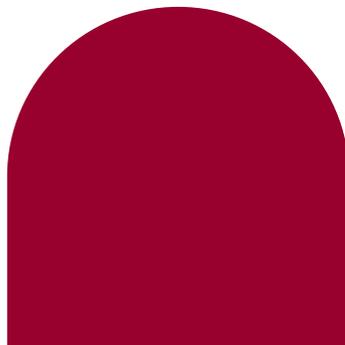
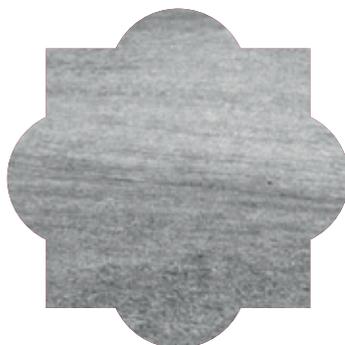
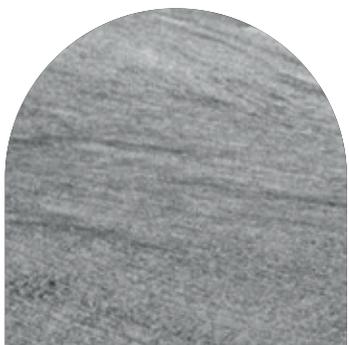
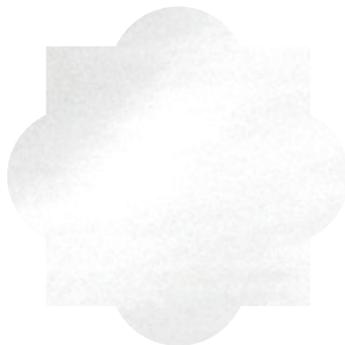
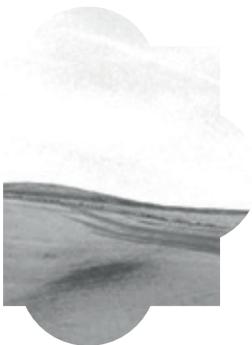
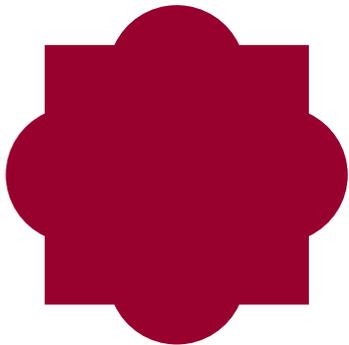




**MONTE  
DEI PASCHI  
DI SIENA**  
BANCA DAL 1472



Consolidated  
Non-Financial  
Statement

2021



**MONTE  
DEI PASCHI  
DI SIENA**  
BANCA DAL 1472

Consolidated  
Non-Financial  
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2021

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# LETTER TO STAKEHOLDERS

GRI 102-14

"Sustainability", regarded as the attention to environmental, social, and governance (ESG) issues, is becoming an increasingly relevant issue in the decisions taken by prudent management. It guides the actions of the company and defines strategies that best interpret the feelings of all stakeholders. Sustainability - together with strictly financial criteria - is a key factor to success.

This applies to all sectors, but is even more crucial in the banking sector, in view of the driving role it can play in promoting the transition to a sustainable development model. The increasing focus of Italian and European regulations confirms this role for the banking sector.

Our hope in this context is that this Non-Financial Statement will not only provide an opportunity for transparency towards all stakeholders, but will also bear witness to the role that the Monte dei Paschi Group currently plays in sustainable finance and in the processes of social change and green transition.

The aim of this Non-Financial Statement is not merely to give an account of the Group's clear commitment in its journey towards a sustainable development model, but also of the projects it intends to implement in the coming years. The road is still long for each one of us and it is Monte dei Paschi Group's intention to accompany all of our stakeholders along the path towards sustainability.

In its relationship with the local area, in 2021 the Group continued its commitment to strengthen the real economy through support and dialogue opportunities for customers and communities. The widespread network, a point of reference for small and medium-sized businesses, allows the Group to listen carefully to its customers' needs.

In a context still highly affected by the pandemic, our commitment to being close to the community followed two main approaches:

- on the one hand, the Group focused on the needs arising from the emergency situation. It implemented extraordinary actions that were carried out according to governmental provisions and also through specific initiatives undertaken independently by the Bank;
- on the other hand, in keeping with its traditional role of supporting and enhancing local economies, the Bank implemented actions to relaunch and modernise companies and the surrounding areas, allowing them to seize the opportunities offered by the reform and investment package of the National Recovery and Resilience Plan (NRRP).

Drawing inspiration also from stakeholder input, the Group's approach to sustainable finance developed along two lines, based both on sustainable lending - through the gradual structuring of policies and products capable of fostering the transition of companies towards sustainable development models - and on the offer of ESG investment services promoting environmental, social and sustainable goals. In 2021, the Group's net inflows in Funds and SICAVs were mainly from ESG-compliant products based on the Regulation on sustainability-related disclosures in the financial services sector (SFDR).

To be fully ready for its role and to achieve the important goals that the Group has set itself, special focus was given throughout the year on the issue of governance. This allowed the Group to further strengthen its path towards integrating sustainability into the corporate strategy. In addition to specific oversight bodies already established - such as the consolidated Internal Risk and Sustainability Committee - the entire Steering Committee will be involved in specific ESG sessions. In addition, a new Sustainability and ESG Staff Unit reporting directly to the CFO was set up with broader responsibilities than in the past.

Together with the other initiatives undertaken, the strengthening of our Governance also led to Standard Ethics' decision in February 2022 to raise the corporate rating of Banca MPS from the previous "EE-" ("Adequate") to "EE" ("Strong"), with a long term expected rating of EE+. The upgrade is further evidence of the central role that Sustainability plays in the Group, which has a deeply rooted tradition yet over the years has always resulted in increasingly practical initiatives. The Bank has supported the UN Global Compact and its 10 principles since 2002. In 2019, it was among the first signatories of the UNEP FI Principles for Responsible Banking.

In January 2022, the Monte dei Paschi Group joined the Net-Zero Banking Alliance, an international alliance that aims to accelerate the sustainable transition of the real economy to achieving the net-zero emissions goal by 2050. The alliance - joined by around 103 banks from 40 countries and USD 68 trillion in total assets - represents 44% of the sector's overall global assets and reinforces the fundamental role played by banks in supporting sustainable transition and reducing CO<sub>2</sub> emissions.

We know that Sustainability is not an easy path to choose and that it will accompany us for years to come. We know that transition requires a huge commitment from us. Yet we are also aware that both the path and our commitment are essential and that we are called upon to play our part in steering recovery towards a sustainable development model. Doing what is sustainably right for our Customers will be our guiding light.

We would like to end with a special thank you to all the people who work in the Monte dei Paschi Group. It is only thanks to them that we have been able to stand by our customers and do so while guaranteeing the health and safety of every single person, during a year still affected by the pandemic emergency.

We hope that in this document you will not only find the steps we have taken with regard to Sustainability in 2021, but also the future plans and the passion of all the people who have worked every day by our and your side.

Patrizia Grieco  
Chairperson



Luigi Lovaglio  
Chief Executive Officer





# 2

## METHODOLOGICAL NOTE

GRI 102-40 | GRI 102-42 | GRI 102-43 | GRI 102-44 | GRI 102-46 | GRI 102-47 | GRI 102-48 |  
 GRI 102-49 | GRI 102-50 | GRI 102-51 | GRI 102-53 | GRI 102-54 | GRI 102-56 |

The Consolidated Non-Financial Statement 2021 (NFS) of the Montepaschi Group (hereafter also referred to as "Group") was drafted pursuant to articles 3 and 4 of Legislative Decree 254/2016. It provides non-financial information useful in understanding business performance, results, and the positive and negative impacts of the activities. The NFS is published annually and reports on the topics deemed relevant, as described in the materiality matrix defined in 2021.

The NFS refers to the period from 1 January 2021 to 31 December 2021. For comparison purposes, it includes data of previous years, as required by Legislative Decree 254/2016, to enable a broader understanding of the performance of the Group's activities.

The reporting standards adopted to draft the NFS are the GRI Sustainability Reporting Standards, published in 2016 by the GRI - Global Reporting Initiative, and the disclosures updated in 2018, 2019 and 2020. More specifically, in accordance with GRI Standard 101: Foundation, Section 3, this document refers to the GRI Reporting Standards listed in the GRI Content Index, which also includes correlation with SDGs and Principles for Responsible Banking (PRBs), set out in this document in accordance with the "Core" option.

During the 2021 reporting process, the method used for calculating certain GRI indicators was revised, as reported in the notes to the relevant tables. More specifically, the updated data are reported in paragraphs: 8.1.1 Management of Human Resources for restatement on parental leave, 3.7 Determination of economic value generated and distributed by the MPS Group, 8.3

Diversity & Inclusion for restatement on the pay gap men/women for the professional category. Furthermore, since the breakdown of data by geographic area was of limited significance, we decided not to report this data although required by GRI 102-8 and 401-1. This document takes into account the indications of the ESMA Public Statement of October 2021, reported by Consob in its November newsletter, regarding the impacts of COVID-19 and the safeguards adopted in relation to climate issues.

Lastly, the NFS reports the results emerging from analyses conducted by the Group regarding art. 8 of Regulation (EU) 2020/852 of 18 June 2020 (the EU Taxonomy) and Delegated Regulations 2021/2178 and 2021/2139. The results and description of the methodological definition process can be found in the dedicated chapter 7.2.1 The EU Taxonomy of environmentally sustainable activities. Consistent with the interpretations of regulations in force, the limited assurance does not concern the EU Taxonomy-related information and data with respect to the requirements of art. 8 of Regulation (EU) 2020/852.

This document underwent limited assurance by the independent auditors PricewaterhouseCoopers S.p.A., according to the principles established by the ISAE 3000 Revised standard. The audit procedures implemented and their results are listed in the "Independent Auditors' report on the consolidated non-financial statement pursuant to art. 3 of Legislative Decree 254/2016 and art. 5 of Consob Regulation 20267", included in this document. Further information can be requested by writing to [sostenibilita@mps.it](mailto:sostenibilita@mps.it) or our registered office: Piazza Salimbeni 3, Siena.

## 2.1 Scope and methods of consolidation

GRI 102-10 | GRI 102-45

### Investments in wholly-owned subsidiaries

The investments in wholly-owned subsidiaries are listed in the table below. For information on equity investments in companies jointly controlled or subject to significant influence by the Group, please refer to the contents of Part B - Information on the consolidated balance sheet - Section 7 - Equity investments, in the Notes to the Consolidated Financial Statement at 31 December 2021.



COMPANY NAME	OPERATING OFFICE	REGISTERED OFFICE	TYPE OF RELATIONSHIP <sup>1</sup> INVESTOR	INVESTMENT RELATIONSHIP		% VOTES AVAILABLE <sup>2</sup>
				INVESTOR	% STAKE	
<b>A Companies</b>						
A.0	Banca Monte dei Paschi di Siena S.p.A.	Siena	Siena			
<b>A.1 Consolidated line-by-line</b>						
A.1	MPS Capital Services Banca per Le Imprese S.p.A.	Florence	Florence	1	A.0	100.000
A.2	MPS Leasing e Factoring Banca per i servizi finanziari alle imprese S.p.A.	Siena	Siena	1	A.0	100.000
A.3	Monte Paschi Fiduciaria S.p.A.	Siena	Siena	1	A.0	100.000
A.4	Wise Dialog Bank S.p.A. – WIDIBA	Milan	Milan	1	A.0	100.000
A.5	MPS Tenimenti Poggio Bonelli e Chigi Saracini Società Agricola S.p.A.	Castelnuovo Berardenga (SI)	Castelnuovo Berardenga (SI)	1	A.0	100.000
A.6	G.IMM Astor S.r.l.	Lecce	Lecce	1	A.0	52.000
A.7	Aiace Reoco S.r.l. in liquidazione	Siena	Siena	1	A.0	100.000
A.8	Enea Reoco S.r.l. in liquidazione	Siena	Siena	1	A.0	100.000
A.9	Consorzio Operativo Gruppo Montepaschi S.c.p.a.	Siena	Siena	1	A.0	99.760
					A.1	0.060
					A.2	0.030
					A.3	0.030
					A.4	0.030
					99.910	
A.10	Magazzini Generali Fiduciari di Mantova S.p.A.	Mantua	Mantua	1	A.0	100.000
A.11	Monte Paschi Banque S.A.	Paris	Paris	1	A.0	100.000
	11.1 Monte Paschi Conseil France Société par Actions Simplifiée	Paris	Paris		A.11	100.000
	11.2 Immobilière Victor Hugo S.C.I.	Paris	Paris		A.11	100.000
A.12	MPS Covered Bond S.r.l.	Conegliano	Conegliano	1	A.0	90.000
A.13	MPS Covered Bond 2 S.r.l.	Conegliano	Conegliano	1	A.0	90.000
A.14	Cirene Finance S.r.l.	Conegliano	Conegliano	1	A.0	60.000
A.15	Siena Mortgages 07-5 S.p.A.	Conegliano	Conegliano	4	A.0	7.000
A.16	Siena Mortgages 09-6 S.r.l.	Conegliano	Conegliano	4	A.0	7.000
A.17	Siena Mortgages 10-7 S.r.l.	Conegliano	Conegliano	4	A.0	7.000
A.18	Siena Lease 2016 2 S.r.l.	Conegliano	Conegliano	4	A.0	10.000
A.19	Siena PMI 2016 S.r.l.	Conegliano	Conegliano	4	A.0	10.000

1 Type of relationship: 1 = majority of voting rights at ordinary shareholders' meetings 4 = other forms of control.

2 Votes available in the ordinary shareholders' meeting, distinguishing between actual and potential.

## 2.2 Reporting scope

The reporting scope of Gruppo Montepaschi's Consolidated Non-Financial Statement 2021 includes the Parent Company and the other Group companies consolidated line by line, with the exclusion of the international network and the companies listed below.

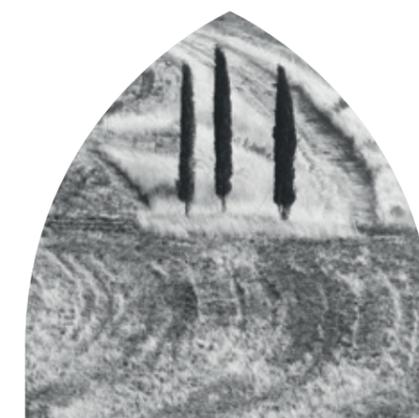
Specifically, the scope does not include:

- the foreign bank Monte Paschi Banque S.A. (and its subsidiaries Monte Paschi Conseil France Société Par Actions Simplifiée and Immobilière Victor Hugo S.C.I.) that is currently in run off;
- the operational branch in Shanghai;
- 8 representative offices (Casablanca, Algiers, Tunis, Cairo, Istanbul, Mumbai, Moscow and Beijing);
- MPS Tenimenti S.p.A.;
- Magazzini Generali Fiduciari di Mantova S.p.A.

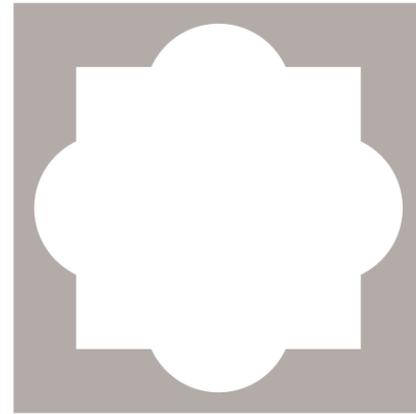
Subsidiaries that are part of the Group but are not relevant for reporting purposes will also be excluded since they lack an organised operating structure and have no employees of their own. These companies are: G.IMM ASTOR S.r.l.; AIACE REOCO S.r.l. in liquidazione.; ENEA REOCO S.r.l. in liquidazione.; MPS Covered Bond S.r.l.; MPS Covered Bond 2 S.r.l.; Cirene Finance S.r.l.; Siena Mortgages 07-5 S.p.A., Siena Mortgages 09-6 S.r.l.; Siena Mortgages 10-7 S.r.l.; Siena PMI 2016 S.r.l.; Siena Lease 2016 2 S.r.l.

The total number of employees within the scope considered in the Non-Financial Statement 2021 was 21,033. The reporting scope excludes 211 employees, accounting for 1% of Group personnel.<sup>3</sup>

These exclusions do not affect the understanding of the company's activities, its performance, its results and the impact it has produced. Any other limitations of the reporting scope, with regard to single issues or specific GRI indicators, are explained directly in the text.

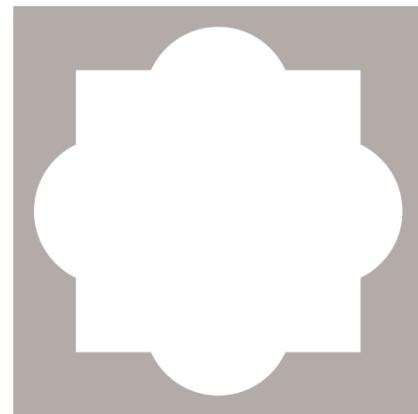


3 Montepaschi Group's total actual workforce stood at 21,244 employees at the end of 2021. Overall 21,554 employees were on payroll; this figure also includes Group company employees working for companies outside the scope of consolidation. The resources on a company's payroll are those hired by the company, regardless of the company where they actually work, which could also be another Group company or an external company to which they have been temporarily seconded. The actual workforce instead refers to resources that at a given point in time work for the company, regardless of the company that hired them.



# 3

## PRESENTATION OF THE GROUP



GRI 102-1 | GRI 102-2 | GRI 102-3 | GRI 102-4 | GRI 102-5 | GRI 102-10 |

Banca Monte dei Paschi di Siena S.p.A. (hereinafter “BMPS” or “Banca MPS”), with registered office at Piazza Salimbeni 3, Siena, is a listed joint-stock company, tax code and registration number in the Arezzo-Siena Company Register 00884060526, MPS VAT Group-VAT number 01483500524. It is the Parent Company of the Montepaschi Group, Bank code 1030.6-Group Code 1030.6, registered with the Banca d’Italia Register under no. 5274, member of the Italian Interbank Deposit Protection Fund and of the National Guarantee Fund. Banca Monte dei Paschi di Siena S.p.A. is a bank with shares listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A.

The Bank carries out its banking activities through various forms of funding and credit management in Italy and abroad. It can perform all transactions and banking and financial services permitted by applicable regulations, establish and manage forms of supplementary pensions, and carry out any other transaction instrumental to or in any event associated with achievement of the corporate purpose.

As a listed company, BMPS adheres to the legislative provisions relating to issuers of securities listed on a regulated market and, being a bank, is subject to the applicable legislative, regulatory and supervisory provisions for banks and banking groups. Based on the criteria laid down in the Supervisory Provisions concerning the corporate governance of banks (Circular no. 285 Title IV Chapter 1), BMPS is a significant bank in terms of size and operational complexity and is subject to the prudential supervision of the European Central Bank.

As Parent Company of the Montepaschi Group, BMPS carries out functions of steering, governance and unified control over the banking, financial and operating subsidiaries, through direction and coordination of the Group pursuant to art. 2497-bis of the Civil Code and art. 61, paragraph 4 of Legislative Decree no. 385/1993- Consolidated Law on Banking (TUB) and through the issue of directives to the Group companies to implement the instructions of the Supervisory Authorities in the interest of the banking group’s stability.

According to the communications received pursuant to regulations in force and based on other available information, as well as based on information on CONSOB’s institutional website, the entities that, as at 31 December 2021, directly and/or indirectly hold ordinary shares representing more than 3% of the share capital of the Issuer and which do not fall under the exemption cases set forth in art. 119-bis of the Issuers’ Regulation are as follows:

- MINISTRY OF ECONOMY AND FINANCE - MEF<sup>4</sup>: 64.230%
- Assicurazioni Generali S.p.A.<sup>5</sup>: 4.319%;

Updated information on the Bank’s main shareholders is available at <https://www.gruppompms.it/investor-relations/index.html> Investor Relations - Banca MPS ([gruppompms.it](http://gruppompms.it)).

<sup>4</sup> Stake held directly by the MEF as a result of the partial non-proportional demerger with asymmetric option of BMPS into AMCO S.p.A. effective from 1 December 2020.

<sup>5</sup> Stake held through subsidiaries on the basis of the notification, received in accordance with regulations in force, as at 28.11.2017.

## 3.1 Corporate Governance

GRI 102-18 | GRI 102-22 | GRI 102-23 | GRI 102-24 | GRI 102-28 | GRI 405-1

The overall corporate governance system makes reference to banking and financial supervision regulations in force and the Corporate Governance Code issued by Borsa Italiana (“Corporate Governance Code” since 2021) to ensure a clear separation of roles and responsibilities, the appropriate balancing of powers, balanced composition of corporate bodies, effective controls, monitoring of business risks, adequacy of information flows and corporate social responsibility.

### IN PARTICULAR, THE ADMINISTRATION AND CONTROL SYSTEM INCLUDES THE FOLLOWING:

- the Board of Directors
- the Board of Statutory Auditors
- the Shareholders’ Meeting
- the Chief Executive Officer, who also holds the office of General Manager
- four internal Board committees:
  - Appointments Committee
  - Remuneration Committee
  - Risk and Sustainability Committee
  - Related-Party Transactions Committee

On 17 December 2020, at the request of the independent directors, the Board of Directors appointed the Independent Director Nicola Maione as Lead Independent Director of the Bank.



(FIGURE 1) CORPORATE GOVERNANCE SYSTEM

In accordance with Supervisory Provisions on the corporate governance of banks, on renewal of the entire Board of Directors, or on co-opting following the early termination of office of directors, the Board of Directors initiates the procedures necessary to preventively identify its qualitative and quantitative composition considered optimal, identifying and justifying, with the support of the Appointments Committee, the theoretical candidate profile deemed best suited to the objectives indicated in the aforementioned provisions.

The Board of Directors in office as at 31 December 2021<sup>6</sup> is composed of 15 members. It was appointed by the Shareholders' Meeting on 18 May 2020 for financial years 2020-2021 and 2022, and therefore until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2022. Out of the 15 Directors in office, 12<sup>7</sup> were candidates of the Majority List submitted by the controlling shareholder, the Ministry of Economy and Finance, and 3<sup>8</sup> were candidates of the minority list submitted on behalf of the shareholders Alleanza Assicurazioni S.p.A.; Eurizon Capital SGR S.p.A. fund manager of: Eurizon Progetto Italia 20, Eurizon PIR Italia 30, Eurizon Progetto Italia 70, Eurizon PIR Italia Azioni, Eurizon Azioni PMI Italia, Eurizon Progetto Italia 40; Eurizon Capital S.A. fund manager of: Eurizon Fund comparto Italian Equity Opportunities; Generali Italia S.p.A.; Genertellife S.p.A.

The Chairperson of BMPS's Board of Directors has received no management mandate from the Board, nor carries out a specific role in drawing up the corporate strategies; at the same time, this person does not hold the position of Chief Executive Officer, nor is he the controlling shareholder of BMPS. As provided in the Regulation of the Board of Directors, the Chairperson is responsible for the operation of the corporate governance system and acts as contact for the internal control bodies and the internal committees.

The Chairperson of the Board of Directors also has an important role in promoting internal dialogue and ensuring that the balance of powers, in line with the duties attributed by the Civil Code and the By-Laws.

