regard to environmental protection, customer satisfaction, professional development of personnel and the interests of all stakeholders, supporting the identification of the actions to be implemented and monitored; • support the finalisation of the Sustainability Plan; • monitor the life cycle of the projects related to the Sustainability Plan ensuring there is adequate sponsorship for initiatives, managing the critical issues identified, and pursuing the achievement of the strategic objectives of the Group; • monitor the positioning of the Group with respect to the issue of sustainability.	

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
5.2 *Describe* the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.	All Group employees played an important role as part of 2020 stakeholder engagement activities. They took part in a survey including an introductory section aimed at understanding the importance of sustainability in employees' personal and work life, in addition to the level of awareness of the themes of the 2030 Agenda, with the goal of promoting increasingly greater engagement on SDGs and the culture of responsible banking, with a view to developing future projects.	**2020 Non-Financial Statement** **2. Methodological note (p. 8)**
5.3 Governance Structure for Implementation of the Principles *Show* that your bank has a governance structure in place for the implementation of the PRB, including: a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.	The Sustainability Workgroup, established by the Board of Directors, specifies the roles of each directorship and defines tasks and supervision activities to be implemented. The SWG's task is to: • propose, promote and monitor sustainability policies within the Group; • encourage the integration of sustainability in the company's business decisions; • collect the information required to report on the policies implemented and sustainability results achieved in the NFS.	Sustainability Governance - Banca MPS – ENG (gruppomps.it)

Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

The Group has a well-structured governance model designed to implement initiatives and measures in order to foster the commitment to sustainable and responsible business activities.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information

Principle 6

Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
6.1 Progress on Implementing the Principles *Show* that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4). *Show* that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.	The Group has been supporting the UN's Global Compact and its 10 principles since 2002, and we were among the first to sign UNEP FI's Principles for Responsible Banking in 2019. In pursuing our commitments, the Group has taken part in international round tables with over 180 signatory banks to define standards and common benchmarks. New tools have been pooled to improve the potential of the banking and financial sector in guiding informed choices in order to facilitate the huge investments necessary to achieve the 17 goals of the UN's 2030 Agenda. Specifically, significant attention has been given to the so-called "impact analysis", which makes it possible to measure the level of ESG compliance of the current and prospective portfolios of financial institutions.	**2020 Non-Financial Statement** **Letter to the stakeholder (p. 5)** Sustainability-related disclosure in the financial services sector - Banca MPS – ENG (gruppomps.it)

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s)/ Link(s) to bank's full response/ relevant information
Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.	According to the EU rules about sustainability-related disclosure in the financial services sector and the Taxonomy Regulation, the Group is taking sustainability factors into account in its investment process. In order to analyse its product catalogue, the Group uses the information provided by the companies whose products and financial instruments it places, the information made available by external companies specialised in analysing products and financial instruments (info-providers), as well as any international certifications obtained by individual products or financial instruments. The Group undertakes to join the Net Zero Banking Alliance over the coming months. This action represents another tangible step in strengthening the commitments already undertaken by the Group regarding sustainability matters, and will also facilitate achievement of the objectives linked with signing up to the PRBs.	

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

Through the annual Non-Financial Statement the Group gives account of all commitments related to progress in the implementation of the Principles for Responsible Banking. We are involved in initiatives and working groups on responsible banking issues at national and international level.