6 Note that on 7 February 2022 the Bank's Board of Directors resolved:  
 - the revocation, with immediate effect, of Mr. Guido Bastianini, as General Manager, Chief Executive Officer and Director in charge of the internal control and risk management system of BMPS, as well as of all related powers. Mr. Bastianini continues to hold office as member of the Bank's Board of Directors;  
 - the co-opting pursuant to art. 2386 of the Civil Code of Mr. Luigi Lovaglio, following the resignation of Director Olga Cuccurullo, on 4 February 2022, and his appointment as Chief Executive Officer and General Manager of the Bank. The composition of the BoD as at the date of approval of the NFS can be found at the following link: <https://www.gruppomps.it/corporate-governance/consiglio-amministrazione/consiglio-amministrazione.html>

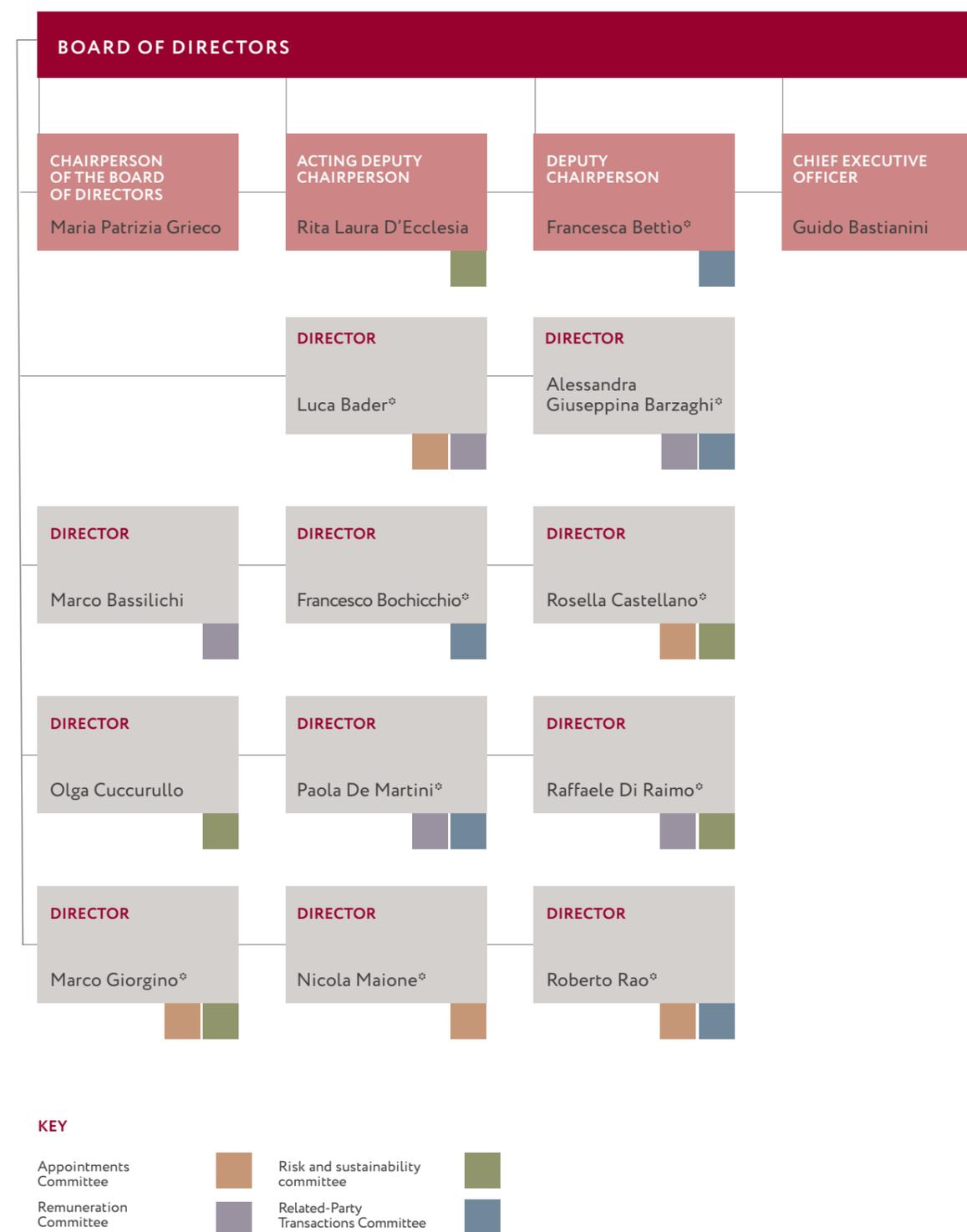
7 Maria Patrizia Grieco, Guido Bastianini, Francesca Bettio, Rita Laura D'Ecclesia, Nicola Maione, Raffaele Di Raimo, Marco Bassilichi, Rosella Castellano, Luca Bader, Francesco Bochicchio, Olga Cuccurullo, Roberto Rao.

8 Marco Giorgino, Alessandra Giuseppina Barzaghi, Paola De Martini.

### Board committees



(FIGURE 2) BOARD OF DIRECTORS AND COMMITTEES

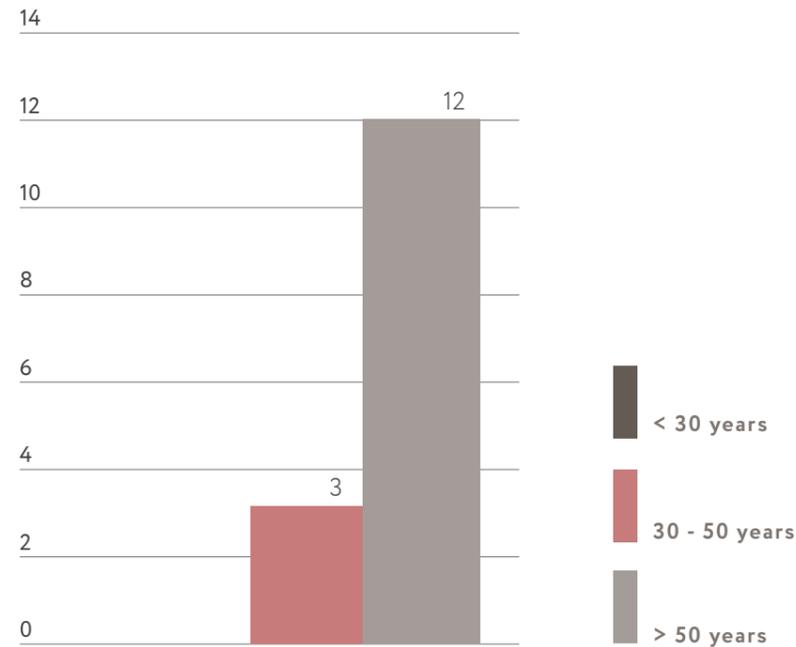


<sup>o</sup> An independent director pursuant to the Consolidated Law on Finance and the Corporate Governance Code (article 15 of the By-Laws).

(FIGURE 3) COMPOSITION OF THE BoD AS AT 31/12/2021

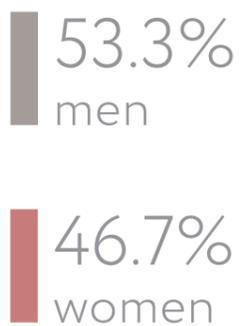
## Composition of the Board of Directors

### BY AGE



(FIGURE 4)  
COMPOSITION OF THE BOARD OF DIRECTORS BY AGE AS AT 31/12/2021

### BY GENDER



(FIG. 5)  
COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER AS AT 31/12/2021



## Board Review

In line with international best practices and with the provisions of the Corporate Governance Code, the Supervisory Provisions for banks concerning corporate governance, as well as its own Regulations and Self-Assessment Process Regulation, the Board of Directors carries out an annual self-assessment of the Board and its Committees referring to the previous financial year ("Board Review"). It avails itself of the support of an independent advisory firm with expertise in corporate governance and board effectiveness (hereinafter "advisor").

As established in the "Self-Assessment Process Regulation", the Chairperson of the Board of Directors ensures that the Self-Assessment Process is conducted effectively. The Chairperson also ensures that the manner in which the process is conducted is appropriate for the level of complexity of the Board's activities and that the corrective measures taken to address any shortcomings emerging from the self-assessment process are successfully implemented. The Appointments Committee is also involved in the process, both when selecting the external advisor and when examining the Board Review results.

The aim of the Board Review is to check the overall operation and functions of the Board and its Committees in order to identify strengths and weaknesses as well as any areas for improvement. The topics covered by the Board Review mainly concern the Board's structure and composition, also in terms of the Directors' expertise; the Board's operations, including the number of meetings held, their duration and management; the completeness and timeliness of the information submitted to the Board in preparation for Board meetings; the internal climate of the Board and the way meeting procedures and decision-making processes are conducted; the role of the Chairperson; the appropriateness of the amount of time allocated by the Board of Directors to discuss all topics of relevance to the Bank, including risk control and management and long-term strategy; the operations of the Committees, including

determining their mission, independence and authority; the effectiveness of their activities to support the Board of Directors; relations with Top Management and awareness of the Board Directors; the opinion of Directors on their work on the Board, their contribution to Board discussions and to the decision-making process; awareness of all Board members of the issues and principles related to proper governance. The 2021 self-assessment process also addressed the topic of Sustainability.

The Board Review is carried out using a questionnaire prepared by the Advisor together with the Bank's administration office, and is submitted to all Board members. The topics addressed in the questionnaire are then examined in detail through direct interviews conducted by the Advisor with each Board member.

At the end of the review, the Advisor draws up a report on the results achieved, highlighting the Board's strengths and its areas for improvement, and suggesting possible actions to be implemented. The report is then submitted to the attention of the Board of Directors. Information on the self-assessment process is provided in the Report on Corporate Governance and Shareholding Structure.



## Diversity in governing bodies

With regard to gender balance, the level of representation of women is higher on average than that established by legal and supervisory regulations: as at 31 December 2021, 7 out of the 15 directors were female (including the Chairperson of the Board of Directors), accounting for 46.7%.

[GRI 405-1]

DIVERSITY IN GOVERNING BODIES	2021	2020	2019
<b>Female members of governing bodies (%)</b>	7 46.7%	7 46.7%	5 35.7%
<b>Age range (%)</b>			
Up to 30 years of age	0 0%	0 0%	0 0%
Between 31 and 50 years of age	1 7%	1 7%	0 0%
Over 50 years of age	6 40%	6 40%	5 35.7%
<b>Male members of governing bodies (%)</b>	8 53.3%	8 53.3%	9 64.3%
<b>Age range (%)</b>			
Up to 30 years of age	0 0%	0 0%	0 0%
Between 31 and 50 years of age	2 13%	2 13%	2 14%
Over 50 years of age	6 40%	6 40%	7 50%

The current By-Laws of Banca Monte dei Paschi di Siena S.p.A. include specific provisions on gender diversity under art. 15 for the Board of Directors and art. 25 for the Board of Statutory Auditors. These provisions call for compliance with regulations in force both at the time of appointment, including supplementary criteria should the list voting procedure not reach the minimum threshold, and during the term of office, should any replacements need to be made in accordance with regulations in force.

The Company's By-Laws set out specific criteria to achieve diversity in the composition of its Board of Directors, Board Committees and Board of Statutory Auditors in terms of gender, age and managerial and professional skills.

In practice, application of the diversity criteria adopted for determining optimal composition of the corporate bodies in compliance with the By-Laws and with current laws and regulations on corporate governance as well as the Bank's corporate governance rules, ensures:

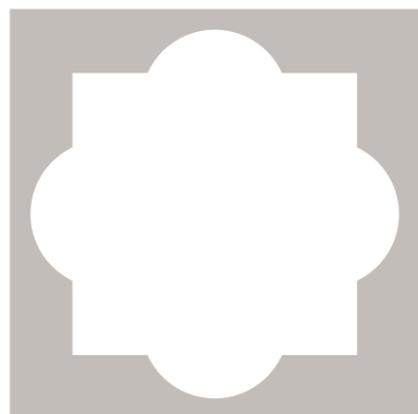
- gender balance with a level of representation of women higher on average than that established by legal and supervisory regulations: 7 out of the 15 directors are female (including the Chairperson of the Board of Directors), accounting for 46.7%.
- age diversity among the directors, ranging from a minimum of 47 years and a maximum of 71 years (average age is 58 years, with only two board members under the age of 50), which also takes into account the maximum age limits established by the Company's By-Laws;
- that the suitability requirements for the office of director have been met (training, professional experience, independence of judgment, time commitment); these requirements are regularly assessed both with regard to individual board

members and to the overall of structure of the Board of Directors, in order to ensure the best possible composition of the Board of Directors in relation to the company's situation and the Bank's goals, including its strategic goals. The qualitative and quantitative criteria on the ideal composition of the Board of Directors are disclosed to the shareholders before the renewal of the corporate bodies.

These aspects form an integral part of a diversity governance structure that is regarded as being in line with national and international best practices, and were taken into account on renewal of the corporate bodies during the Shareholders' Meeting of 18 May 2020, which appointed the Board of Directors and the Board of Statutory Auditors currently in office.

# 3.2 Sustainability Governance

GRI 102-19 | GRI 102-26 | GRI 102-29 | GRI 102-32 |



The Montepaschi Group's sustainability governance has evolved over time, consistent with the development of a sustainable model that progressively aims to integrate sustainability into the company's strategies not only in terms of creating economic value but also in terms of human, social, relational and environmental capital.

This development has involved both top management and the managerial structures.

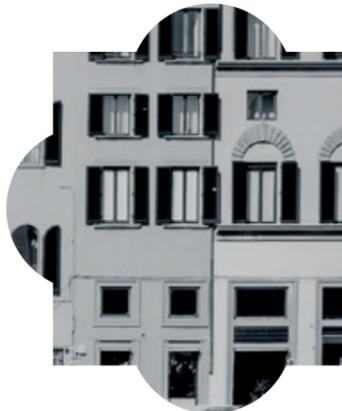
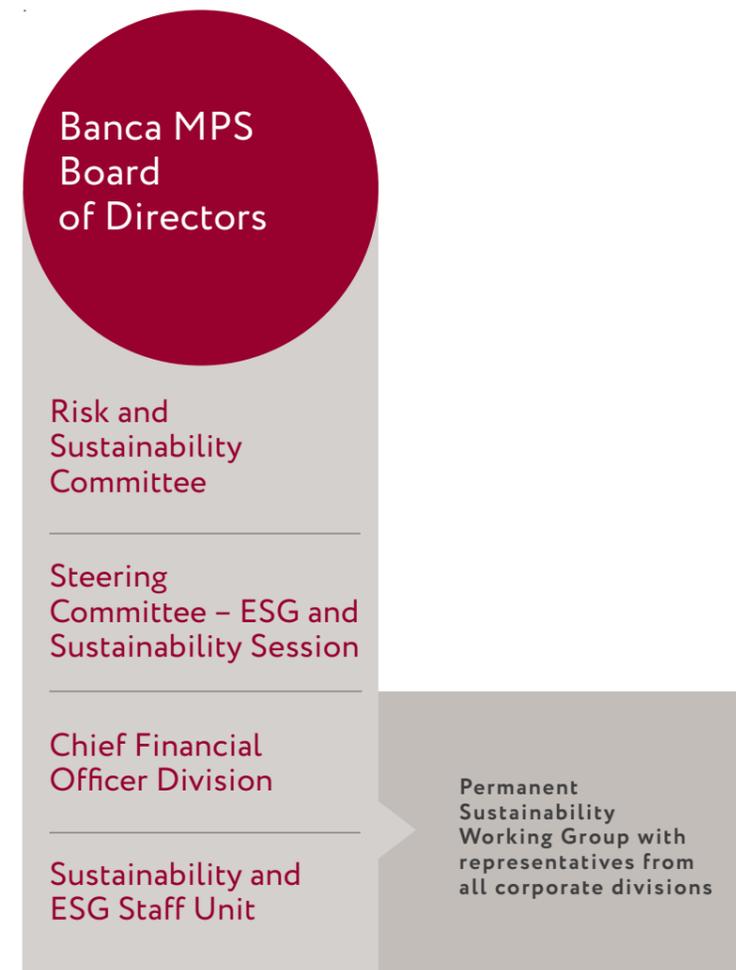
The **Board of Directors** approves the global sustainability strategy of the Group.

The **Risk and Sustainability Committee supports the BoD** in monitoring sustainability issues and ESG risk management policies, also with a view to contributing to the development and implementation of a sustainable business model.

A specific **ESG and Sustainability Session of the Steering Committee**, chaired by the CEO and composed of the first-level managers of all corporate functions, provides strategic and transversal guidance with a view to supporting consistent and effective implementation of all of the Group's ESG initiatives.

**CFO Division** is responsible for promoting the integration of Sustainability into business decisions, supervising sustainability policies within the Group and reporting on the policies implemented and the results achieved.

The **Sustainability and ESG Staff Unit**, which reports directly to the CFO Division, proposes the sustainability goals, assesses the consistency of the Group's ESG projects. It also prepares the Non-Financial Statement and ensures coordinated implementation of the UNEP FI Principles for Responsible Banking and preparation of the related reports. The staff is supported by and collaborates with a **Permanent Sustainability Working Group** made up of Representatives from all Company Departments.



(FIG. 6) SUSTAINABILITY GOVERNANCE

**SUSTAINABILITY RATING**

The Standard Ethics Sustainability Rating delivers an opinion on the level of compliance by companies and nations with the principles of Sustainability and governance provided by the European Union, the OECD and the United Nations. It is a solicited rating issued by **Standard Ethics LTD** after detailed analysis of a company. The Group’s intention behind this decision is not only the desire to have an investment grade for investors, but also the chance to make further strides in supporting its Sustainability choices, assessing best practices and areas for improvement.

The **areas** that **benefit most** from the rating analysis are:

**STRATEGY:** the rating analysis helps define the Sustainability strategy and reduce reputational risks;

**GOVERNANCE AND COMPLIANCE:** the assignment of the Standard Ethics Sustainability Rating can lay the foundations for compliance with future national legal requirements of OECD countries;

**RELATIONSHIP WITH STAKEHOLDERS:** the rating of an independent agency is a key element in establishing a transparent relationship with stakeholders;

**REPUTATION AND CREDIBILITY:** the Standard Ethics Sustainability Rating is a sign of transparency. Like any independent assessment, it strengthens credibility and reputation with customers and shareholders.

At the end of the analysis process in 2021, **Standard Ethics** acknowledged the progress in development of the Group’s sustainability strategies and, in line with international guidelines, raised the Corporate Rating of **Banca MPS** from the previous “EE-” to “**EE**”, with a long term expected rating of EE+.<sup>9</sup>

In particular, the process of strengthening corporate governance was positively assessed, with the achievement of gender balance on the Board and in Sustainability governance. In addition, improvements in the integration of ESG risks into the Bank’s management were appreciated.

<b>EEE</b>	<b>EEE-</b>	<b>EE+</b>	<b>EE</b>	<b>EE-</b>	<b>E+</b>	<b>E</b>	<b>E-</b>	<b>F</b>
Full	Excellent	Very strong	Strong	Adequate	Non-compliant	Low	Very Low	Lowest level
Investment grade					Lower investment grade		Non-investment grade	

# 3.3 Participation in national and international programmes and association membership

GRI 102-12 | GRI 102-13 |

**UN Global Compact**

Building on shared values, the Group has supported the UN Global Compact since 2002 and is committed to its 10 principles to promote sustainable growth in the interest of all stakeholders.

**UNEP Finance Initiative**

The United Nations Environment Program (UNEP) promotes a sustainable global economy, respectful of human rights, labour rights, environmental protection and the fight against corruption.

**Principles for Responsible Banking - UNEP FI**

Banca Monte dei Paschi di Siena has adopted the Principles for Responsible Banking of the UNEP Finance Initiative. The programme promotes the development of a sustainable banking sector by aligning it with the UN 2030 Agenda and the 2015 Paris Climate Agreement goals. It encourages the integration of Sustainability into all areas of banks’ business areas seeking to create long-term value for all stakeholders.

**Net-Zero Banking Alliance**

UNEP-FI initiative to reduce CO<sub>2</sub> emissions. The Net-Zero Banking Alliance is the global alliance for banks on climate issues and promotes the achievement of net-zero emissions by 2050. Banca MPS joined the Alliance in January 2022.

**Valore D**

The Group has been a member of Valore D since 2015, the first business association in Italy committed to promoting gender balance and an inclusive culture in organisations and in Italy. In 2017, it signed the Female Employment Manifesto, a 9-point programme aimed at enhancing female talent in companies.

**Women in Banking Charter**

The Group has adhered to the “Women in banking: enhancing gender diversity” Charter promoted by ABI, to promote inclusion and equal opportunities.

**G20 EMPOWER**

During the Italian G20 Presidency, the first edition of G20 Empower took place under the leadership of Valore D. This is the only forum where the private sector and governments come together to discuss and take decisions to help women’s advancement in the labour market.

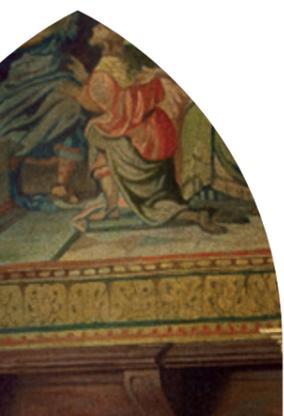
The purpose of the G20 EMPOWER alliance is to build a global network within the private sector to identify the challenges and share best practices to support the advancement of women’s leadership. The G20 EMPOWER Alliance delivered its proposals at the G20 Leaders’ Summit.

**ReFlex Project**

**Banca MPS participates in ReFlex** (*Reconciliation and Flexibility: reconciling new work and care needs*), a project designed and coordinated by the Department for Family Policies, in partnership with the Department of Engineering of the ROMATRE University of Rome and the Institute for Social Research - IRS. The aim of the project is to bridge the gender gap through the study, promotion, implementation and sharing of initiatives promoting **work-life balance of women and men**, and to encourage more balanced sharing of family care responsibilities and more effective support to parenting.

<sup>9</sup> The upgrade was announced to the market on 3 February 2022 <https://www.standardethics.eu/media-en/press-releases/banca-monte-dei-paschi-di-siena-standard-ethics-upgrades-sustainability-rating/viewdocument/634>.

## 3.4 Group overview



The Montepaschi Group is the banking hub led by Banca Monte dei Paschi di Siena Spa, listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A., with registered office in Piazza Salimbeni 3 Siena, whose activities are focused on traditional retail & commercial banking services, carried out mainly in Italy.

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 its 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.

Foreign banking operations<sup>10</sup> are focused on supporting the internationalisation processes of corporate clients in all major foreign financial markets.

<sup>10</sup> For Monte Paschi Banque S.A., in 2018 the Parent Company resolved to launch the orderly winding-down process by drafting a plan in compliance with the indications contained in Commitment no. 14 "Disposal of participations and businesses", i.e., (i) progressive deleveraging of the current loan portfolio, (ii) acceptance of deposits only from existing customers, (iii) suspension of business development activities, (iv) no new initiatives in new segments or markets, as well as other regulatory restrictions in place. The performance of the subsidiary in 2021 is substantially in line with the provisions of the Commitment.

COMPANY	ACTIVITIES
	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, assets under management, bancassurance and investment banking. The Bank performs functions of direction, coordination and control over the Group's companies, as part of the more general guidelines set out by the Board of Directors in compliance with the instructions provided by the Bank of Italy in the interest of the Banking Group's stability.
	Monte Paschi Fiduciaria aims to satisfy the needs of individuals and legal entities wishing to have their assets managed with the utmost confidentiality. Monte Paschi Fiduciaria may take on the custody of assets in its capacity as a 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 specialised in developing an offer of integrated leasing and factoring packages for businesses, artisans and professionals.
	Widiba (Wise-Dialog-Banking) is the Group's bank that integrates a self-service offer with the competencies of MPS's financial advisor network.
	Consorzio Operativo is the centre for the development and management of ICT and telecommunication systems.
	Monte Paschi Banque SA is the Group's bank that supports commercial trade and investments by Italian companies abroad. <sup>11</sup>

In addition to the above, that is, the presence within the Group of a digital bank (Widiba), a bank for businesses (MPS Capital Services S.p.a.), a bank for financial services (MPS Leasing e Factoring S.p.a.) and a bank for fiduciary services (MPS Fiduciaria S.p.a.), there are companies operating in the viticulture (MPS Tenimenti Poggio Bonelli and Chigi Saracini Società Agricola S.p.a) and agricultural (Magazzini Generali) sectors.

Intragroup transactions primarily regard the financial support from the Parent Company to other companies, both in the form of deposits

as well as repurchase agreement transactions; structured finance transactions through the subsidiary MPS Capital Services; outsourcing services relative to the auxiliary activities provided by the Parent Company (administrative services and property administration) and by the Group Operating Consortium (IT services). The description of the main transactions carried out by the Parent Company with its subsidiaries and associates is provided in Part H of the Notes included in the annual Financial Report on the Separate Financial Statements of the Parent Company.

<sup>11</sup> Company not included in the reporting scope of the Consolidated Non-Financial Statement.

## Share capital: breakdown

ITEM / VALUE	31 12 2021		31 12 2020		31 12 2019	
	Implied par value	Total Share Capital	Implied par value	Total Share Capital	Implied par value	Total Share Capital
Ordinary shares	9,17	9,195,012,197	9,17	9,195,012,197	9,06	10,328,618,260
Total Capital		9,195,012,197		9,195,012,197		10,328,618,260

On 6 June 2011 the Bank's Extraordinary Shareholders' Meeting resolved that indication of the par value of the classes of shares be eliminated; accordingly, as at 31 December 2011, the so-called "Implied par value" is indicated, which is obtained by dividing the total share capital amount by the number of shares in the same category, outstanding at the reference date.

Ordinary shares are registered and indivisible. Each share entitles to one vote. Information on the number of fully paid-up shares can be found in the notes to Table "13.2 Share capital – Parent Company's number of shares: annual changes".

At the date of this Non-Financial Statement, the Parent Company's share capital amounted to EUR 9,195,012,197, represented by 1,002,405,887 ordinary shares without a nominal value, all outstanding.

## Treasury shares: breakdown

At the date of this Non-Financial Statement, this case is not present. The 36,280,748 treasury shares held by the Group up to 31 December 2020 for a value of EUR 313.71 mln were sold in full during the year 2021 and resulted in a negative trading result of EUR 270.7 mln recognized in the item "Reserves-other".

## Revenue trends

as at 31 December 2021, the Group achieved total Revenues of EUR 2,980 mln, up by 1.3% compared to the previous year. Excluding the estimated

contribution of the Hydra portfolio, the growth would be around 5%.

This trend is mainly attributable to the growth in net fee and commission income, mainly due to the higher income from asset management and, in particular, from the placement of products and the growth in Other revenues from financial management due to higher profits deriving from the sale of securities and for the greater contribution generated by the partnership with AXA in the Bancassurance area. There was instead a decrease in net interest income, mainly due to the lower contribution (about EUR 106 mln) of the non-performing portfolio, notably as a result of the deconsolidation of the "Hydra M" portfolio in late 2020, as well as the decline in returns on assets due to interest rate trends and the shift of exposures, with a decrease in the on demand and short-term components and an increase in the medium/long-term component. On the other hand, Net Interest Income benefited from the lower cost of commercial funding as well as the positive effects linked to access to the TLTRO III auctions, although these were partly offset by the cost of increased deposits at central banks. Excluding the estimated contribution of the Hydra portfolio, the year-on-year growth in net interest income would be 2.2%.

Revenues for the fourth quarter of 2021 recorded an increase of 3.2% compared to the previous quarter. In particular, there was an increase in Net interest income (+3.1%), which benefited from the continuation of the actions to optimize the cost of funding, and in net commissions (+3.6%), mainly referring to commissions on payment

services. Other revenues from financial management were down compared to the previous quarter, affected by the worsening of the trading / hedging result. On the other hand, the contribution generated by the partnership with AXA in the Bancassurance area increased.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT					
Gruppo Montepaschi	31 12 2021	31 12 2020*	31 12 2020 Proforma**	Variazioni vs 2020	Variazioni vs 2020 Proforma
Net interest income	1,221.5	1,290.6	1,195.6	(69.1) -5.4%	25.9 2.2%
Net fee and commission income	1,484.0	1,430.1	1,430.1	53.9 3.8%	53.9 3.8%
Income from banking activities	2,705.5	2,720.7	2,625.7	(15.2) -0.6%	79.8 3.0%
Dividends, similar income and gains (losses) on investments	113.4	101.0	101.0	12.4 12.3%	12.4 12.3%
Net profit (loss) from trading, the fair value measurement of assets/ liabilities and net gains (losses) on disposals/ repurchases	184.8	168.6	160.3	16.2 9.6%	24.5 15.3%
Net profit (loss) from hedging	12.6	2.6	2.6	10.0 n.s.	10.0 n.s.
Other operating income (expenses)	(36.5)	(50.5)	(50.5)	14.0 -27.8%	14.0 -27.8%
<b>Totale revenues</b>	<b>2,979.8</b>	<b>2,942.4</b>	<b>2,839.1</b>	<b>37.4 1.3%</b>	<b>140.7 5.0%</b>

\* The economic values as at 31 December 2020 were restated, with respect to those published at the reference date, following the inclusion of the economic effects of securities deriving from sale/securitization transactions of non-performing loans classified under the item "Cost of customer credit".

\*\* The economic values as at 31 12 2020 Proforma are net of the contribution of Hydra.

## Organisational structure

Through its Head Office, Banca Monte dei Paschi di Siena performs functions of direction, coordination and control over the Group's companies, as part of the more general guidelines set out by the Board of Directors and in the interest of the Group's stability.



The organisational history of 2021 was characterised by a thorough review of the organisational model of the General Management, with the objectives of simplifying operating processes and rationalising the number and types of structures. The Network, on the other hand, did not undergo significant organisational changes.

In March 2021, the corresponding functions of MPS Capital Services and MPS Leasing and Factoring were centralised on the Parent Company's Audit function (Chief Audit Executive) with a view to strengthening the Group's internal control system.

In April 2021, the corresponding functions of MPS Capital Services, MPS Leasing and Factoring, Widiba and MP Fiduciaria were centralised on the AML-CFT function of the Parent Company (Chief Risk Officer) with a view to single and centralised supervision of the anti-money laundering compliance governance system and fight against terrorism.

In June 2021, together with the revision of the organizational model and the reduction of structures from 562 to 266, the following were also eliminated:

- the Operations Department in the Chief

- Operating Officer;
- the Performing and Non-Performing Departments in the Chief Lending Officer;
- the Communications and Sustainability Department;
- the Network, Markets and Products and Wealth Management Departments to the Chief Commercial Officer and the reporting of the Regional Sales Areas was changed from the Network Department to the Chief Commercial Officer.

In the period July-December 2021, micro-adjustments were made to the internal structure of some structures but without particular situations worthy of note.

With respect to Network processes, actions continued to improve the quality of work, free up more time to be dedicated to sales activities and increase customer service quality, while reducing service response/provision times by streamlining "administrative" activities and document management costs, with a significant effort toward increasing digitalisation of processes.

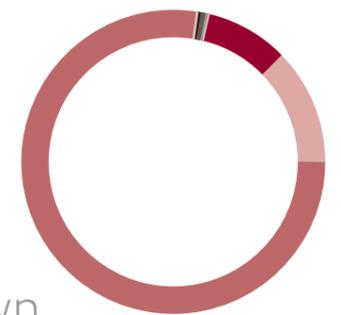
## 3.5 Customer base

GRI 102-7

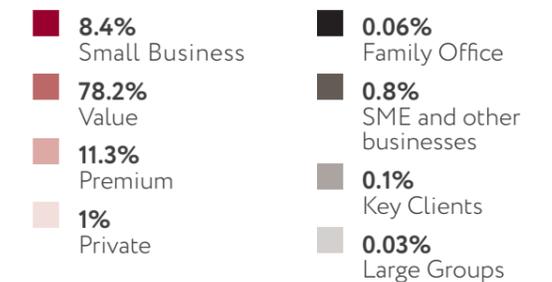
As at 31 December 2021, the Group had around 3.7 mln customers, compared to 3.9 mln as at 31 December 2020. Customers as at 31 December 2021 are broken down as follows:

- 3.4 million (slightly down with respect to 31 December 2020) are managed by the Sales & Distribution Network of Banca Monte dei Paschi;
- 0.3 million (essentially stable compared to 31 December 2020) are managed exclusively by Widiba, the Group's online bank.

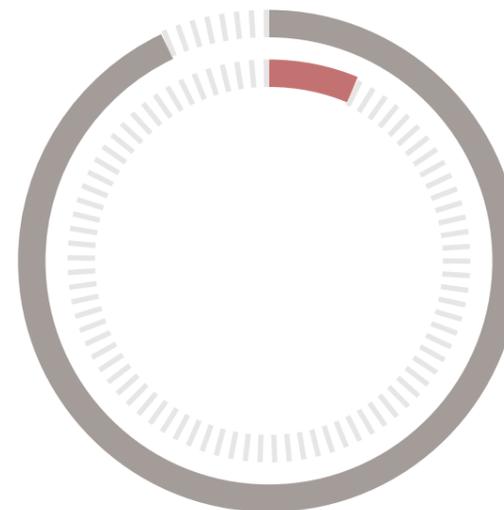
### SALES & DISTRIBUTION NETWORK



#### Breakdown by type



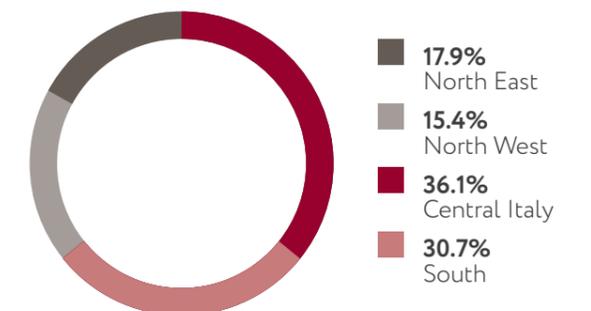
### CUSTOMER BREAKDOWN



93% Sales & Distribution Network

7% Widiba

#### Breakdown by geographic area



## 3.6 Distribution channels

GRI 102-4 | GRI 102-6 | GRI 102-7 | GRI 102-10 |

The Group operates with a view to developing and rationalising its distribution network, by combining regional coverage with the strengthening of innovative channels.

Traditional domestic branches are flanked by specialised shopping centres, which handle relational follow-up and the specific management of particular customer segments (e.g. Small and Medium Enterprises, Private, etc.) and by 538 Financial Advisors (521 as at 31 December 2020) who carry out their activities by having offices open to the public distributed throughout the country.

### MONTEPASCHI GROUP - DISTRIBUTION NETWORK ITALY AS AT 31/12/2021

Region	Domestic brandes (*)	Client Centres (**)				Financial Advisory Offices
		SME	Family Office	Private	Tot.	
Emilia Romagna	88 6.4%	5		6	11 8.7%	8 7.3%
Friuli Venezia Giulia	35 2.6%	3		1	4 3.2%	3 2.8%
Liguria	17 1.2%	1		1	2 1.6%	4 3.7%
Lombardia	189 13.8%	10	1	7	18 14.3%	10 9.2%
Piemonte	33 2.4%	2		1	3 2.4%	2 1.8%
Trentino Alto Adige	2 0.1%					1 0.9%
Valle d'Aosta	2 0.1%					
Veneto	180 13.2%	13	1	6	20 15.9%	5 4.6%
<b>NORTHERN ITALY</b>	<b>546 39.9%</b>	<b>34</b>	<b>2</b>	<b>22</b>	<b>58 46.0%</b>	<b>33 30.3%</b>

Region	Domestic brandes (*)	Client Centres (**)				Financial Advisory Offices
		SME	Family Office	Private	Tot.	
Abruzzo	27 2.0%	2		1	3 2.4%	3 2.8%
Lazio	113 8.3%	5	1	3	9 7.1%	11 10.1%
Marche	35 2.6%	4		1	5 4.0%	4 3.7%
Molise	4 0.3%					1 0.9%
Toscana	298 21.8%	11	1	8	20 15.9%	8 7.3%
Umbria	33 2.4%	2		2	4 3.2%	4 3.7%
<b>CENTRAL ITALY</b>	<b>510 37.3%</b>	<b>24</b>	<b>2</b>	<b>15</b>	<b>41 32.5%</b>	<b>31 28.4%</b>
Basilicata	10 0.7%					2 1.8%
Calabria	37 2.7%	1			1 0.8%	2 1.8%
Campania	78 5.7%	4	1	3	8 6.3%	17 15.6%
Puglia	83 6.1%	6		4	10 7.9%	15 13.8%
Sardegna	10 0.7%	1		1	2 1.6%	2 1.8%
Sicilia	94 6.9%	3		3	6 8%	7 6.4%
<b>SOUTHERN ITALY AND ISLAND</b>	<b>312 22.8%</b>	<b>15</b>	<b>1</b>	<b>11</b>	<b>27 21.4%</b>	<b>45 41.3%</b>
<b>Total</b>	<b>1,368 100.0%</b>	<b>73</b>	<b>5</b>	<b>48</b>	<b>126 100.0%</b>	<b>109 100.0%</b>

(\*) Reports to the Bank of Italy Supervisory Authority in relation to Banca MPS.

(\*\*) Including 8 reports to the Bank of Italy Supervisory Authority as the centre and branch address did not coincide.

At the end of 2021, the **Italy Network** had **1,368 branches** overseen by the Supervisory Authority, with a reduction of 50 operating points compared to 31 December 2020, due to the closure of these operating points in December 2021.

The Group also makes use of **126 Specialised Centres** (140 as at 31 December 2020), of which 73 dedicated to Small and Medium Enterprises, 48 to Private customers and 5 to the Family Office.

The Group's **ATM** network comprises a total of **2,621** machines (-26 compared to 31 December 2020), of which 2,074 coinciding with traditional branches (1,663 of these are located on premises with an independent entrance also accessible outside of branch hours) and 547 installed in public places with high operational potential, of which 92 in institutions/companies. The ATM machines with "cash in" functionality are 1,340 (of which 935 located in the Self Area and 405 within the branches), down by 26 units compared to 31 December 2020.

The Group has an international presence with a Foreign Network geographically distributed in major financial and economic markets and in several emerging countries with high growth rate, with significant trading relations with Italy, currently structured as follows:

- 1 operational branch **in Shanghai**;
- 8 representative offices in target areas of Europe (Moscow, Istanbul), North Africa (Casablanca, Tunis, Algiers, Cairo), India (Mumbai) and China (Beijing);
- **1 bank under foreign law**, and specifically Monte Paschi Banque SA, operating in France, for which the Parent Company resolved in 2018 the launch of the orderly winding-down process, drawing up a plan in compliance with the provisions of Commitment no. 14 "Disposal of participations and businesses", i.e. (i) progressive deleverage of the current loan portfolio, (ii) acceptance of deposits only from existing customers, excluding the possibility of developing new businesses and entering new markets, (iii) compliance with other existing regulatory restrictions. The performance of the subsidiary in 2021 is substantially in line with the provisions of the Commitment.

In addition to its physical presence across the country, the Parent Company offers banking services to customers through electronic channels, through internet banking products for Retail and Corporate customers. As at 31 December 2021, there were 1,318,150 active users (+107,717 compared to 31 December 2020). Internet banking services for Retail customers have 1,178,406 active users and those for Corporate customers have 139,744.

## 3.7 Determination of economic value generated and distributed by the MPS Group

The economic value generated is calculated according to the instructions of the Italian Banking Association and in line with international reference standards. The calculation is made by reclassifying items of the consolidated income statement, included in accounts, governed by Bank of Italy Circular No. 262.

The economic value generated was equal to approximately EUR 2.94 billion as at 31 December 2021 (EUR 2.3 billion as at 31 December 2020). The increase is mainly attributable to lower adjustments to receivables in 2021 due to the improved credit quality of the loan portfolio. The economic value is represented by the Net profit (loss) from financial management - which therefore also takes into account impairment losses on loans and other financial assets - plus the share of realised gains and losses on equity investments and other net operating income. The total economic value generated expresses the value of wealth produced, which is for the most part distributed among the counterparties:

- employees and contract staff accounted for almost 50% of the economic value generated, totalling EUR 1.48 billion (EUR 1.55 billion in the previous year). In addition to employee remuneration, the total also includes fees paid to the networks of financial advisors;
- suppliers accounted for approximately 24% of the economic value generated, totalling EUR 0.71 billion paid for the purchase of goods and the provision of services (EUR 0.80 billion in the previous year);

- The State, Bodies and Institutions recorded a total inflow of resources of EUR 0.13 billion, approximately 5% of the economic value generated and ascribable for around EUR 90 million to indirect taxes and duties and around EUR 166 million to taxes and charges related to the banking system, represented by contributions paid to resolution and guarantee funds. In 2021, the Group also benefited from the reduction for tax credits provided for by Law no. 214/2011.

The remaining amount, approximately EUR 0.61 billion, was retained by the group and was mainly made up of deferred tax assets and liabilities, depreciation and amortisation, provisions for risks and charges and retained earnings.

[GRI 201-1]

ITEMS	31.12.2021	31.12.2020*
10. Interest income and similar revenues	1,897,390	1,975,109
20. Interest expense and similar charges	(680,342)	(703,663)
40. Fee and commission income	1,696,611	1,595,743
50. Partial Fee and commission expense <sup>12</sup>	(155,415)	(157,675)
70. Dividends and similar income	13,717	10,264
80. Net profit (loss) from trading	19,769	33,969
90. Net profit (loss) from hedging	12,565	2,620
100. Gains (losses) on disposal / repurchase of:	139,843	118,503
a) financial assets measured at amortised cost	123,336	113,465
b) financial assets measured at fair value through other comprehensive income	11,434	174
c) financial liabilities	5,073	4,864
110. Net profit (loss) from other financial assets and liabilities measured at fair value through profit and loss	(32,159)	(14,620)
a) financial assets and liabilities measured at fair value	8,962	195
b) other financial assets measured at fair value as per mandatory requirements	(41,121)	(14,815)
130. Net impairment (losses)/reversals for credit risk of:	(193,570)	(749,178)
a) financial assets measured at amortised cost	(196,420)	(749,336)
b) financial assets measured at fair value through other comprehensive income	2,850	158
140. Gains/losses from contractual changes without cancellation	(7,620)	(18,763)
230. Other operating income/expenses	223,319	229,675
250. Partial Gains (losses) on equity investments <sup>13</sup>	7	-
280. Gains (losses) on disposals of investments	14,449	55,511
320. Profit (loss) after tax from assets held for sale and discontinued operations	-	-
<b>A</b> Total economic value generated	<b>2,948,564</b>	<b>2,377,494</b>

12 The figures differ from the income statement figures presented in the financial statements as the fees paid to the financial advisor networks are included in personnel expenses.

13 The figures differ from the income statement figures presented in the financial statements due to the exclusion of unrealised gains/losses shown as a separate item in the Economic Value Retained (Withdrawn) by the Group

ITEMS	31.12.2021	31.12.2020*
190.b (Partial) b) other administrative expenses <sup>14</sup> (net of indirect taxes, gifts/donations and charges for resolution and deposit guarantee funds)	(713,233)	(804,328)
ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS	(713,233)	(804,328)
190.a a) personnel expenses <sup>15</sup>	(1,488,829)	(1,553,801)
ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND CONTRACT STAFF	(1,488,829)	(1,553,801)
340. Profit (loss) for the year attributable to non-controlling interests	176	129
ECONOMIC VALUE DISTRIBUTED TO THIRD PARTIES	176	129
350. (Partial) Profit (loss) for the year attributable to the Parent Company - Share attributed to shareholders	-	-
350. (Partial) Profit (loss) for the year attributable to the Parent Company - Share attributed to holders of equity instruments	-	-
ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS AND HOLDERS OF EQUITY INSTRUMENTS	-	-
190.b (Partial) b) other administrative expenses: indirect duties and taxes	(90,044)	(101,060)
190.b (Partial) b) other administrative expenses: charges for resolution and deposit guarantee funds	(166,638)	(136,749)
300. (Partial) Income taxes for the year (current taxes) <sup>16</sup>	123,333	135,467
ECONOMIC VALUE DISTRIBUTED TO THE STATE, BODIES AND INSTITUTIONS	(133,349)	(102,342)
190.b (Partial) b) other administrative expenses: gifts and donations (6)	-	-
350. (Partial) Profit (loss) for the year attributable to the Parent Company - Share attributed to the charity fund	-	-
<b>B</b> Total economic value distributed	<b>(2,335,235)</b>	<b>(2,460,342)</b>
<b>C</b> Total economic value retained (withdrawn) by the Group <sup>17</sup>	<b>(613,329)</b>	<b>(82,847)</b>

\* The comparative data have been restated, compared to those published in the 2020 Financial Statements, following the retrospective application of the change in valuation criteria used for investment properties (IAS 40).

14 The figures differ from the income statement figures presented in the financial statements due to the exclusion of unrealised gains/losses shown as a separate item in the economic value distributed figure

15 The figures differ from the income statement figures presented in the financial statements as they include fees paid to the financial advisor networks that are included in the financial statements under fee and commission expense.

16 The figures differ from the income statement figures presented in the financial statements due to the exclusion of deferred tax assets/liabilities shown as a separate item in the Economic Value Retained (Withdrawn) by the Group

17 Represented by value adjustments/reversals and provisions, deferred tax assets and liabilities and consolidated profit net of dividends distributed by the Parent Company

## 3.8 Interrelationship between financial and non-financial information

### Use of the going concern assumption

The assessment of the Group's ability to continue as a going concern is based essentially on the prospective evolution of the capital and liquidity position over a time span of at least 12 months. With regard to estimates, it is possible that a prospective capital shortfall might emerge with respect to overall capital requirements within the evaluation timespan. With regard to liquidity, the position remains strong due to the significant measures implemented by the ECB.

Please note that, with respect to the estimates used in the 2020 financial statements which indicated a shortfall already from the first quarter of 2021, increasing to EUR 1.5 bn as at 1 January 2022, no shortfall was identified as of 31 December 2021, nor was it identified for the previous quarters. In the 12-month horizon from the reference date, i.e. 31 December 2022, a shortfall of EUR 150 mln might emerge, assuming that the update of the models within the EBA Guidelines is completed by the end of the year 2022.

The decrease in the expected shortfall anticipated in 12 months, compared to the estimates formulated in the financial statements as at 31 December 2020, derives from the effects of already implemented capital management actions and from the evolution of capital and risk-weighted assets. The prospective capital position is estimated taking into account the results of the 2021 financial year and in the hypothesis of confirmation of the current business / operating model, excluding the capital strengthening operation, or other extraordinary capital contributions, or subordinated issues.

It should also be noted that, in the first quarter of 2023, taking into account the planned capital reduction due to the IFRS 9 phase-in and assuming the full implementation in the fourth quarter of 2022 of the inflationary effects on the risk-weighted assets related to the changes in the credit risk measurement models as a result of the EBA Guidelines, the shortfall in terms of the Tier 1 capital aggregate could reach EUR 500 mln. This shortfall does not take into account possible capital management initiatives

available to the Group.

As regards the 2021 EBA stress tests, the results announced to the market on 30 July last year are consistent with the capital strengthening estimates for EUR 2.5 bn.

The need to strengthen the capital position remains therefore significant, resulting in uncertainty on the use of the going concern assumption. This uncertainty is mitigated by the possible scenario of the "structural solution" and by the full support of the controlling shareholder.

With reference to the first mitigating factor, i.e. the role of the controlling shareholder, the MEF stated its intention to carry out the commitments undertaken by the Italian Republic towards the European Union and carry out a market transaction that identifies an anchor investor and/or a banking partner of adequate standing, in order to restore and ensure the competitiveness of the Parent Company, and has guaranteed the financial support to ensure compliance with the minimum capital requirements of the Parent Company.

In regard to the "structural solution", it should be noted that the Decree of the Prime Minister issued on 16 October 2020 has authorised the disposal of the equity investment held by the MEF in the Parent Company, Banca MPS, this may be carried out in one or more stages, with sale procedures and techniques used in the markets, through individual or joint recourse to a public offer to investors in Italy, including personnel of the MPS Group, and/or Italian and international investors, through direct negotiations to be carried out with transparent and non-discriminatory competitive procedures and through one or more extraordinary transactions, including a merger.

Unicredit carried out a due diligence process in the second quarter of 2021, aimed at assessing the acquisition of a selected perimeter of Banca MPS, on the basis of certain assumptions agreed with the MEF. On 24 October, the parties announced the interruption of the negotiations. Even if the "structural solution" has not materialised so far, it remains a possible scenario.

After this communication, and having considered the current unavailability of a "structural solution", the activities for the necessary capital initiatives that the Bank will have to take have started.

Taking into account what is stated above, on 17 December the Board of Directors approved the 2022-2026 Strategic Plan, which entirely replaces the 2021-2025 Strategic Plan, approved by the Parent Company in December 2020, which was drafted intending a structural operation to be carried out in the short term. The 2022-2026 Plan confirms the size of the capital strengthening, already estimated in the 2021-2025 Plan to be equal to EUR 2.5 bn.

The Plan was presented to the European Central Bank, the Single Resolution Board and the Competition DG as part of the various information, approval and regulatory procedures to which it is subject.

The positions of the aforementioned Authorities constitute a prerequisite for the capital strengthening operation envisaged in the Plan. The Bank is providing all the necessary clarifications requested by the Authorities but currently there is no precise estimate of the time required for the competent authorities to complete the respective processes.

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The Plan, which constitutes the basis for the start of the above approval processes, may also have to incorporate any amendments and changes, even significant ones, to reflect what derives from discussions with the competent Authorities.

In this context, DG Comp and the ECB would be required to assess, to the extent of their respective competences, the Italian government's intervention on the basis of the Parent Company's standalone viability in the light of the 2022-2026 Strategic Plan. It cannot be excluded that, as part of this assessment, unforeseeable elements might arise that could affect the Parent Company's capital strengthening process

and the structure and feasibility of a capital increase at market conditions. Therefore, the assessment of DG Comp is the source, in principle, of significant uncertainty.

To facilitate any solution, after the incisive initiatives on credit risk carried out since 2018, which have reduced the incidence of non-performing exposures, the Parent Company continues with initiatives aimed to reduce business risks, actively engaging in initiatives aimed at reducing legal risks. During 2021 the Bank completed transactions that reduced the claims of legal risks by approximately 40%; this reduction represents a significant positive element for any transaction aimed at improving the capital position.

Taking into account the significant improvements recorded by the Group in the course of 2021 in terms of capital and risk reduction, as well as the discussions held so far with the Authorities, it is believed that the capital shortfall can be overcome through a transaction of capital strengthening on a stand-alone basis, subject to approval by DG Comp of the new 2022-2026 business plan.

The implementation of this business plan could be subject to subsequent updates in light of the evolution of the changed economic scenario and, in any case, undergo changes, even significant ones, should the conditions for the realization of a possible "structural solution" arise again through the implementation of an aggregative project, as required by the aforementioned Prime Ministerial Decree of 16 October 2020.

The directors, after having considered the significant uncertainty linked to the Bank's need to recapitalise which may give rise to significant doubts on the Group's ability to continue to operate as a going concern, consider that, taking into account the status of the actions put in place, and in particular the mitigating factors mentioned above, the set of these evaluations supports the reasonable expectation that the Bank will continue to operate as a going concern in the foreseeable future and therefore the use of the going concern assumption in preparing these financial statements.

For further information on risks, uncertainties and impacts of the COVID-19 pandemic, please also see the information provided in the Consolidated Financial Statements of the Montepaschi Group as at 31 December 2021.



## 4.1 Risk management system

GRI 102-11 | GRI 102-30 |

The Montepaschi Group places utmost attention on identifying, monitoring, measuring, controlling and mitigating risks. Risk governance policies are defined in line with the Group's business model, strategic objectives and with external regulatory and legal requirements.

Policies relating to the assumption, management, coverage, monitoring and control of risks are defined by the Board of Directors of the Parent Company. Specifically, the Board of Directors periodically defines and approves strategic risk management guidelines and quantitatively expresses the Group's overall risk appetite, in line with the annual budget and multi-year projections.

The Parent Company's Board of Directors defines the overall Risk Appetite Framework (RAF) for the Group and approves the "Group Risk Appetite Statement" (RAS) at least once per year.

The RAF aims to ensure consistency on a continuous basis between the Group's actual risk profile and the risk appetite approved ex ante by the BoD, taking into account any risk tolerance thresholds and in any event within the maximum risk capacity which, if any, derive from regulatory requirements or other restrictions imposed by the supervisory authorities.

The Chief Risk Officer (CRO) Department performs activities related to Risk Control, Anti-Money Laundering and counter-terrorist financing (AML) and Internal Approval Functions. The Risk Control Function is specifically assigned the task, with regard to RAS, of conducting the quarterly monitoring of indicators, drawing up a periodic report for the BoD and implementing the escalation processes in the event of overdrawn amounts. The RAS represents an essential element in defining the Group's risk strategy. The risk objectives are identified and the indicators are broken down by Business Unit/Legal Entity ("cascading down" of the Risk Appetite).

The objective is to increase the Group's risk culture and fully instil accountability in all relevant Business Units with regard to achievement of the risk appetite objectives, as required by the regulations and recommended by best practices.

The Risk Appetite Process is structured so as to ensure consistency with the ICAAP (internal capital adequacy assessment process) and ILAAP (internal liquidity adequacy assessment process) as well as with Planning and Budget and Recovery processes, in terms of governance, roles, responsibilities, metrics, stress testing methods and monitoring of key risk indicators.

## 4.2 Risk Culture

Group Risk governance is provided centrally by the Parent Company's Board of Directors, which also supervises and is responsible for the updating and issue of internal policies and regulations in order to promote and guarantee a continuously greater and more widespread risk culture at all levels of the organisation. Awareness of risks and the correct knowledge and application of the internal processes and models governing those risks - especially those validated for regulatory purposes - are fundamental requirements for effective, sound and prudent business management.

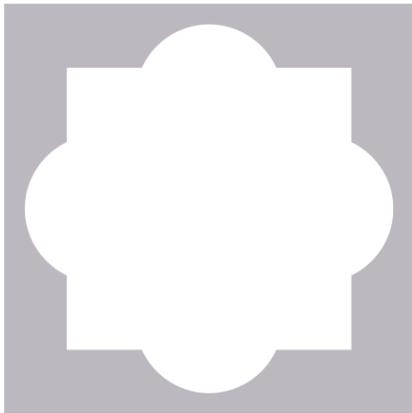
Regarding the promotion of Risk Culture within the Group, the CRO Department, together with the CHCO Department and other Control functions of the Bank (Audit, Compliance and Anti-Money Laundering) has developed a training programme on "Risk Culture". The programme consists of e-learning sessions during which typical Bank operations that could generate specific risks are illustrated. The purpose is to disseminate an adequate risk culture among all Bank personnel. The issues covered in 2021 included the main operational risks and measures to mitigate them, possible internal fraud and the whistleblowing tool, online payment security and the system of internal controls, used on average by more than 10 thousand employees.

The CRO Department was also in charge of e-learning training sessions held by managers who deal directly with the main banking risks, in order to spread awareness to the rest of staff on topics such as sustainable finance and development of the customer protection model, Retail Risk Management related to the offer of investment products and services, cyber risk, and to money laundering and terrorist financing risk. The training sessions were attended by over 1800 people.

Emphasis was given to the importance of risk-taking in all areas of banking activity, from granting loans to offering investment services suited to the customer's risk profile, with a perfect synergy between Business and Control functions, targeting the full sustainability of risks for both customers and the Bank.



## 4.3 Monitoring ESG and reputational risks



The current macroeconomic conditions show that there is growing attention to risk management, especially with regard to “ESG” risks. According to the Global Risks Report, drafted by the World Economic Forum, over the last ten years the nature of risks has deeply changed, evolving from economic and financial towards trend-topics related to the environment, especially climate change and social issues.

In this context, the MPS Group believes integrating ESG-related risks is key to improving the ability to compete and to meeting the needs and expectations of the company’s main stakeholders.

Details are provided below on the main risks and on how they are managed with regard to:

- The main **risks generated or suffered in relation to material topics**, in line with the provisions of art. 3 of Legislative Decree 254/2016
- The risks and main impacts related to **climate change**, also in relation to specific initiatives such the ECB Guide on Climate-related and Environmental Risks

A specific focus on **reputational risks** is also included, owing to possible ESG risk factors and reputational impacts that could in effect arise from ESG risk factor management.



### ESG risk management and focus on climate change

The table below provides a description of the main risks for the Group related to material topics, within the NFS reporting scope, and the approach adopted to manage them, in consideration of the

internal business processes and the main current Sustainability trends.

PERSONNEL POLICIES:	
PILLAR	<ul style="list-style-type: none"> <li>• Protection of human resources;</li> <li>• Human resource development;</li> <li>• Diversity.</li> </ul>
RISKS	<ul style="list-style-type: none"> <li>• Poor ability to attract and retain talent and key figures;</li> <li>• Related to occupational health and safety, including compliance risks;</li> <li>• Risks related to the COVID-19 health emergency;</li> <li>• Decline of internal skills in a context of major changes;</li> <li>• Reputational risk associated with unequal treatment.</li> </ul>
IMPACTS	<ul style="list-style-type: none"> <li>• Difficulties in suitably filling certain roles and ensuring the operational continuity of certain activities following reorganisation, outsourcing or staff reductions</li> <li>• Accidents in the workplace</li> <li>• Increase in absences due to illness</li> <li>• Dissatisfaction, deterioration of internal climate and motivation</li> <li>• Disputes</li> </ul>
MITIGATION ACTION	<ul style="list-style-type: none"> <li>• Managing risks preventively through preliminary impact analyses, procedures for discussions with trade unions</li> <li>• Identifying possible dangers to workers’ health and safety and planning measures and actions to eliminate or reduce the risks detected</li> <li>• Continuing to implement specific measures for preventing, fighting and containing the spread of the COVID-19 virus in the workplace in order to protect employees and ensure service continuity</li> <li>• Actively listening to people, with a constant and structured approach, also through issue-specific questionnaires and other forms of contact</li> <li>• Using risk-adjusted performance indicators in staff remuneration and incentive policies</li> <li>• Designing, planning and monitoring all training activities on the basis of the taxonomy of business risks and processes</li> <li>• Delivering “tailor-made” training on the basis of role risk rating and the results of the annual individual skill gaps carried out by all employees</li> <li>• Planning onboarding and listening activities for new recruits, setting up company selections to enhance internal professional skills, and offering transparent, structured growth opportunities based on self-application to support motivation and encourage talent retention</li> <li>• Adopting a corporate strategy designed to enhance the value of all resources, drawing inspiration from the principles of transparency, fairness and inclusion throughout all company processes - from selection to career development, succession plans, access to training and remuneration policies.</li> </ul>

**RELATIONS WITH CUSTOMERS AND COMMUNITIES:**

<b>PILLAR</b>	<ul style="list-style-type: none"> <li>Quality in Customer relations</li> <li>Digitalisation and IT security</li> </ul>
<b>RISKS</b>	<ul style="list-style-type: none"> <li>Disregarding the expectations of customers less inclined to use digitalisation because they do not trust new digital services;</li> <li>Disregarding the expectations of customers more inclined to use digitalisation because the digital offer is not competitive, not complete in terms of functions and access channels, not user friendly, inefficient or not secure</li> <li>Related to the offer of investment products/services</li> <li>Loss of direct contact with customers and disintermediation in favour of new digital players (open banking)</li> <li>Cyber attacks against exposed web services</li> </ul>
<b>IMPACTS</b>	<ul style="list-style-type: none"> <li>Loss of market share and competitiveness</li> <li>Financial and reputational losses</li> <li>Disputes and complaints</li> <li>Fines and sanctions</li> </ul>
<b>MIGRATION ACTIONS</b>	<ul style="list-style-type: none"> <li>Enhancing and disseminating digital services to ensure that the Bank is always close to customers</li> <li>Promoting the digitalisation of payments and e-commerce by encouraging the process, especially for micro-merchants;</li> <li>Improving customer experience by investing in new digital technologies and offering sustainable products and services in the interest and for the well-being of customers</li> <li>Designing, developing and implementing inclusive solutions, with special focus on use and access for customers with visual impairments and limited digital literacy</li> <li>Monitoring disputes with customers</li> <li>Monitoring customer portfolios to ensure consistency between the risk profile of customers and the risk characteristics of the products and portfolio offered/held, for the purpose of preventing potential negative impacts in terms of operational and reputational risks</li> <li>Listening to customers, also through customer satisfaction surveys, to monitor their satisfaction with products and services, multi-channel delivery methods and relations with the Bank, media monitoring activities, assessment of reputational risk before releasing new projects and products</li> <li>Analysing security and control measures for the protection of personal data in implementation of the GDPR regulation and Data Protection Authority provisions</li> <li>Intercepting and combating cyber attacks through specific prevention and protection systems, which allow digital services to be used in a secure manner and cyber crime insurance coverage</li> <li>Implementing security measures on digital payments envisaged by the PSD2 directive</li> <li>Issuing awareness-raising campaigns for customers on the dangers of certain viral phenomena such as spamming and phishing, and how to defend themselves</li> </ul>

**ENVIRONMENTAL COMMITMENT:**

<b>PILLAR</b>	<ul style="list-style-type: none"> <li>Sustainable Finance</li> <li>Direct environmental impact</li> </ul>
<b>RISKS</b>	<ul style="list-style-type: none"> <li>Reputational risks related to a perceived lack of attention to the environment</li> <li>Transition risks related to changes in environmental legislation</li> </ul>
<b>IMPACTS</b>	<ul style="list-style-type: none"> <li>Reputational</li> <li>Loss of market share</li> <li>Possible sanctions due failure to comply with new regulations.</li> </ul>
<b>MIGRATION ACTIONS</b>	<ul style="list-style-type: none"> <li>Developing products and services with environmental benefits ("Building Bonus" structured offer)</li> <li>Financing the sustainable transition of business customers through dedicated credit strategies and standards</li> <li>Regarding environmental risks, specific management models are implemented by the subsidiary Mps Capital Services</li> <li>Using energy efficiently and in a socially responsible manner, to monitor the Group's overall impact on the environment and to contain operating costs and associated operational risks</li> <li>Adopting a Business Continuity Plan and actions to prevent physical damage to the Bank's facilities</li> <li>Policies that pursue the goal of managing the Bank's impact on the environment in an organised and increasingly efficient manner (e.g., use of renewable energy, waste treatment);</li> <li>Gradually reaching the 60% threshold for compensating CO2 emissions by 2025, by involvement in carbon offset initiatives through the purchase of carbon credits.</li> </ul>

**HUMAN RIGHTS AND FIGHT AGAINST CORRUPTION:**

<b>PILLAR</b>	<ul style="list-style-type: none"> <li>Integrity in business conduct</li> <li>Responsible supply chain management</li> </ul>
<b>RISKS</b>	<ul style="list-style-type: none"> <li>Non-compliance with external regulations, agreements, standards and codes of conduct</li> <li>Arising from the conduct of suppliers</li> </ul>
<b>IMPACTS</b>	<ul style="list-style-type: none"> <li>Fines and sanctions</li> <li>Damage to corporate image</li> </ul>
<b>MIGRATION ACTIONS</b>	<ul style="list-style-type: none"> <li>Model 231 monitoring, controls, training and other mitigation measures</li> <li>Selecting suppliers offering the best possible guarantees in terms of technical and professional requirements and regulatory compliance. An assessment process is set up for this purpose which - during the pre-selection, awarding and contracting phases of the supply - takes into account compliance with labour legislation and application of the national collective labour agreement as well as regular payment of contributions (DURC certificate), also verified during performance of the contract;</li> <li>Management of Suppliers Register (acquisition of 231 Statement and of certifications held);</li> <li>Inclusion of Suppliers Register assessments in the tender award procedure (measured using predefined criteria/percentages in order to reach a final score for each participant).</li> </ul>

### 4.3.1 Risk management related to climate change

In consideration of the increasing importance played by ESG risk factors in regulations, government policies and stakeholder awareness, and also in view of specific initiatives promoted by the ECB, especially on Climate-related and Environmental Risks - C&E Risks (see "Guide on Climate-related and Environmental Risks", launch of the Climate Stress Test to be conducted at the beginning of 2022), in 2021 the Montepaschi Group started a multi-year programme of activities. The programme is aimed at gradually integrating risk factors into traditional risks and into the Risk Management Framework, and at developing the business model in terms of financing the sustainable transition as part of the definition of ESG strategies and policies consistent with the Group's distinctive values. The Programme was sent to the ECB in May 2021. It is currently being supplemented, also in view of the feedback received in the meantime from the Regulator.

The projects defined by the Group are divided into three macro areas:

- Strategy: governance and definition of ESG strategies and policies consistent with the Group's distinctive values;
- Risk Management: identification and measurement of climate-related and environmental risk factors and gradual integration into traditional risks and into the Risk Management Framework;
- Business Model: financing the sustainable transition (ESG) of companies, with particular focus on SMEs belonging to key supply chains. This will be achieved by identifying specific credit and commercial solutions, entering into **agreements with guarantee bodies** and defining **partnership programmes** with major players to promote Sustainability.

Regarding risk management, the "ECB Action Plan E-Risk" project was launched in 2021. The purpose of the project is to identify and measure climate-related and environmental risk factors, and gradually integrate them into traditional risks and into the Risk Management Framework with a short-term focus on transition risk and physical risk linked to the credit risk component. In this respect, given the transversal nature of the risk factors at issue, a dedicated ESG Risk Team was set up. The Team is part of the CRO Department and its mission is to monitor the action plan and facilitate the integration of C&E risk factors into the risk management framework.

In particular, within the context of emerging risks, the risk identification process preparatory to definition of the 2022 Risk Appetite Statement specifically addressed C&E Risks, using a further analysis approach, based on "transmission channels". According to this approach, these risks may have an impact on "core" financial risks, as transversal drivers of traditional risk-to-capital factors (credit, operational, reputational, market and liquidity). Therefore, they cover - with varying relevance levels and intensity - the existing risk categories already dealt with in the Group's risk management framework. The approach implemented led to firstly identifying all Credit Risks as a priority and, secondly, depending on the materiality within the Group, Market and Liquidity Risks and Business/Strategic Risks.

#### RISKS RELATED TO CLIMATE CHANGE: WHAT ARE THEY?

**Climate change** has increasingly become a topic of major importance and interest because of its strong impact on the planet and society. It is indeed the source of extreme natural events (floods, landslides, storms, drought, etc.) and has permanent effects on climatic conditions (increase in average temperature, rise in sea levels, etc.) which can lead to significant financial, environmental and social costs and a subsequent huge impact on the real economy and the financial sector. This is why banks have a key role in the transition towards low-carbon and more circular economies by redirecting their loan and investment portfolios towards sustainable activities.

This is a major challenge that poses both opportunities and risks. Risks need to be contained and monitored as part of safe and prudent risk management, by integrating environmental and climate-related risk factors in a structured manner within the framework of traditional risk management and by enhancing transparency and long-term vision.

Risks related to climate change are divided into "physical risks", connected with the physical impact of climate events, and "transition risks", arising from the process of adjustment to a low-carbon economy, connected with changes in public policies, technology and consumer choices.

More specifically, **Physical Risk** refers to the financial impact of climate change, including extreme events (Acute: e.g., floods, landslides, storms, drought, etc.) and

gradual changes in the climate as well as environmental degradation (Chronic: sea level rise, desertification, air, water, soil pollution, water stress, etc.). This risk may result directly in material damage to property used as guarantee (e.g., impairment of the guarantee) and/or to the production facilities of financed companies causing a decline in productivity/greater costs, or lead indirectly to subsequent events such as the interruption of production chains.

**Transition Risk** refers to the financial loss an entity may incur, directly or indirectly, as a result of a process of adjustment to a low carbon and more environmentally sustainable economy. This situation could be caused, for example, by the relatively sudden implementation of climate-related and environmental policies, technological progress or changes in market confidence and preferences. This risk could, for instance, lead to greater costs and/or reduced business volumes, and so affect companies' capacity to repay debt.



## Transition risk

Regarding transition risks, the Montepaschi Group focused on:

### 1. Exposures to individuals, secured by real estate:

in order to identify the exposure to transition risk for Individuals, this risk could be connected, firstly, with the characteristics of the real estate securing the mortgage, which constitutes both *collateral* and *purpose* of the loan for mortgages, thus offering an initial proxy for alignment with the transition, through its energy efficiency characteristics.

In this respect, when stipulating mortgages in relation to new disbursements, the Bank has made it compulsory to acquire data on energy labels and CO<sub>2</sub> emissions relating to the real estate to be financed and used as guarantee. A data remediation activity is also being carried out on the existing portfolio to computerise information in the paper/digital appraisal and sale/purchase documents. In addition, on the basis of the current 2022 Climate Stress Test activities (and according to the ECB's guidelines and instructions on the topic), a pattern for estimating/completing the information required to determine an energy class for the entire portfolio of mortgages for individuals will be defined, solely for the purpose of calculating the transition risk.

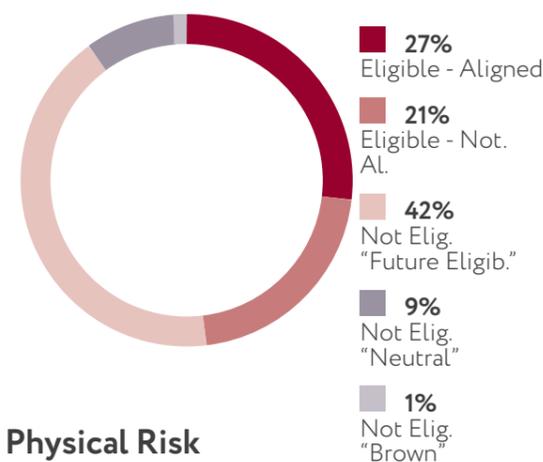
### 2. Exposure to businesses:

an initial "top-down" analysis of the Group's credit exposures was carried out, according to the sector of economic activity and in line with the indications of the EBA and ECB on this topic. The indications suggest - in their respective studies and in the Climate Stress Test exercise that the Bank is conducting - that this approach be adopted in an initial phase involving the identification of exposure to climate-related and environmental risks for loans to productive activities. With respect to credit exposure to each eligible sector under the EU taxonomy,<sup>18</sup> a management analysis was carried out to identify an "aligned" share of activities, i.e., which could potentially qualify as sustainable under the Taxonomy. The alignment share is estimated on the basis of an internally developed procedure, and on a logic of consolidation and integration also of already existing sector analyses. Coverage of the alignment coefficient as

determined above, called the "MPS TAC management system", is being extended to sectors not yet eligible under the taxonomy and provides a broader estimate compared to the business sectors that the taxonomy has already fully examined. In fact, sectors that are currently ineligible have been categorised according to the likelihood of being covered by the taxonomy in the future. They are divided into "Future eligible" (sectors for which inclusion in the taxonomy is very likely, if not necessary), "Neutral" (when the activities currently appear to be disconnected from the taxonomy's drivers of interest, such as general professional activities, etc.) and "Brown" (sectors that, given the high risk of transition, the taxonomy would not be able to accept as sustainable even with particularly restrictive screening criteria). Loan portfolio exposures were divided by NACE sector ("Statistical classification of economic activities in the European community" up to the fourth digit) and the appropriate alignment coefficient was applied to each one. The EU Taxonomy has so far focused on the goal of climate change mitigation and adaptation; in the action plan, the measurement management approach is expected to evolve in order to implement developments in the Taxonomy on other relevant transition aspects (Climate Change adaptation, water treatment, etc.).

The following diagram shows the eligibility situation using the EU Taxonomy as reference, the alignment in the eligible component (according to the previously described "MPS TAC management system"), and the components of credit exposure to companies eligible for future treatment under the EU Taxonomy.

## Transition Risk Aziende



## Physical Risk

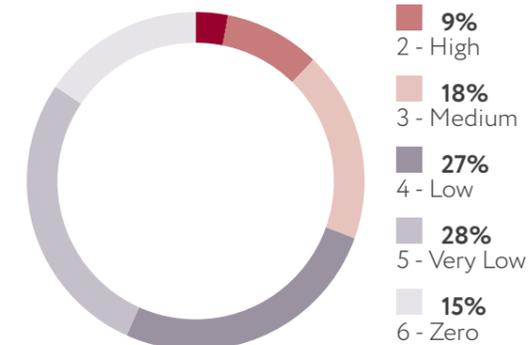
The Group focused on:

### 1. Exposures to individuals:

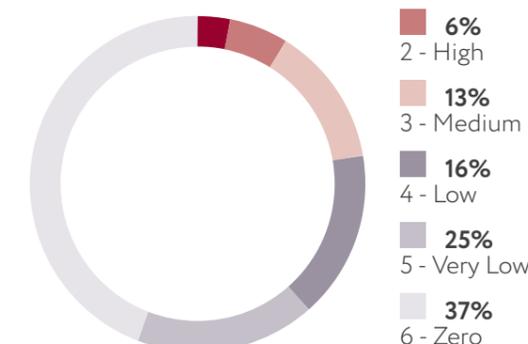
regarding physical risk, the analysis aimed to identify the exposure of loans secured by real estate subject to various categories of factors underlying the physical risk, based precisely on the location of the guarantees. The exposure of the loans in scope was mapped by geolocating (at *municipality* level) each property serving as collateral and then by linking to each geographical cluster the risk indices currently included in the analysis (*flood and landslide* as regards risks potentially connected to climate change, based on public ISPRA data; *earthquake*, including this risk in the broader group of *environmental* risks, based on Civil Protection Department data).

The criterion used to identify loans exposed to each physical risk factor consisted of selecting the loans secured by real estate located in municipalities at "High" or "Very High" risk on the basis of a suitable *clustering* using ISPRA data on surface areas subject to *flood* and *landslide* risk with respect to the total surface area. This preliminary assessment shows basically low exposure to hydrogeological risk factors. The following diagrams provide an initial representation of exposure to *hydrogeological* risk factors for Individuals. (Credit exposure figures as at 31/12/2021).

## Flood Risk

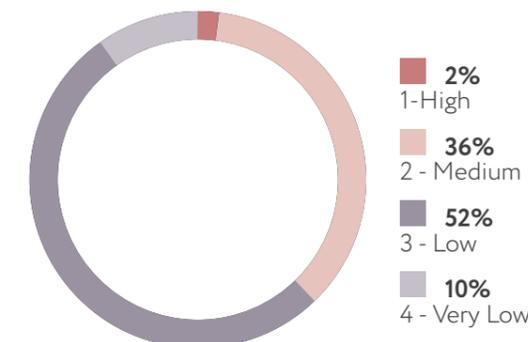


## Landslide Risk



For *seismic* risk, exposures secured by real estate located in *municipalities* in seismic zone 1 were selected, resulting in a share of approximately 2% of loans for Individuals, as shown in the diagram below.

## Seismic Risk



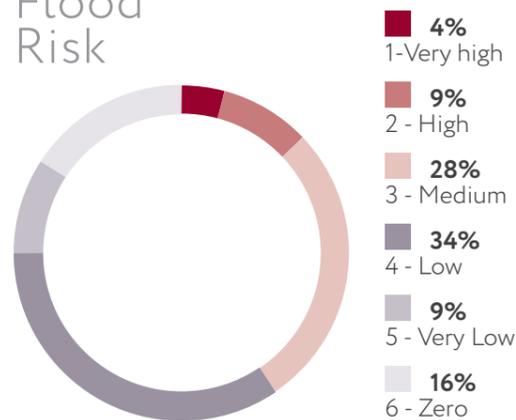
<sup>18</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishes a framework to facilitate sustainable investment (the Taxonomy). The Taxonomy is a common EU-wide classification of economic activities that can be considered environmentally sustainable. It is a tool that is intended to help investors and companies make decisions in view of the transition towards economic growth without negative impacts on the environment and, especially, on the climate.

**2. Exposures to businesses:**

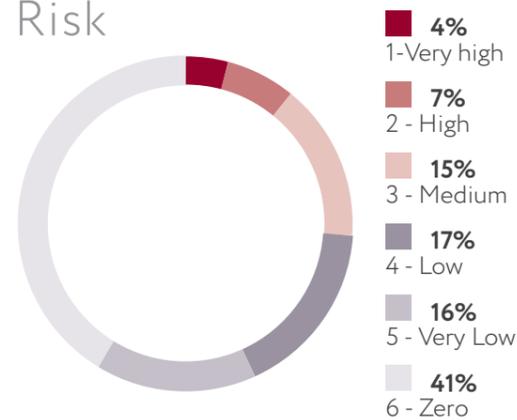
with regard to physical risk related to businesses, essentially connected to possible damage to company assets and business interruption following risk events, the criterion of considering the overall exposure of a company as being subject to physical risk on the basis of the location of its registered office was followed. The analysis initially focused on small/medium sized businesses which play a more significant role in the Group’s loan portfolio. For these, it is more plausible to assume that their registered office coincides with the place where the majority of their production resources are located and that a severe environmental event may jeopardise the solvency of the company’s entire credit exposure.

“High/Very High” flood and landslide risk affects 13% and 11% of exposures, respectively, while “High” seismic risk stands at 3%. (Credit exposure figures as at 31/12/2021).

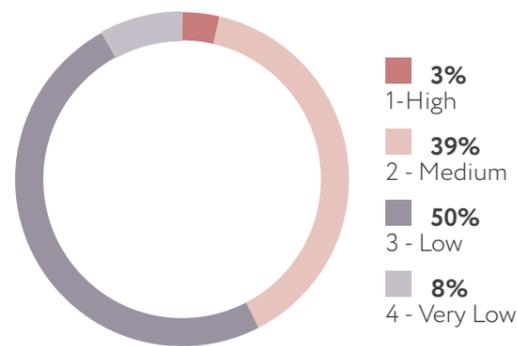
**Flood Risk**



**Landslide Risk**



**Seismic Risk**



**3. Real estate in use:**

in compliance with occupational safety regulations, among<sup>19</sup> the various risks considered, an assessment was conducted on flood and landslide-related hydrogeological risk on a sample of 93 properties located in a flood hazard area. Specifically, for property where a hydrogeological event is more likely to occur, the Group envisages strengthened measures to promote risk mitigation: emergency drills (a fire drill and a flood drill); information and training (e.g. on hydrogeological risks and conduct to be adopted by emergency workers operating at critical sites); and installation of warnings and door locking in the event of heavy rain or bad weather, etc. A seismic risk assessment was also conducted in this regard, leading to the identification of 51 “zone 1” properties, assessed as more likely to be hit by an earthquake. For these properties that are more sensitive to earthquakes, the Group envisages the following additional measures to mitigate such risk:

emergency drills (a fire drill and an earthquake drill); information and training (e.g., on seismic risks and conduct to be adopted by emergency workers operating at critical sites); careful examination of the stability of false ceilings, lighting equipment and shelving; and, lastly, identification and signalling of the most suitable shelters in case of an earthquake. Work is currently underway to set up a Crisis Unit. All corporate structures will be involved and the Unit will become operational whenever an event occurs or the conditions are such that it is necessary to adopt emergency measures and instructions, also depending on the event to be managed.

The analyses conducted in the areas of physical and transition risk, in addition to measuring initial exposure to Climate-related & Environmental factors, will also be the basis for defining the first specific ESG Key Risk Indicators (KRI) and integrating them into the Group’s 2022 Risk Assessment Statement Framework (RAS). This will be a first response to ECB *Expectation no. 4* expressed in the Guide on climate-related and environmental risks published in November 2020.

At present, the approach adopted firstly aims to identify, as outlined above, the exposure of loan portfolios to environmental/climate-related factors. It is not yet a measurement of the level of risk (in terms of financial impact) in the strictest sense, since this is a goal that, looking ahead, will characterise subsequent developments of the ECB Action Plan E-Risk Project.

With regard to the Credit sector, the integration of ESG factors (particularly in relation to transition risk) into credit strategies has commenced, in line with the guidelines of the new Group Business Plan approved at the end of 2021. The Plan will allow definition, from 2022, of the customer’s level of sustainability and the identification of different guidelines through specific credit solutions.

Regarding customer investment services, the offer of products with underlying strategies linked to Sustainability was expanded during 2021.

In the first quarter of 2021, the Bank launched a specific project called “ESG Project - Impact on

the distribution model”. The purpose of the project was to adapt BMPS Group’s compliance to ESG regulations, with reference to the introduction of the SFDR (Regulation (EU) 2019/2088), Delegated Regulation (EU) 2021/1253 which envisages targeted amendments to the MiFID II Directive (Delegated Regulation (EU) 2017/565) and will enter into force on 2 August 2022.

The actions planned include review of the customer profiling questionnaire (MiFID Questionnaire) in order to collect the customer’s “sustainability preferences”: identifying sustainable finance goals for customers and therefore ensuring increasing consistency between the products offered and customers’ overall needs.

The aim is to understand how important ESG issues are to customers, in relation to profitability prospects and diversification of investment portfolios, any additional costs, and the consistency between ESG preferences and the medium to long-term time horizon typical of such products.

In addition to the above, the controls already carried out on the adequacy model will be extended to Sustainability risks, and the reports provided to the Customer will be supplemented with the reasons why the investments are consistent with the Customer’s expressed sustainability goals/preferences according to the required regulatory adjustment.

In particular, with reference to the mapping of products based on ESG variables, the main actions implemented in 2021 included:

- defining the level of granularity of ESG information to be used to classify products;
- identifying an external infoprovider that will provide such information with all suitable Data Quality controls and for the scope of interest;
- identifying the method to be implemented to define the ESG rating;
- implementing a corporate database for input and distribution of information flows to the downstream procedures that perform adequacy tests and to other procedures that need information on the Sustainability factors of the investment products.

With specific reference to Asset Management, from the first half of 2021, a strategic decision was made to integrate ESG factors into all the main asset types that form the basis of MPS Advice/Athena advisory services. The purpose is to make these asset types available to all customers who express a preference for sustainable investments from 2022 onwards. In order to monitor the risks and progress of the ESG Asset Management commitment, an internal model

was created that uses qualitative/quantitative metrics to analyse the portfolios of all Asset Management lines. The focus is on material risks and the ESG Risk Overall assesses unmanaged risk.

The table below shows the potential impact and mitigation actions identified for each potential risk determined, whether transitional or physical, with reference to both direct and indirect risks.

RISK TYPE		POTENTIAL RISKS	POTENTIAL IMPACTS	ACTIONS
<b>Transition</b>				
Direct	Policies and regulations	Changes to environmental regulations and environmental standards adopted by the Group	Possible sanctions due to non-compliance with new regulations	Continuous monitoring of regulatory developments
	Legal risk/changes in customer preferences	Disputes over products and operations because they are not perceived as being sensitive to environmental issues	Financial risks associated with legal and reputational disputes	Integration of ESG variables into the advisory process for the provision of investment services by collecting customer preferences, mapping investment products based on ESG variables and verifying the alignment of portfolios to preferences
Indirect	Policies and regulations / technology / changes in customer preferences	Changes to regulations, technology or customer preferences	Increase in costs and/or decline in business customers' activities with possible negative effects on their solvency	Support to the transition process also through the offer of ad hoc products. Gradual integration of climate-related risk in the risk management framework
<b>Physical</b>				
Direct	Acute	Extreme weather events (flooding, floods, landslides, heavy snowfall, tornadoes)	Possible damage to the Bank's infrastructure and business interruptions	-Adoption of a Business Continuity Plan and actions to mitigate physical damage to structures -Preliminary assessment of the hydrogeological risk of buildings with related mitigation plans
	Chronic	Rise or fall in average temperatures	Increase in costs due to higher consumption	Energy efficiency actions Greater use of energy from renewable sources
Indirect	Acute	Extreme weather events (flooding, floods, landslides, heavy snowfall, tornadoes)	Financial risks associated with financed customers damaged by extreme weather events with possible consequences on solvency	- Suspension or moratorium on instalment payments for customers affected by the event, -ceiling for catastrophic events -preliminary risk assessment and implementation of mitigation actions
	Chronic	Rise or fall in average temperatures	Financial impact linked to lower productivity	Identification of specific funding for energy efficiency actions and replacement of existing equipment with low environmental impact equipment

### 4.3.2 Reputational risk management

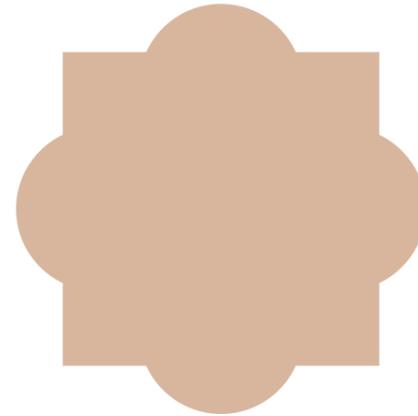
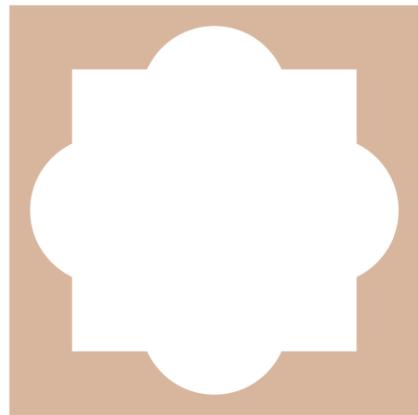
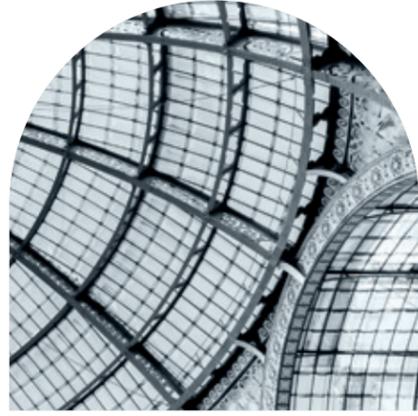
The reputational risk management framework focuses on Sustainability, on a culture of widespread risk, on monitoring reputation and primary risks and on the development of organisational and communication safeguards. Starting from 2020, the framework has been integrated into the Group Risk Appetite Framework. Indicators have been included which help "measure" the strength of relations with the main stakeholders (customers, employees, institutions/communities, regulators, shareholders/investors) and are monitored quarterly. Escalation mechanisms are also envisaged if the established thresholds are exceeded.

If a reputational crisis arises, an escalation process is available to contain its impact and quickly manage the messages to be externally and internally released to all stakeholders.

Again with regard to reputational repercussions, the Group monitors the primary risks (credit, operational, investment product, market, legal, strategic and compliance risks) and plays an active role in developing a widespread risk culture within the organisation through the delivery of specific training courses to employees on the main banking risks.

Given the pervasive and transversal nature of reputational risk, every corporate Function - to the extent of its responsibilities - is involved in protecting the corporate image and reputation, for the purpose of identifying reputational risks and related organisational safeguards.

The framework also envisages a preliminary reputational risk assessment related to the launch of new products, commercial initiatives and any unilateral measures, and verification of the ineligibility of businesses to receive loans if they do not comply with the social, ethics and environmental objectives of the Code of Ethics. The satisfaction levels of the services provided to customers, the perception of the brand's image through external surveys conducted among customers and non-customers, the main media topics involving the Group and the sentiment expressed in online media, are also monitored periodically. Specific processes are in place to handle internal and external communication, as well as structured authorisation processes certifying the quality and accuracy of external information according to its nature and relevance.



5

MATERIALITY  
ANALYSIS

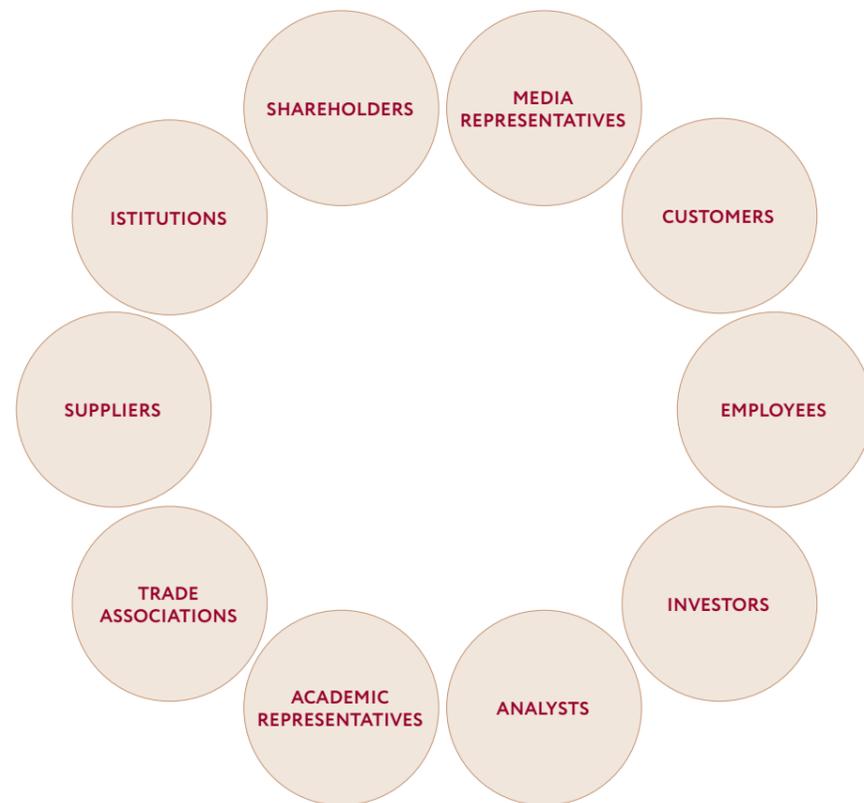
# 5.1 Stakeholder mapping and materiality analysis method

GRI 102-21 |

Regarding the 2021 materiality matrix, the prioritisation of material topics detailed in the 2020 matrix following a broad stakeholder engagement process, was reviewed.

In 2020, the mapping of stakeholders and material topics was updated: the Group's main stakeholder categories were identified and stakeholders were prioritised by calculating Stakeholder Relevance for each category, based on the AA1000SES parameters (influence, dependency and urgency).

This exercise resulted in the updated mapping of all of the Group's stakeholders and the weighting of the qualitative and quantitative materiality of their main features. In detail, the Group's main stakeholders were identified as follows: customers, shareholders, employees, institutions, sector associations, academics, suppliers, analysts, investors, media representatives.



(FIG. 7) - MAP OF GRUPPO MONTEPASCHI STAKEHOLDERS

The materiality analysis method was defined by taking leading national and international standards and guidelines on non-financial reporting as reference. In particular:

- Communication from the Commission 2017/C 215/01 "Guidelines on non-financial reporting" (2017)
- Sustainability Reporting Standards of the Global Reporting Initiative (2016)
- AA1000 Stakeholder Engagement Standard (AA1000SES)

The materiality of topics to the Group was assessed from two perspectives: relevance to the company and relevance to stakeholders.

The method consists of three stages: identification of potentially relevant topics, prioritisation of potentially relevant topics and materiality assessment for Non-Financial Statement purposes (materiality matrix).

## Identification of potentially relevant topics

The potentially relevant topics from the previous year were taken into consideration for the materiality analysis. The topics are divided into **4 macro areas** as shown below.

### 4 MACRO AREAS

#### RELATIONS WITH CUSTOMERS AND COMMUNITIES

- Quality in customer relations
- Digitalisation and IT security
- Support for people and local areas
- Support for the community

#### ENVIRONMENTAL COMMITMENT

- Sustainable Finance
- Direct environmental impact

#### PERSONNEL POLICIES

- Protection of human resources
- Human resource development
- Diversity.

#### HUMAN RIGHTS & FIGHT AGAINST CORRUPTION

- Responsible supply chain management
- Integrity in business conduct and the fight against corruption.

### Prioritisation of potentially relevant topics

In order to prioritise the potentially relevant topics and identify those to be covered in the Non-Financial Statement, key stakeholder engagement and listening activities were carried out in 2020, in line with the above-mentioned methodological references. In compliance with the measures to contain the Pandemic, stakeholder engagement activities in 2020 were carried out entirely through questionnaires.

In detail, the following listening methods were used with internal and external stakeholders:

- issue of a survey to the 12 members of the Steering Committee, with an 83% response rate, in order to define the relevance of potentially relevant topics from an internal perspective;
- issue of a survey to Montepaschi Group’s main stakeholders (specifically: customers, employees, institutions, sector associations, academics, suppliers, media representatives) to determine the relevance of potentially relevant topics from an external perspective.

In light of the process for defining the new Sustainability strategy, which commenced by reorganising Governance and developing the Sustainability framework, the Group considered it appropriate in 2021 to update the prioritisation of the topics as regards, respectively:

- the scope of relevance for the Montepaschi Group “impact on strategies” (x axis of materiality matrix)
- external scope “relevance for stakeholders” (y axis of materiality matrix)

More specifically, as regards the scope of relevance for the Montepaschi Group, its strategic documentation on Sustainability was analysed and new information was added. In detail, analysis of the documentation identified topics whose strategic relevance had increased over the past year.

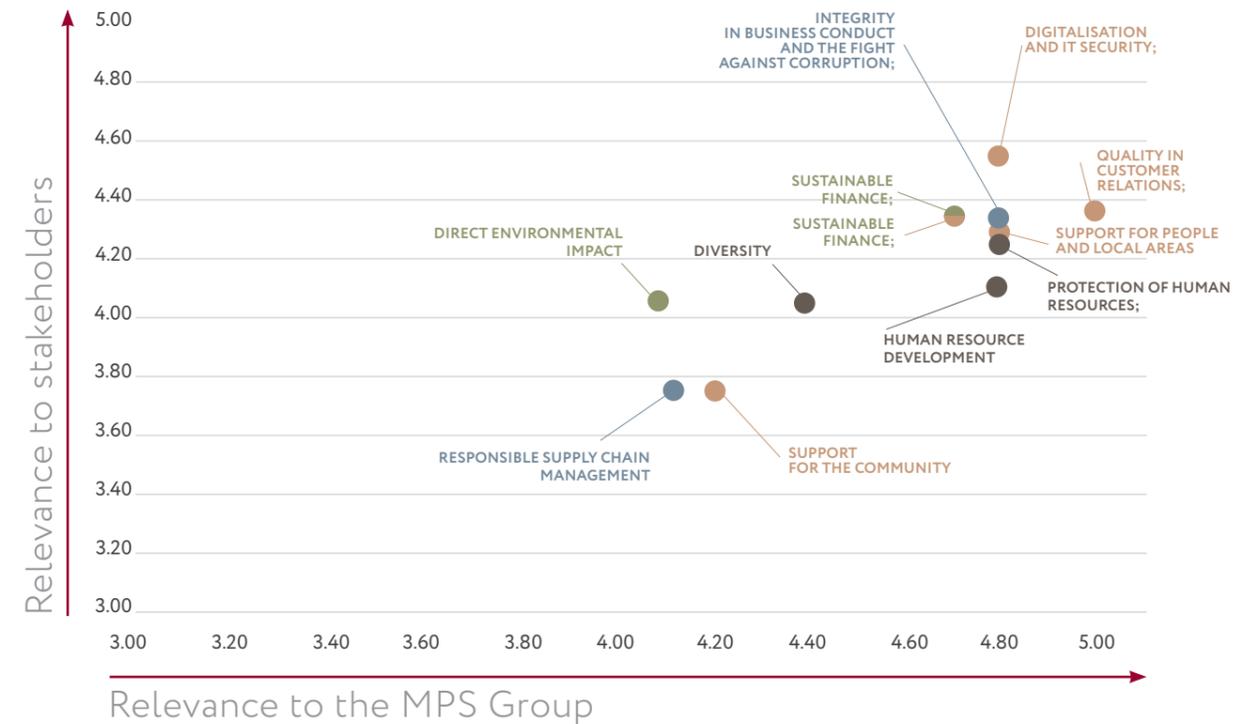
Similarly, regarding the external scope of relevance, an analysis was conducted on Italian and international regulatory developments on sustainability and the new information was added. In this case also, analysis of the documentation identified topics whose relevance had increased over the past year.



## 5.2 Materiality matrix

The prioritisation activities were summarised in order to determine the overall materiality of the topics analysed and so identify those most relevant for inclusion in the Non-Financial Statement.

All potentially relevant topics emerged as “material” (i.e., their materiality score was in the 3 - 5 range).



**LEGENDA**

- Relations with customers and the community
- Personnel policies
- Environmental commitment
- Human rights & the fight against corruption

# 5.3 MPS Group's contribution to the Agenda 2030

The **SDG Compass** ([www.sdgcompass.org](http://www.sdgcompass.org)), the tool developed by UN Global Compact, GRI and the World Business Council for Sustainable Development, was used by the Group to examine the contribution it can make to achieving the Sustainable Development Goals.

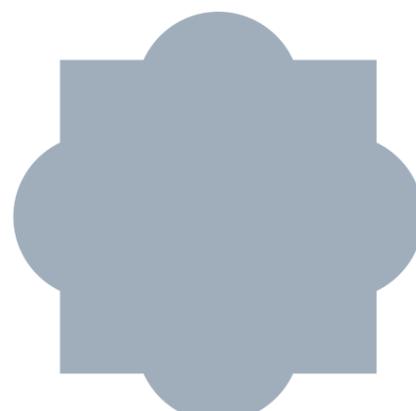
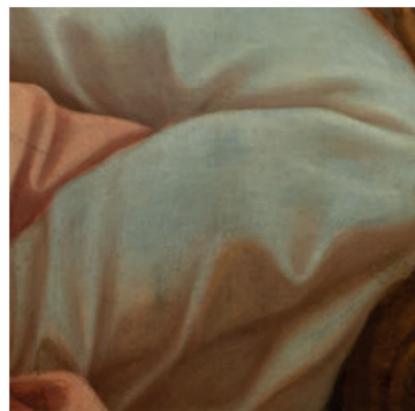
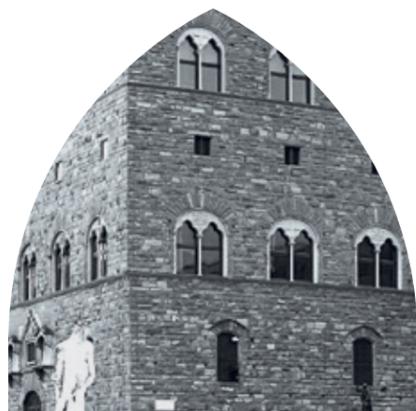
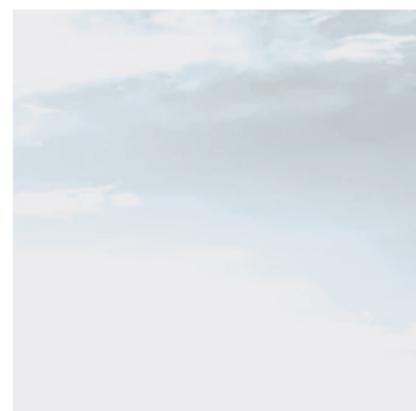
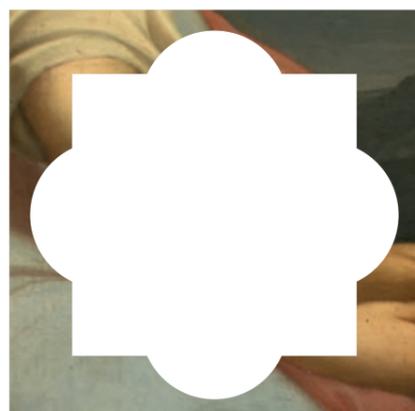
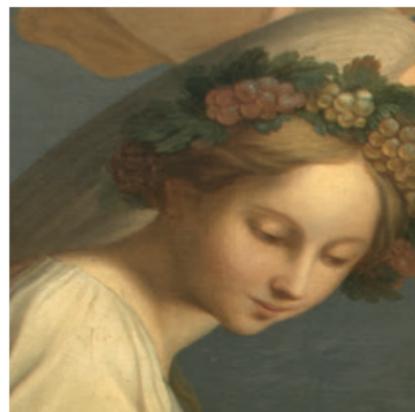
The SDGs identified were associated with the Sustainability topics considered most relevant for the MPS Group and its stakeholders, and **8 Sustainable Development Goals were selected. The Group considers its contribution to achieving these goals as a priority commitment.**

SDGs	Material topics	MPS Group's main initiatives
 <p><b>4 QUALITY EDUCATION</b></p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Human resource development</p> <p>Support for the community</p>	<p><b>HUMAN RESOURCE DEVELOPMENT (Target 4.3)</b> The MPS Group ensures access to adequate, transversal training and promotes learning opportunities at each stage of the employee's life in the Company. Training is carried out through the <b>MPS Academy</b> platform, which can be accessed by all Group employees. <b>An average of more than 47 hours of training per employee was delivered in 2021.</b></p> <p>With specific reference to <b>Sustainability training</b>, since 2019 the Group has launched training projects aimed at spreading awareness about ESG issues and incorporating them into the Group's business activities.</p> <p><b>FINANCIAL EDUCATION (Target 4.4)</b> In line with previous years, in 2021, <b>financial education</b> activities for students were carried out with <b>MPS Orienta</b>, while info-educational meetings, a cycle of interactive webinars and awareness-raising columns for customers, were organised through the sales network.</p>
 <p><b>5 GENDER EQUALITY</b></p> <p>Achieve gender equality and empower all women and girls</p>	<p>Diversity</p>	<p><b>DIVERSITY &amp; INCLUSION (Target 5.5)</b> The MPS Group has implemented a <b>three-year Diversity &amp; Inclusion programme (D&amp;I)</b> aimed at:</p> <ul style="list-style-type: none"> <li>• fostering a climate that legitimises the expression of differences, with actions supporting and enhancing the potential of people</li> <li>• spreading awareness and culture on diversity issues from an inclusive perspective.</li> </ul> <p>The main activities implemented so far include:</p> <ul style="list-style-type: none"> <li>• The <b>Plural Management Project</b>, broadened in 2021 to include network structure and specialist centre managers;</li> <li>• The <b>Women Leadership Program</b>, which continued online in 2021 and involved 203 female managers from all Business Lines;</li> <li>• <b>Signing of the Women in Banking Charter</b> promoted by ABI;</li> <li>• <b>Signing of the Manifesto on Women's Employment of Valore D</b>;</li> <li>• The Project on <b>"generations"</b> with the need to focus attention on the over-50s population with a view to enhancing their potential and engagement;</li> <li>• Delivery of the course on <b>preventing harassment in the workplace</b> to all personnel.</li> </ul>

SDGs	Material topics	MPS Group's main initiatives
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Support for the community</p> <p>Protection of human resources</p>	<p><b>PROTECTION OF HUMAN RESOURCES (Targets 8.5 and 8.8)</b> Protecting the health of our colleagues, safeguarding vulnerable situations and the commitment to guaranteeing operations were again the guiding principles of activities in 2021. <b>Smart working</b> continued to be an effective and fundamental tool for combining the need to protect people's health, business continuity and work/life balance. An <b>Inter-functional Working Group</b> was set up to monitor new regulations and to develop the most appropriate solutions, including in terms of post-emergency and internal Welfare development. The typical activities of the CHCO (Chief Human Capital Officer) functions - training, management, business relations, selection, development, welfare - continued regularly, also thanks to the use and development of <b>digital tools</b>.</p> <p><b>SUPPORT FOR THE COMMUNITY - YOUTH EMPLOYMENT (Target 8.6)</b> The MPS Orienta programme initiatives focus on career guidance, the development of soft skills, <b>supporting young people in job seeking</b> and, in general, relations with schools and universities. The main initiatives target:</p> <ul style="list-style-type: none"> <li>• developing partnerships with universities and post-graduate schools to strengthen the link between the academic world and the world of employment, making it more stable and structured. This includes the activation of internships (curricular and non-curricular), co-teaching and targeted cooperation activities, participation in career guidance events, and the preparation of degree theses in the company;</li> <li>• promoting training, guidance and financial education projects with primary and secondary schools.</li> </ul>
 <p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p> <p>Build resilient infrastructure, promote sustainable industrialization and foster innovation</p>	<p>Support for people and local areas</p> <p>Sustainable Finance</p> <p>Quality in customer relations</p> <p>Digitalisation and IT security</p>	<p><b>RELATIONS WITH CUSTOMERS AND COMMUNITIES (Target 9.3)</b> As part of its relationship with customers and the local area and in response to changes in the external context, the MPS Group has taken steps to support the recovery of local economies in keeping with the provisions of the <b>National Recovery and Resilience Plan (NRRP)</b>. The main initiatives implemented by the Group are:</p> <ul style="list-style-type: none"> <li>• <b>Suspension of loan and mortgage instalments</b> (individuals and businesses), also in application of the "Cura Italia" (Heal Italy) Ministerial Decree and the "Sostegni" (Support) Decree;</li> <li>• Launch of the <b>Road Show "Journey through Italy of the NRRP and of transition. A growth opportunity for local businesses"</b>, i.e. meetings for medium-sized, small and micro enterprises for the purpose of explaining the benefits and opportunities offered by calls for tender;</li> <li>• Issue of <b>specific commercial initiatives</b> (e.g. Superbonus 2.0, Agri Green, Facile 4.0, Turismo);</li> <li>• <b>Factoring and leasing</b> initiatives focusing on activities that have a positive impact from a sustainable perspective;</li> <li>• The <b>tax credit transfer</b> established by the "Rilancio" (Relaunch) Decree for the <b>110% Superbonus</b>, but also for <b>other "building" bonuses</b> such as the <b>Ecobonus</b>, <b>Sismabonus</b>, the revitalisation of historic buildings, and the revitalisation or restoration of facades;</li> <li>• The <b>adoption of protocols, products and ceilings</b> for the purpose of support to people and local areas;</li> <li>• <b>Financing for specific customer targets and/or specific purposes</b>, such as the <b>"Resto Al Sud"</b> (Stay in the South) loan or the <b>"Plafond Eventi Calamitosi" (Natural Disasters Fund) subsidised loans</b>.</li> <li>• The activities of <b>Microcredito di Solidarietà S.p.A.</b>, established in 2006 with the aim of addressing the financial needs of individuals and households in difficulty.</li> </ul>
 <p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p> <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>Support for the community</p>	<p><b>SUPPORT FOR THE COMMUNITY - CULTURE OF THE LOCAL AREA (Target 11.4)</b> Despite the continuation of the COVID-19 pandemic, the MPS Group continued its <b>long-lasting commitment to communities and local areas</b> in 2021, also by making use of the levers and opportunities offered by digital technology for its relations with stakeholders. The main activities implemented to help spread the <b>culture of the local area</b> included:</p> <ul style="list-style-type: none"> <li>• The <b>sponsorship of "Mars in divenire - Spazio all'arte"</b>, an <b>urban regeneration project</b> organised by the Municipality of Colle Val d'Elsa in June 2021;</li> <li>• The project in partnership with the Municipality of Siena for illuminations in the historic centre of Siena <b>celebrating the 700th anniversary of the death of Dante Alighieri</b>;</li> <li>• <b>Renewed sponsorship</b> and support for the exhibition projects of the MUSE Association, including the exhibition <b>"Henry Moore. The sculptor's drawing"</b>.</li> </ul>

SDGs	Material topics	MPS Group's main initiatives
 <p>Action to combat climate change</p>	<p>Direct environmental impact</p> <p>Sustainable finance</p>	<p><b>COMMITMENT TO THE ENVIRONMENT (Targets 13.1 and 13.2)</b>                      The Monte dei Paschi Group joined the <b>Net-Zero Banking Alliance (NZBA)</b> at the start of 2022, the initiative promoted by the United Nations that aims to accelerate the global sustainable transition of the real economy to achieving the net-zero emissions goal by 2050.                      Membership of the initiative is embedded in the Group's tradition of contributing to environmental sustainability. Since 2003, Banca MPS decided to adopt a specifically certified <b>Environmental Management System</b> compliant with UNI EN ISO 14001 standard.                      The main environmental and climate steps taken in 2021 include:                      • The <b>classification of exposures</b> in accordance with provisions of the EU Taxonomy Regulation, in order to identify the share of eligible exposures that contribute to climate change mitigation and adaptation goals;                      • The <b>integration of climate-related and environmental risks</b> in the risk management system and in the credit policies according to the ECB Guide;                      • The <b>carbon offset compensation of natural gas</b> consumption, aimed at gradually achieving the offset target of 60% of CO<sub>2</sub> emitted in 2025;                      • Progress of the project to develop a <b>Network Energy Management Platform</b>, in order to improve the monitoring of energy consumption and environmental parameters;                      • <b>Energy efficiency</b> work on the technical systems in Group branches.</p>
 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>Human Rights and fight against corruption</p>	<p><b>HUMAN RIGHTS AND FIGHT AGAINST CORRUPTION (Target 16.5)</b>                      The MPS Group's organisation model and structure envisage that all corporate structures are responsible for basing their conduct on ethics and risk culture principles and promoting a corporate culture based on ethics, accountability and legality, in compliance with the <b>Code of Ethics</b>.                      With regard to <b>regulatory compliance and the fight against corruption</b>, the Group implements all activities required to maintain high standards of Governance, Integrity &amp; Compliance. Specifically, MPS has adopted a prevention model pursuant to <b>Legislative Decree 231/01 for all Group companies and delivers 231 training courses that are permanently accessible through the intranet to all company staff.</b></p>

SDGs	Material topics	MPS Group's main initiatives
 <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<p>All</p>	<p><b>PARTNERSHIPS FOR THE GOALS (Target 17.14)</b>                      The Group has joined the following national and international associations and programmes for the purpose of fostering the integration of Sustainability in all areas of the bank's business and creating long-term value for all stakeholders.</p> <p><b>UN GLOBAL COMPACT</b>                      Building on shared values, the Group has supported the UN Global Compact since 2002 and is committed to its 10 principles to promote sustainable growth in the interest of all stakeholders.</p> <p><b>UNEP FINANCE INITIATIVE</b>                      The United Nations Environment Programme promotes a sustainable global economy, respectful of human rights, labour rights, environmental protection and the fight against corruption.</p> <p><b>PRINCIPLES FOR RESPONSIBLE BANKING - UNEP FI</b>                      Banca Monte dei Paschi di Siena has adopted the Principles for Responsible Banking of the UNEP United Nation Environment Programme's Finance Initiative. The programme promotes the development of a sustainable banking sector by aligning it with the UN 2030 Agenda and the 2015 Paris Climate Agreement goals. It encourages the integration of Sustainability into all areas of banks' business areas seeking to create long-term value for all stakeholders.</p> <p><b>NET-ZERO BANKING ALLIANCE</b>                      UNEP-FI initiative to reduce CO<sub>2</sub> emissions. The Net-Zero Banking Alliance is the global alliance for banks on climate issues and promotes the achievement of net-zero emissions by 2050. Banca MPS joined the Alliance in January 2022.</p> <p><b>VALORE D</b>                      The Group has been a member of Valore D since 2015, the first business association in Italy committed to promoting gender balance and an inclusive culture in organisations and in Italy. In 2017, it signed the Female Employment Manifesto, a 9-point programme aimed at enhancing female talent in companies.</p> <p><b>WOMEN IN BANKING CHARTER</b>                      The Group has adhered to the "Women in banking: enhancing gender diversity" Charter promoted by ABI, to promote inclusion and equal opportunities.</p> <p><b>G20 EMPOWER (Empowerment and Progression of Women's Economic Representation)</b>                      G20 Empower, the international alliance that brings together private sector representatives and government counterparts to promote women's leadership.</p>



# 6

## HUMAN RIGHTS AND FIGHT AGAINST CORRUPTION

*The pillar “Human rights and the fight against corruption” illustrated in this chapter embodies Montepaschi Group’s commitment towards issues such as integrity in business conduct to ensure consistency and compliance with corporate values, the fight against corruption, the implementation of effective control systems and specific attention to management of the entire supply chain.*

# 6.1 Integrity in business conduct and the fight against corruption

GRI 103-1 | GRI 103-2 | GRI 103-3 |

The Montepaschi Group’s organisation model and structure envisage that all corporate structures are responsible for basing their conduct on ethics and risk culture principles and promoting a corporate culture based on ethics, accountability and legality, in compliance with the Montepaschi Group Code of Ethics.

The main processes based on the taxonomy adopted by the Group and connected to the offences of corruption, influence peddling, incitement to corruption and bribery to give or promise benefits are set out below:

- Credit, debit and prepaid card management
- Oversight of relations with customers
- Out-of-court management of customer disputes
- Granting and review of credit
- Human Resource Management
- Logistics platform
- Management of real estate projects and property maintenance
- Property asset management
- Monitoring of relations with Supervisory Authorities to combat money laundering and the financing of terrorism
- Development of Commercial Activities
- Development and Management of Agreements and Initiatives with Collective Guarantee Funds and Subsidised Finance Bodies
- Tax collection (F24)
- Conditions management
- Strategic management of equity investments and extraordinary transactions

- Management of ABF and ACF Complaints and Claims Financial Restructuring transactions
- Management of external relations
- Human Resources Selection Management of Treasury and Cash services for Institutions
- Centralised Management of Treasury and Cash services for Institutions
- Management of Disputed Loans
- Mortgage management
- Development of Human Resources
- Expense management
- Secretarial management
- Management of investigations by the Bank or customers
- Monitoring of relations with supervisory authorities
- Legal support
- Tax dispute management
- Management of reimbursements/recoveries
- Management of Historical Archive, Artistic Heritage and Publishing
- Management of Sponsorships and Fundraising

The culture of risk and legality is widespread and extended to all levels of the organisational structure. In this respect, the adoption of the 231 Model, the new Group Code of Ethics, the Anti-Corruption Policy and the whistleblowing system are valid tools for raising awareness and preventing the crime of corruption.

The coordination and consistency of activities aimed at combating corruption are ensured at Group level by the “Centralised Compliance Model” which, following the organisational reorganisation in 2019,

expanded the scope of oversight assigned to the Compliance Function. The planning of Compliance activities for 2022, as in the previous year, took a “risk-based” approach, in consideration of the inherent and residual risk levels associated with each regulatory scope as at 31 December 2020, with requirements arising from existing and planned regulatory obligations for 2021 and with the Audit and/or Supervisory Authority findings.

Furthermore, the planning activities were developed considering that the emergency situation related to the COVID-19 pandemic would last throughout 2021, with subsequent use of smart working for all General Management Division resources. In this emergency context, remote monitoring or control activities were preferred over traditional operating methods.

The centralised compliance model adopted by the Bank envisages direct supervision of the Compliance Function over all regulatory areas within the scope of business of the Parent Company and the Group’s Italian supervised entities, including the Group Operating Consortium, and provides the latter with services relating to monitoring regulatory compliance. The methods and procedures are in keeping with the Supervisory Authority provisions and based on the guidelines and principles established by the Parent Company in relation to the Internal Control System and to the outsourcing of corporate control functions.

The responsibilities of monitoring compliance risk in each regulatory area applicable to the Bank (and to the Group) are specifically identified in the Group’s Rule Map, which aligns the taxonomies of all Group companies by dividing the laws and supervisory measures into “regulatory areas” and “regulatory scopes”. The taxonomy includes all external regulations that have an impact on the business activities carried out by Group companies. The Compliance Department monitors their compliance in accordance with the process defined and regulated by corporate regulations. Applicability and relevance are assessed for each regulatory area and scope.

## 6.1.1 The 231 Model

GRI 102-16 | GRI 103-1 | GRI 103-2 | GRI 103-3

The Montepaschi Group considers the culture of legality as a value to be disseminated within the Group. It believes that the adoption of an organisation, management and control model (hereinafter also referred to as “231 Model”) is a valid tool for raising awareness, allowing it to adopt proper and linear conduct in performing its activities and to prevent the risk of the offences covered by Legislative Decree no. 231/2001 “Rules on the administrative liability of legal entities, companies, and associations, including those without legal personality” (hereinafter also referred to as the “Decree”).

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The purpose of the 231 Models adopted by the Bank and by each Montepaschi Group company is to adopt a structured and company-wide system of procedures and control activities (preventive and ex-post) designed to mitigate the risk of committing offences referred to in the above Decree, by identifying the activities at risk and periodically assessing the mitigation controls. The principles defined in the 231 Models of the Group Companies are aimed, on the one hand, at raising full awareness in potential perpetrators of the offence that they are committing an unlawful act which is firmly condemned by the Group Companies and is contrary to their interests (even when the companies could apparently derive a benefit from such offence); and on the other hand, through constant monitoring of the activities at risk, at enabling each Group Company to prevent or promptly react to the commission (or

attempted commission) of the offence by inflicting appropriate sanctions on the perpetrators and reporting the offence, if required, to the Judicial and Administrative Authorities. The Group's 231 Models also include specific regulatory, organisational and control measures aimed at preventing the risk of corruption. These models are prepared using the "231 risk self-assessment" method, which assesses the adequacy and effectiveness of the measures implemented to mitigate the risks and controls for all activities in which the risk of corruption may materialise (see below).

The Group's 231 Models are updated periodically or when specific events occur, such as: the model is found to be unsuitable in preventing the offences under Legislative Decree 231/2001, significant changes have been made to the organisational structure or to corporate processes, new predicate offences have been added to the scope of application of the Decree.

In 2021, as part of its annual planning or at the request of the 231 SB, the Internal Audit Department also carried out audits specifically focused on compliance with Legislative Decree 231/01 and with the 231 Model adopted by the Bank.

The 231 Models of the Group Companies consist of a "general part" and a "special part".

The general part includes:

- the **Group Directive** for the prevention of risks pursuant to Legislative Decree no. 231/2001, which contains the general principles and codes of conduct for corporate bodies, top management, employees, financial advisors and external staff, aimed at encouraging the highest levels of corporate conduct. The Directive is published on the institutional website [www.gruppomp.it/corporate-governance/modello-governance.html](http://www.gruppomp.it/corporate-governance/modello-governance.html) and has been implemented by the Boards of Directors of the Group subsidiaries;
- **Control Protocols** pursuant to art. 6 Legislative Decree no. 231/2001, which set out, for each

business unit, the predicate offences that could be theoretically committed with regard to the activities it is responsible for, and the regulatory and control safeguards adopted to mitigate the risks;

- **Montepaschi Group's Code of Ethics**, published at [www.gruppomp.it/corporate-governance/modello-governance.html](http://www.gruppomp.it/corporate-governance/modello-governance.html) and on the institutional websites of all Group Companies. The Code of Ethics sets out the principles, values and rules of conduct that the Group undertakes to follow in all of its activities, in its internal relations, in its relations with the market and stakeholders, and with the environment. The Code of Ethics is an essential component of the 231 Model, complementing it in terms of the expression and communication of the Group's values, principles and rules of conduct. The Boards of Directors of the Montepaschi Group subsidiaries have adopted the current version of the Code;
- **Anti-corruption Code of Conduct**, which describes the principles and rules of conduct that all Montepaschi Group staff are required to comply with in order to prevent potential acts of corruption, and provides specific procedures for managing the exercise of signature powers, the purchasing cycle, expenditure and relations with suppliers. The Code has been implemented by the Boards of Directors of the Group Subsidiaries.

Furthermore, the 231 Models of the Group Companies ensure that business systems comply with the provisions of Legislative Decree no. 81/2008 (Consolidated Act on the protection of health and safety in the workplace) and international standard UNI EN ISO45001, and that an Environmental Management System has been established at Parent Company level on the basis of criteria defined in international standard ISO 14001.

In compliance with the provisions of the Decree, each Group Company has:

- set up its own 231 Supervisory Body (hereinafter also referred to as "231 SB") which is tasked with supervising the operation and compliance of the Models;
- envisaged periodic and event-based information flows from the corporate functions to the Group's 231 SB;
- introduced a disciplinary system that is suitable for sanctioning non-compliance with the measures detailed in the 231 Model;
- defined Control Protocols drawn up for each corporate organisational structure.

The 231 SBs are also the recipients of reports - submitted by Group company staff or external parties (e.g. suppliers) - on the breach of the 231 Models and the Code of Ethics, as well as of reports sent through the company's whistleblowing channels that could be potentially relevant in terms of the administrative liability of entities.

In exercising their functions, the 231 SBs base their actions on the principles of independence, autonomy and continuity; they have autonomous powers of initiative and control, including the power to request and acquire information from every level and operating sector of the Group Companies, with support from the competent company functions.

In fulfilling its duties, the 231 SB of each Group Company carries out the following activities in particular:

- assesses the adequacy of the Model, i.e. that it is substantially able to prevent conduct which does not comply with regulations;
- monitors the effectiveness and efficiency of the Model, verifying coherence between corporate conduct and the principles of the Model, and informs the Board of Directors and the Board of Statutory Auditors of any breaches of its provisions;
- analyses the maintenance over time of the requirements of soundness and functionality of the Model, with specific reference to organisational changes and new risks that have emerged;

- updates the Model, presenting its proposals for amendments to the Board of Directors and verifying the implementation and actual functionality of the solutions adopted;
- promotes initiatives for spreading awareness and comprehension of the Model by all personnel, plans and monitors the related training activities following any significant amendments and/or additions to the Model adopted;
- prepares an annual audit plan, to be carried out with assistance from the internal control functions, informing the Company's Board of Directors and the Board of Statutory Auditors;
- at least every six months, reports to the Board on activities carried out in time for examination of the documentation at the time of approval of the financial statements and the half-yearly financial report.

The Board of Directors of each Group Company provides each 231 SB with the financial resources it requires in order to acquire the services and consulting needed to perform its duties.

Pursuant to art. 6, para. 2, letter d) of Legislative Decree 231/2001, the 231 SB is required to comply with the disclosure requirements defined in the 231 Models, with particular regard to the reporting of information on the perpetration (or attempted perpetration) of offences in the interest of or to the benefit of the Company as specified in the Decree, in addition to any violations of rules of conduct envisaged in the 231 Models. In order to protect their full autonomy and confidentiality, reports can be made directly to the 231 SB: each employee, head of corporate functions, corporate bodies and also external parties (i.e. self-employed or quasi-employed, professionals, advisors, agents, suppliers and other similar figures working with Group companies) can submit a written report to the 231 SB, which will not be anonymous but will be treated as strictly confidential.

Contact with the 231 SB may be made, in accordance with principles of autonomy and confidentiality, by letter sent by post (to the address: Organismo di Vigilanza 231/2001, Banca

Monte dei Paschi di Siena S.p.A., Piazza Salimbeni 3, 53100 Siena; or to the registered office address of the Group Company to which the reported violation refers, which can be found on the Group Company's institutional website), or through an alternative reporting channel by e-mail to the address specifically set up and reserved for the 231 SB (organismovigilanza.231-2001@mps.it; or the e-mail address of the Group Company to which the reported violation refers, which can be found on the Group Company's institutional website). Confidentiality of the report is ensured by the fact that access to it is restricted solely to members of the Supervisory Body or to employees and other staff expressly authorised by the Supervisory Body.

In addition to the provisions of the preceding paragraph, in accordance with the provisions of 231 Supervisory Bodies and applicable laws, the Montepaschi Group has implemented an internal whistleblowing system. A specific, dedicated application that can be accessed from the company's Intranet portal, allows Montepaschi Group staff to report, in an independent and confidential manner, any negligent, unlawful, irregular or improper circumstances and conduct relating to their work, about which they have suspicions or which have come to their knowledge while carrying out their duties. The 231 SBs of the Group Companies are informed about reports that could potentially involve administrative liability of entities.

Confidentiality of the report is ensured by the fact that access to it is restricted solely to members of the 231 Supervisory Body or to employees and other staff expressly authorised by the Supervisory Body.

The Bank's 231 SB is also in charge of providing guidance on creating and updating the Models of Montepaschi Group Companies and coordinating the related Supervisory Bodies. During the year, the Parent Company's 231 SB received periodic reports from the various 231 Supervisory Bodies of the Group Companies regarding compliance controls and adequacy testing of their respective 231 Models.

During 2021, activities were carried out to update the 231 Model of Banca MPS. The purpose of the activities was to implement the changes to the Bank's organisational structure and new regulations on the administrative liability of entities following approval of the current 231 Model.

The 231 Model review activities included:

- updating the "231 risk catalogue", which identifies the risks of non-compliance with the rules of the Decree;
- mapping the company processes considered at risk of commission of the predicate offences set out in the Decree;
- carrying out a "231 risk self-assessment" with which the Bank's organisational units assess the probability of occurrence of the offences and the effectiveness of the regulatory and control measures to mitigate 231 risks;
- updating the documents comprising the "general part" of the 231 Model;
- preparing Control Protocols ("special part" of the 231 Model) based on the Bank's current organisational structure.

The 231 risk self-assessment identified certain areas in which the regulatory and control measures need to be strengthened with respect to business processes in which 231 offences could be committed. In this regard, appropriate mitigation measures were planned and their implementation will be monitored by the Compliance Function.

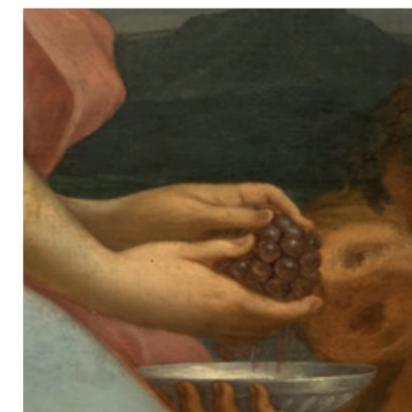
The results of the risk self assessment and updating of the general and special parts of the 231 Model were shared with the Bank's 231 SB. The Supervisory Body is currently verifying whether the updated 231 Model can effectively prevent the above offences, after which it will submit a resolution proposal to the Board of Directors, which is responsible for approving the Bank's organisation, management and control model.

During 2021, the 231 SBs of the Group Companies monitored the activities and events of relevance to administrative liability of entities, with the support of the competent company control and business functions. At the request of the Group's 231 SBs, coordinated by the Parent Bank 231 SB, activities to update the 231 Models of the subsidiaries were planned and will be completed in 2022.

With regard to training on risks associated with the commission of offences under Legislative Decree no. 231/2001 - which is necessary to ensure that 231 Models are effective - the Compliance Function periodically monitored the courses attended by Bank and Group staff.

In addition, the Compliance and Training functions updated an online training course designed to disseminate awareness about new regulations among employees (in terms of new offences relevant to the Decree) and corporate developments (characteristics of the Group's 231 Models and Codes of Conduct). The course requires that employees pass a final learning test.

A specific training activity was carried out in 2021 on the rules governing administrative liability of entities and on Banca MPS's 231 Model and was organised for the members of the Board of Directors, the Board of Statutory Auditors and the Bank's 231 Supervisory Body. The training event was also attended by representatives of the Compliance and Audit functions.



## Code of ethics

The Montepaschi Group Code of Ethics sets out the principles, guidelines and rules of conduct that the Group undertakes to follow in all its activities, in internal relations, in relations with the market and stakeholders, and with the environment. It is an essential component of the general part of the 231 Models of the Group Companies.

The Code of Ethics defines Montepaschi Group's mission to create value for all significant stakeholders, envisaging a sustainable long-term development model, ensuring the growth of its customers and local areas, contributing to a more equitable society, and offering growth and equal opportunities to its employees.

The Group is aware of the role it plays in society and wishes to create value for:

- **customers,**  
by providing top quality banking and financial services, establishing a relationship of trust, and providing access to credit and financial instruments for businesses and individuals;
- **shareholders and investors,**  
in the short and long term;
- **local areas, the environment and the community;**
- **employees,**  
promoting the development of professional skills and enhancing the potential of people.

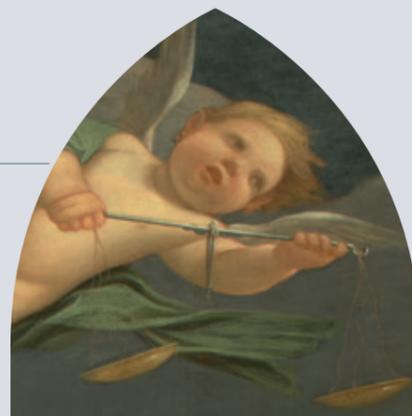
As part of the activities to update the 231 Model of Banca MPS, a review of the Code of Ethics began in 2021, coordinated by the Compliance Function.

The purpose of updating the document is to adapt its contents to regulatory changes and, at the same time, improve its transparency and ease of understanding, reinforcing the corporate values of sustainability, inclusion and environmental protection.

- The main changes regard: the principles of respect for people; inclusion; the culture of risk in the context of corporate governance for effective and prudent management of the Group's companies; the central role of customers; remuneration policies; and the rules governing transactions with counterparties operating in "sensitive or controversial sectors".

The updated text of the Code of Ethics was submitted for assessment by the Banca MPS 231 SB and will be published in 2022, following approval of the 231 Model update by the Board of Directors.

A training course was organised for all Bank and Group company employees, which requires them to pass a final learning test. The course will be updated after publication of the new version of the Code of Ethics in order to implement and disseminate its contents.



### 6.1.2 Anti-corruption policy

GRI 205-2 | GRI 205-3 |

The Group considers compliance with laws, industry regulations, and the principles of ethics and social responsibility an essential condition for the maintenance and improvement of business value.

In particular, it is committed to combating all forms of corruption by adopting the principles promoted by the United Nations Global Compact Programme and coherently implementing the rules of conduct set out in the Group's Code of Ethics.

To reinforce this principle, the Bank has issued a code of conduct for all Montepaschi Group personnel containing guidelines for the prevention of acts of corruption.

This document serves as a reference framework for preventing risks of corruption and aims to reinforce the anti-corruption policy already outlined and implemented by the Group through the Code of Ethics, 231 Model and the introduction of specific procedures for managing the exercise of signatory powers, the purchasing cycle, expenditure and relations with suppliers.

The prevention of corruption is based on the following main safeguards:

- zero tolerance of corrupt conduct or behaviour;
- tracking of accounting transactions: the Group ensures that there are no secret or unregistered accounts, funds, assets or transactions;
- monitoring of events that could pose potential risk.

The Group periodically identifies the main areas that are "at risk of corruption" and are associated with highly sensitive activities. It establishes structured processes for them or integrates existing processes with detailed "anti-corruption" instructions. These activities include: work assignments to suppliers; joint ventures, acquisition and sale of equity investments; gifts and entertainment; events and sponsorships; job offers; granting of credit; management of the purchasing cycle (expenditure); advisory services;

transactions where the Bank acts as public service representative (subsidised loans); political contributions, donations, membership fees, non-profit; management of public services.

The Group also undertakes to perform the following activities:

- *risk self-assessment* to be submitted periodically to the Corporate Functions to assess the probability of occurrence of risks and the effectiveness of regulatory and control measures adopted to mitigate them;
- training and awareness-raising plans for employees.

In line with the provisions of the Code of Ethics, the Group condemns the use of illegitimate or otherwise improper conduct to achieve its economic objectives and does not tolerate corrupt practices in any form (direct or indirect, public or private, outside or within the organisation, incited, attempted or perpetrated). In addition to regulatory sanctions, any violation of anti-corruption provisions may lead to disciplinary action against the employee responsible, up to the most serious sanction of termination of employment.

In this perspective, the Group pursues the aim of broadly spreading the culture of anti-corruption, considering it a tool for ensuring sound and prudent corporate management and for preventing sanction and reputational risks that would also affect the relationship of trust with its stakeholders.

Acts of corruption lead, in fact, to judicial authorities inflicting sanctions on individual offenders, as well as administrative sanctions against the company due to its liability under Legislative Decree no. 231/2001.

Group personnel are also invited to report any act of corruption that comes to their attention, whether actual, attempted or incited, through the whistleblowing channel. Potentially unlawful conduct may also be reported to the 231 SB as a breach of the 231 Model and the Code of Ethics.

As part of the review of the Group Companies' 231 Models, a risk self-assessment was also conducted on the measures and controls implemented by the Bank to prevent the offences of corruption among individuals, corruption in dealings with Public Administration, influence peddling and incitement to corruption.

Lastly, with a view to preventing corruption offences, the Montepaschi Group has adopted specific management procedures for the exercise of signatory powers and the purchasing cycle, requiring a system of prior authorisation and recording of expenditure.

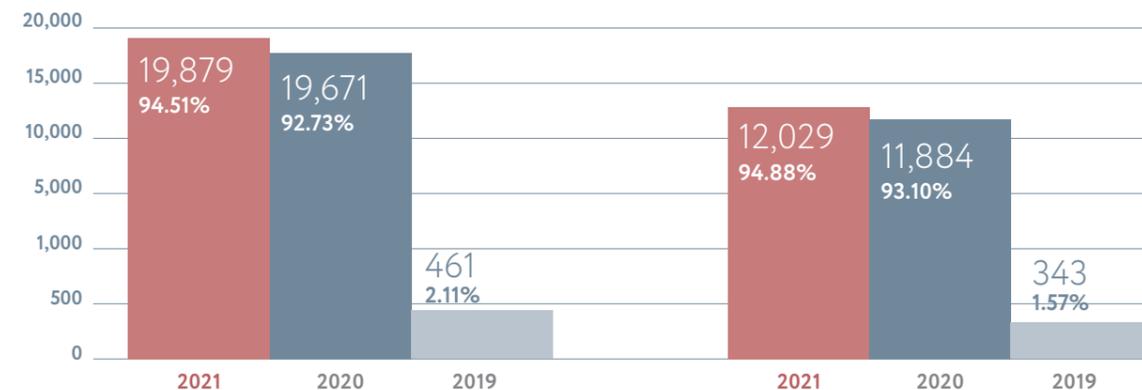
In its relations with Public Administration, which are particularly sensitive to the risk of corruption, the Montepaschi Group expressly prohibits the granting of political contributions or any disbursement in cash or in kind to support a particular political cause.

The Group also lays down general principles and rules of conduct that must be complied with in relations with Public Administration, including:

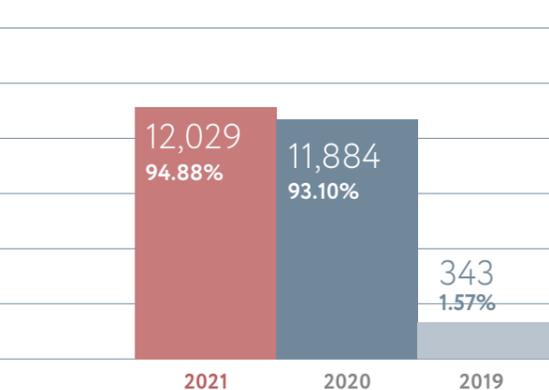
- a system of powers establishing the powers of autonomy in relations with Public Administration;
- a procedure for authorising Group employees' involvement in formal relations with Public Bodies;
- the need to involve various Group functions in decisions relating to participation in calls for tender issued by Public Bodies;
- periodic controls on the granting of any contractually agreed financial contribution;
- careful archiving of documentation relating to agreements with Public Administration;
- the application of principles of transparency, diligence and professionalism in relations with Public Administration, avoiding any situations of conflict of interest.

**GRI 205-2**  
**LEGISLATIVE DECREE 231/01 TRAINING INDICATORS**

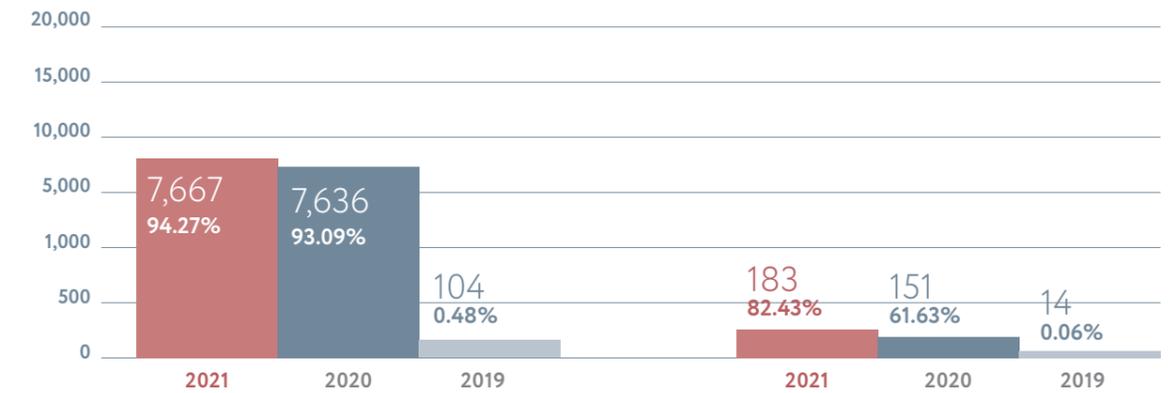
**Participants**  
**% Use by workforce**



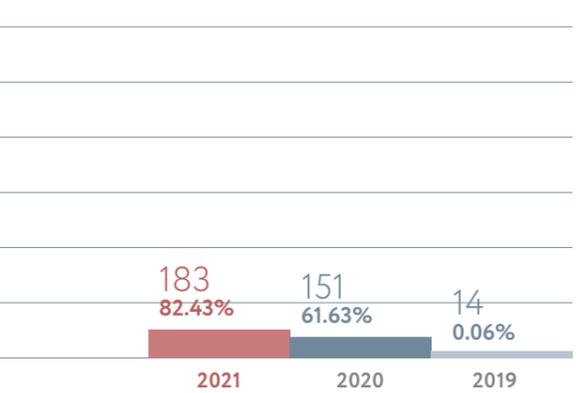
**Professional Area**  
**%**



**Middle managers**  
**% Use by workforce**



**Executive managers**  
**%**



Anti-corruption policies and procedures were disseminated to all employees during training courses and are permanently accessible to the entire company workforce through the Group's Intranet portals. Regarding the governing body, the BoD was informed of the 231 on 19 May 2020 at the first BoD meeting following its appointment. A Board Induction session was held on 23 July 2020; during the session, the Compliance Function explained the main compliance issues to the BoD, including those relating to the administrative liability of entities pursuant to Legislative Decree no. 231/01 and to the Bank's 231 Model, the general part of which also includes the Anti-Corruption Code of Conduct.

There are currently no confirmed episodes of corruption or investigations underway (GRI 205-3).

terrorist financing or the financing of programmes for the development of weapons of mass destruction, as well as the risk of involvement in money laundering, terrorist financing or the financing of programmes for the development of weapons of mass destruction".

The Anti-Money Laundering Function of the Parent Company is in charge of monitoring the risks in this area. At Group level, responsibility is assigned to the Chief Risk Officer, who reports directly to the BoD and exercises these duties centrally also for the Group's Italian Subsidiaries.

The BoD examines and approves the Anti-Money Laundering Policy and the annual report drawn up by the Anti-Money Laundering Function, including the self-assessment exercise on the risk of money laundering and terrorist financing and the plan of activities, defined taking into account any shortcomings detected.

**6.1.3**  
**Combating money laundering and terrorist financing**

The Bank pays particular attention to compliance with national and international regulations on combating money laundering and terrorist financing, understood as: "the risk arising from the breach of legal, regulatory and self-governance provisions necessary for preventing use of the financial system for purposes of money laundering,

The Montepaschi Group has adopted a methodological framework to identify, assess and monitor exposure to the risk of money laundering which includes:

- analysis of inherent risk, taking into account factors related to operations, types of customers, products and services offered, distribution channels and geographic areas;
- analysis of the vulnerability of controls;
- determination of residual risk and any corrective actions to prevent and mitigate residual risks.

Since 2019, the Group’s Risk Appetite Framework has been supplemented with specific Key Risk Indicators in relation to anti-money laundering. Key Risk Indicators measure the updated levels of customer profiling according to risk, are monitored quarterly and are subject to escalation mechanisms if the threshold values set for them are exceeded.

Risks in this area are monitored mainly on the basis of the following activities:

- identifying applicable regulations, assessing the impact on processes and procedures, updating the internal regulatory framework;
- implementing suitable IT procedures for consistent risk management, due diligence, data and information storage, continuous monitoring of customers and transactions, detection of potentially suspicious transactions and reporting to the Financial Intelligence Unit;
- assessing the adequacy of the risk management process and the suitability of the internal control system and procedures;
- providing anti-money laundering and anti-terrorism training to all employees.

In 2020, the Bank introduced technologically advanced tools to support its Anti-Money Laundering processes, alongside traditional applications already in use:

- Robotic Process Automation (RPA) applied to data collection in the areas of customer due diligence and suspicious transaction reporting;
- Data Analytics and Artificial Intelligence aimed at developing Predict Indexes within the transaction monitoring process, which is instrumental to detecting suspicious transactions, and at developing a statistical model for AML risk profiling of the Bank’s customers (i.e. dynamic profiling risk-based approach) applied during customer reassessment.

The Bank applies a “bespoke” training model to high-risk areas, such as Anti-Money Laundering. Planning is carried out on the results of the Risk Assessment (annual assessment of risk exposure

of the various corporate roles with respect to defined processes, in order to detect the risk rating for each role) and the Skills Gap Analysis (detection of skills of the Bank’s Network and General Management personnel involved in the AML-CFT processes). This approach makes it possible to determine specific training needs and steer training towards the areas most at risk and towards the most vulnerable company profiles.

### 6.1.4 The internal control system

The Internal Control System adopted by the Group seeks to ensure that risks are identified, measured, managed and monitored so as to enable sound, proper business management in line with pre-established objectives. The Montepaschi Group adopts an Internal Control System Policy; this document represents the reference framework for internal control systems and incorporates the principles and guidelines which must underpin the design, operation and development of a “complete, adequate, functional and reliable” control system. The Internal Control System comprises the set of rules, functions, structures, resources, processes and procedures aimed at ensuring sound and prudent company management and consistency with performance, improvement, protection, information and compliance goals. It plays a central role in the business organisation: it is a key element of knowledge for Corporate Bodies - ensuring full awareness of the situation and effective monitoring of business risks and their interrelationships - and promotes the dissemination of a correct culture of risks, legality and corporate values. Given these characteristics, the Internal Control System plays a strategic role in the Group and the culture of control holds a significant position in the scale of corporate values, involving the entire organisation in the development and the application of logical and systematic methods for identifying, measuring, communicating and managing risks.

The following types of control are classified in the Internal Control System:

- First-level controls, aimed at ensuring the correct performance of transactions and monitoring by operating structures that are primarily responsible for the risk management process.
- Second-level controls, for correct implementation of the risk management process, compliance with operating limits assigned to the Corporate Functions and regulatory compliance;
- Third-level controls, performed by the Internal Audit Function, aimed at identifying violations

of procedures and regulations as well as periodically assessing the adequacy, function and reliability of the Internal Control System, with a frequency established based on the nature and severity of the risks.

The Group has also developed advanced risk management models, with the adoption of organisational systems designed to integrate strategic/governance processes and management/control processes, according to the Risk Appetite Framework (RAF) defined by the competent Corporate Bodies.

#### THE TYPES OF CONTROL



### 6.1.5 Conflicts of interest

In 2019, the Montepaschi Group adopted a Directive on the management of binding obligations relating to conflicts of interest of personnel responsible for defining Group policy. The Directive is aimed at identifying and preventing or managing conflicts of interest - whether or not of a financial nature - involving "personnel", including members of the Board of Directors, which could affect the performance of their duties and responsibilities. The Group takes measures in accordance with the provisions of Bank of Italy Circular no. 285/2013, EBA Guidelines on Internal Governance for banks and investment firms (section 12), articles 2391 and 2629 of the Italian Civil Code, the provisions of articles 53 and 136 of Legislative Decree no. 385 of 1 September 1993 (Consolidated Law on Banking) and the regulations on Related-Party Transactions, as well as in compliance with indications in the Montepaschi Group Code of Ethics. In addition to the above Directive, the process for the management of conflicts of interest when providing investment services and activities has been regulated by defining organisational measures to identify and prevent or manage such conflicts.

### 6.1.6 The Internal Audit Function

#### GRI 103-2

The Parent Company has established a centralised and independent Internal Audit (IA) function. Its impartiality and independence are guaranteed by its position within the organisation: the Head of the function reports directly to the Body with strategic supervisory powers and is not directly responsible for operating areas subject to control, nor does he/she report to the Heads of those areas.

The centralisation of the Internal Audit Functions of the Italian subsidiaries MPS Capital Services Banca per le Imprese and MPS Leasing & Factoring

into the Chief Audit Executive (CAE) Department was completed in 2021.

Specifically, on 15 January 21, the Board of Directors of MPS Capital Services approved the centralisation of the Internal Audit Function, while for MPS Leasing & Factoring, approval was granted by Board resolution on 20 January 21. The centralisation process was completed on 15 March 2021, the date on which the Service Level Agreement came into effect.

The review of the Internal Audit Function's organisation model was also completed, guided primarily by the aims of:

- identifying a single organisational structure for integrated management among all Group companies for the development and governance of audit methods, tools and standards;
- identifying a single structure tasked with overseeing institutional and governance relations with the top management of Group companies that have centralised their Internal Audit function with the Parent Company;
- reviewing the organisational positioning of the ICT and Cyber Risk Audit by making this a cross-departmental structure given the increasing importance that this technological component has in banking processes.

The purpose of the activities carried out by the Function is to check the smooth running of operations and the evolution of risks and to assess the completeness, adequacy, functionality and reliability of the organisational structure, the Internal Control System and the external regulatory framework, with a view to making the organisation more effective and efficient.

In carrying out its tasks, the Internal Audit Function complies with provisions of the International Standards for the profession, incorporated into the Group's Internal Audit standards.

The following documents have been published regarding the fulfilment of responsibilities by the auditors and internal audit activities: "Code of Conduct for the Internal Audit Function",

"Group Directive on Audit Planning" and "Group Internal Audit Policy". The latter document also acts as an Internal Audit Mandate, as defined by the provisions of the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA), with reference to the purposes, powers and responsibilities that the Internal Audit Function must refer to in the performance of its activities.

Using a risk-based approach, the Function brings to the attention of the Corporate Bodies any improvements, with particular reference to the RAF, the risk management process and the tools for measuring and controlling risks.

The activities are defined in the annual audit plan and identified according to a risk-based approach, taking into account the SREP/SSM (Supervisory Review and Evaluation Process/Single Supervisory Mechanism) objectives, requests from top management, and obligations arising from external regulations and Supervisory Bodies (e.g. ILAAP, ICAAP, privacy/GDPR, data security, Legislative Decree 231/2001). The annual audit plan is part of a broader multi-year audit plan submitted to the Board of Directors for approval. 2021 was the first year of the new 2021-2023 multi-year audit cycle.

The professional growth of resources is also encouraged, allowing them to achieve professional certifications and qualifications. Indeed, with a view to continuing professional development, which is considered an essential requisite for Internal Auditors and is also required by the profession Standards, in 2021 the programme to obtain the "AIIA Diplomas - Italian Association of Internal Auditors" continued. A number of specialised training courses to obtain qualifying certifications for the profession of Internal Auditor were also delivered. In addition, further resources expressed their willingness to achieve these certifications.

Lastly, a specialised training course on ESG issues, entitled "Introduction to ESG Risk Management and to the Role of Control Functions" and addressed to the Bank's Company Control Functions, was held in 2021. Specific training for the Internal Audit Function on these issues is planned for 2022.

The Review/Assessment on "Environmental Risk Governance (Sustainability)", initially scheduled in the 2021 Audit Plan, was postponed to a later period in line with the "Action Plan on Climate and Environmental Risks" - approved by the Board of Directors in May 2021 - which envisages completion of the majority of deliverables in 2022.

A specific audit of "ESG project initiatives" was planned for 2022 and will consist of an initial check on the overall adequacy of the project infrastructure defined by the Bank in this area, as well as the progress of the various initiatives. Furthermore, the audit activities will particularly focus on any ESG impact that may emerge during the audit (specifically, the scheduled audits on: "Remuneration and incentive policies and practices"; "Microcredit"; "Advisory services for retail customers: portfolio adequacy"; "Budgeting, Financial planning and Capital planning"; "2022 RAF-RAS process").

## 6.1.7 Whistleblowing

GRI 103-1 | GRI 103-2 | GRI 103-3 |

The Montepaschi Group has set up an internal whistleblowing system and defined an internal procedure for handling reports made by staff in relation to fraud, irregularities in business conduct or violations of regulations governing banking activities.

In addition to establishing that personnel may submit reports, the procedure defines: the scope of events and actions that may be reported;

- the methods and channels for submitting reports;
- the main report management obligations of the appointed Structures;
- the protections for the whistleblower and the reported person.

Staff can use the Whistleblowing platform to report negligent, unlawful, irregular or improper circumstances and conduct relating to their work - of which they have reasonable suspicion or become aware during the course of their duties - in relation to:

- administrative, accounting and tax-related irregularities;
- potential or actual violation of the provisions on preventing money laundering and terrorist financing;
- market abuse (insider trading, manipulation) and other irregularities in investment services and activities;
- violation of data confidentiality regulations;
- violation of anti-usury regulations;
- corruption;
- embezzlement and misappropriation (monetary and related to tangible and intangible assets);
- computer fraud;
- violation of the Montepaschi Group Code of Ethics and violation of company regulations and internal procedures;
- other cases that may constitute violation of the rules governing banking activities.

The Bank protects whistleblowers who have submitted a report in good faith against retaliatory, discriminatory or in any event unfair conduct as a result of the report, which will not, therefore, have a prejudicial effect on continuation of the employment relationship.

If a false report is filed with wilful intent or gross negligence, the Bank reserves the right to carry out the necessary investigations against the whistleblower and to take appropriate measures.

The Bank guarantees the confidentiality of the report and personal data of the whistleblower and any reported person, without prejudice to the rules governing investigations or proceedings initiated by Judicial Authorities in relation to the events reported and except where knowledge of the whistleblower's identity is essential for the reported person's defence.

In accordance with the organisation model adopted, the Board of Statutory Auditors is responsible for supervising the entire system.

The Head of internal reporting systems, identified within the Internal Audit Function, provides an annual report to Top Management on the correct operation of the system and on reports received.

The internal reporting system adopted is illustrated to personnel, using various training and information channels available, for the purpose of describing the system adopted, encouraging actual use of the system by personnel, and further promoting the culture of control and risk prevention at all levels. Specifically, the following initiatives were implemented in 2021:

- continuation of the training activities already started and carried out in previous years, involving webinars for "New Managers" and "New Recruits";
- as part of the info-educational project "Risk Culture 2020" held by the CRO and CHCO Departments, an online "training clip" on internal fraud and whistleblowing was published in May 2020, in cooperation with the CAE Department. The training clip is always

available on the MPS Academy portal, both for personnel who have already seen it (roughly 60% of the Group target) and for those who have not yet done so.

## 6.1.8 Tax transparency

GRI 207-1 | GRI 207-2 | GRI 207-3 | GRI 207-4

Although the Bank and the Group do not have a specifically coded tax strategy, tax management is essential for the Group's business and for its sustainable development, as paying significant attention to tax compliance leads to mitigating the risk of unethical or illegal conduct.

Correct tax management is monitored by:

- specialised structures (set up in each Group company and for some of these managed as a service by the Parent Company) dedicated to the management of tax obligations, correct implementation of tax regulations in activities and monitoring of reference regulations, reporting any changes to the structures involved;
- the Tax Compliance structure, set up in the Parent Company and in the main Group companies, as envisaged for banks (see Bank of Italy Circular No. 263/2006 of July 2013, now merged into No. 285 Title IV Chapter 3) with specific reference to tax compliance risk.

The activities of the internal structures are governed by internal process regulations. In the Parent Company, the tax and tax compliance structures are part of the Chief Financial Officer (CFO) Department.

In order to reduce the risk of claims as much as possible, tax risk management frequently submits requests for rulings to the Revenue Agency to identify correct tax treatment. In the event of Tax Authority claims, it is common practice, in general, to avoid a dispute and reach a settlement agreement.

The Group's presence abroad has gradually declined, also as a result of the commitments undertaken within the scope of the 2017-2021 Restructuring Plan approved by the European Commission with MEF authorisation of the precautionary recapitalisation in 2017.

As at 31 December 2021, the foreign branches still in operation were located in the following countries: China (Shanghai branch) and France (Monte Paschi Banque S.A.).

The Group's foreign activities are subject to accurate and timely annual reporting to the Revenue Agency, through completion of the Country-by-Country Report (CbCR), laid down in article 1, paragraphs 145 and 146, Law no. 208 of 28 December 2015. They are also subject to specific disclosure in the consolidated financial statements (see Notes to the consolidated financial statements - Public disclosure pursuant to article 89 - Country-by-country reporting - Directive 2013/36/EU - "CRD IV").

## GRI 207-4

Country-by-Country Reporting: ITALY - INDICATOR <sup>20</sup>	2020 (*)
Number of employees <sup>21</sup>	20,507
Revenues from sales to third parties (€)	3,725,781,536
Revenues from intercompany transactions (€)	308,205,960
Profit/loss before tax (€)	-1,503,420,310
Property, plant and equipment other than cash and cash equivalents (€)	2,430,276,776
Income tax of companies paid in cash (€)	-96,239,373
Income tax of companies accrued on profit/losses (€)	5,351,908

(\*) The figures shown in the table refer to 2020 (the last period covered by the "Country-by-Country Reporting" sent to the Revenue Agency in December 2021), specifically the period 01/01/2020-31/12/2020

The **accrued tax** figure includes taxes for 2020 and excludes deferred taxes (DTA/DTL) and taxes of previous years. The figure for these taxes is taken from the aggregate figures of the consolidated financial statements (IAS GAAP) before the consolidation entries. **Income taxes paid** (on a cash basis) consist of the total income taxes actually paid during the relevant tax period by all group entities resident for tax purposes in the tax jurisdiction of Italy. Income taxes paid include those actually paid to the jurisdiction of tax residence (Italy) and to all other (foreign) tax jurisdictions. **Income taxes paid** include payments on account, income taxes relating to previous years, including as a result of tax assessments, and tax withheld at source by

other parties on payments to the entity belonging to the group.

The figure "taxes paid":

- does not include the offsetting of credits from previous tax returns against 2020 payables for the same type of tax (e.g. IRES 2019 against IRES 2020);
- includes the offsetting of other types of credit in 2020 against income tax payables (IRES and IRAP) (e.g. VAT 2019 against IRES 2020).

With reference to Italy, note the EUR 100,000,000 IRES tax refund referring to tax year 2016 as resulting from the consolidated tax return (form CNM2017).

20 The information included in the table corresponds to that set out in the Country by Country Reporting year 2020 drawn up in accordance with Italian regulations:  
- Decree of 23/02/2017 - Ministry of Economy and Finance - Implementation of article 1, paragraphs 145 and 146, Law no. 208 of 28 December 2015 and Council Directive 2016/881/EU of 25 May 2016, as regards compulsory automatic exchange of information in the field of taxation;  
- Revenue Agency Provision ref. 275956 of 28 November 2017- Provisions implementing the Decree of the Minister of Economy and Finance of 23 February 2017.

21 Number of Employees Indicator: The figure determined on the basis of instructions in Bank of Italy Circular 262 was used, defined as follows: the average number of employees (with employment contracts or other contracts) includes employees seconded from other companies and excludes corporate employees seconded to other companies. In the case of part-time employees, 50% is conventionally considered.

## 6.2 Responsible supply chain management

GRI 102-9 | GRI 102-10 | GRI 103-1 | GRI 103-2 | GRI 103-3 | GRI 205-2 | GRI 205-3 |  
GRI 308-1 | GRI 403-7 | GRI 414-1 |

For the Montepaschi Group, responsible 'Supply Chain' management is critical to guaranteeing the quality of services and products offered on the market and incorporated into the business model. Relations with suppliers are based on procedures that ensure utmost integrity of corporate conduct, with a view to safeguarding the values of sustainability and social welfare.

Group suppliers are required to operate in compliance with national and European regulations and to comply with Montepaschi Group's Code of Ethics which, given its significant relevance, is regularly referred to in Contracts and in General Purchase Conditions.

For the purpose of safeguarding health and safety, the environment and human rights, the operational approach to sustainability is based on constant monitoring of commercial partners, also for continuation of the business relationship. Specific management and control tools have been set up for this reason. Some are implemented centrally by the Procurement Function, while others are implemented under the direct responsibility of the Expenditure Centres, fully aware that this will help safeguard or increase the reputation of the entire Montepaschi Group over time.

With specific reference to the "supply or procurement chain", the aim is to verify the reliability and quality of products and services purchased, seeking to achieve competitive rates in compliance with the principles of social and environmental sustainability. To achieve this, the relationships developed with suppliers are based on fairness and transparency, respect for human and workers' rights and the prevention of all forms of corruption and conflict of interest, with particular consideration given managing transactions with Related Parties.

To achieve the aforementioned goals, the quality requirements that suppliers are required to meet are primarily monitored and verified through the Group Suppliers Register, under the responsibility of the Procurement Function.

Suppliers entered in the Supplier Register are divided into three macro types, each envisaging a different assessment method:

- ITALIAN BUSINESSES – Joint-stock companies and partnerships entered in the Companies' Register, based in Italy and with an Italian VAT number.
- PROFESSIONALS – Self-employed professionals and professional firms, based in Italy.
- FOREIGN BUSINESSES – Companies that do not have offices in Italy and no Italian VAT number.

The Companies are assessed through a predefined qualification process, based on analysis of potential capacity for meeting the requirements of financial soundness, competitiveness and quality, possession of leading certifications (ISO 9001, ISO 14001, ISO 45001, SA 8000) and adoption of a Code of Ethics.

In addition, further specific certifications, especially environmental certifications, are an essential condition for the award of particular contracts.

The Group Procurement Function is the key player in the supplier management process. It systematically oversees an area of activities that include: Supplier Register management, tender preparation and awarding phases and the commercial contracting procedure. As regards contracting, the structure of the contract formats currently in use makes the legal and regulatory framework between the contractual parties binding and effective, guaranteeing its compliance in the execution phase of the relationship.

The Group's 231 Model, which generally oversees relations with partners, does not allow relations with suppliers that do not declare and do not guarantee that they know and will comply with Legislative Decree 231/2001 and that they have not committed any of the offences contemplated therein.

For specific product categories, where protecting workers' physical well-being and moral character is of key importance (e.g., General Contractor, Facility and Environment Sanitisation), special focus is given by the Group to examining the supplier's economic and financial conditions (including the status of payments to authorised subcontractors) and the level of protection for workers. To achieve this, investigative tools are used to check that authorisations and permits have been issued, prevention and safety measures have been adopted and specialised training has been implemented.

Verification of the reliability and quality of the products and services purchased was further developed in 2021 with the launch of the Vendor Rating activity, which will be fine-tuned and perfected, especially with regard to strategic suppliers, also with a view to measuring environmental performance and compliance with ethics, labour, health and safety principles.

With regard to occupational health and safety aspects, more stringent supplier assessment and control factors in relation to contractualised services

are determined by the Expenditure Centres, on the basis of and in compliance with provisions defined by the Employer (pursuant to Legislative Decree 81/08), taking into account the specific techniques for performing the activities contractualised by the parties. With reference to safety management rules in the case of tender contracts, subcontracts, work contracts or supply contracts, and temporary or mobile work sites relating to the obligations of Legislative Decree 81/08, the 'Employer' provides compulsory instructions regarding the selection of contractors and/or suppliers and monitors compliance with regulations on the protection of occupational health and safety.

In relation to the health emergency related to the coronavirus (COVID-19), strict measures were promptly adopted to prevent the spread of infection, applied to all work environments and all Montepaschi Group companies. The Safety Protocols include a specific section containing operating instructions on supplier access to production unit premises and for the duration of their stay. In any event, the above measures did not have a negative impact on the 'Supply Chain'.

With respect to anti-corruption, no contract was terminated (or not renewed) due to reasons related to confirmed cases of corruption.

GRI 205-2

DISCLOSURE ON ANTI-CORRUPTION POLICIES AND PROCEDURES

Disclosure indicators on anti-corruption policies and procedures		2021	2020	2019
Participants	N.	1,801	1,566	1,365
Italian companies	N.	1,185	993	892
Professionals	N.	548	515	423
Foreign companies	N.	68	58	50

Based on the analysis rules adopted, the percentage is 100%

GRI 308-1

NEW SUPPLIERS ASSESSED USING ENVIRONMENTAL CRITERIA	2021	2020	2019
New suppliers assessed by means of environmental criteria	100%	100%	100%

The indicator shows the % of suppliers who are asked during assessment whether or not they have environmental certifications; this requirement, however, is not binding for the start of the business relationship.

NEGATIVE ENVIRONMENTAL IMPACTS ON THE SUPPLY CHAIN AND ACTIONS TAKEN	2021	2020	2019
Number of suppliers assessed with regard to environmental impact	1,185	993	892

GRI 414-1

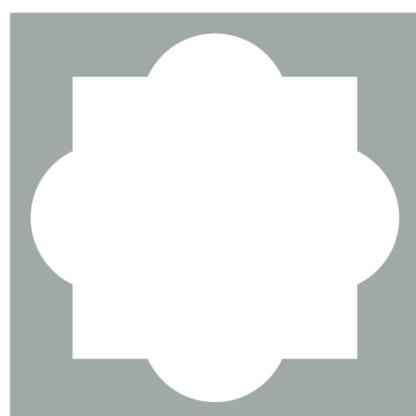
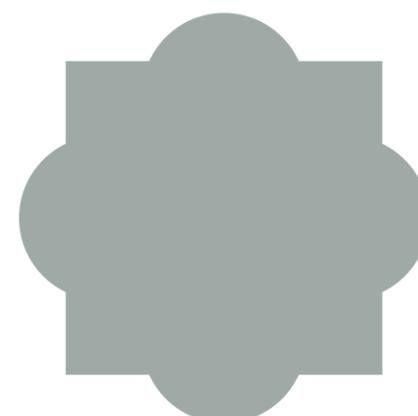
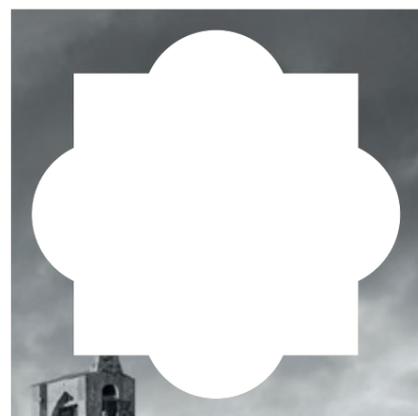
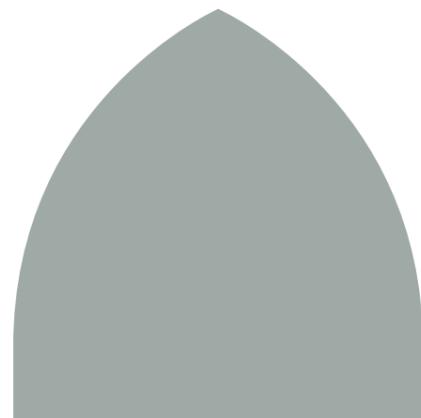
NEW SUPPLIERS ASSESSED USING SOCIAL CRITERIA	2021	2020	2019
New suppliers assessed by means of social criteria	100%	100%	100%

The indicator shows the % of suppliers who are asked during assessment whether or not they have social certifications; this requirement, however, is not binding for the start of the business relationship.

NEGATIVE SOCIAL IMPACTS ON THE SUPPLY CHAIN AND ACTIONS IMPLEMENTED	2021	2020	2019
Number of suppliers assessed with regard to social impact	1,185	993	892

SUPPLIER CERTIFICATIONS	2021	2020	2019
SA8000	10%	9%	9%
UNI EN ISO 14001	29%	27%	27%
OHSAS 18001	23%	22%	22%
UNI EN ISO 9001 – Certified suppliers	70%	69%	70%
UNI EN ISO 9001 – Non-certified suppliers that declare compliance with ISO 9001 rules/principles	9%	8%	8%

The figures refer exclusively to Italian companies entered in the Supplier Register.



7

## RELATIONS WITH CUSTOMERS AND COMMUNITIES

*The pillar “Relations with customers and communities” gathers the topics related to the central role of the customer, with specific reference to microcredit activities, support for innovative entrepreneurial activities, accessible services, attention to protecting the IT security of Self Banking services, as well as the Group’s actions for local areas and the new opportunities by sustainable finance resulting from new national and European regulations.*

## 7.1 Support for people and local areas

GRI 103-1 | GRI 103-2 | GRI 103-3 | G4-FS1 | G4-FS7 |

In line with the process of defining a sustainable development model, the Group plays an active role in relation to the local area in which it operates, through meeting and dialogue initiatives with customers and the communities. The analysis of the areas in which the Bank operates made it possible to enhance their distinctive features through specific products to support the local economy. The extensive network is a point of reference for small local businesses and allows careful listening to customer needs.

The support offered to people and local areas during 2021 was strongly influenced by the pandemic and mainly pursued two lines:

1. On the one hand, the Group focused on the **needs arising from the emergency situation, with extraordinary customer support actions**, based on government measures as well as specific initiatives undertaken by the Bank.
2. On the other hand, in keeping with the Group's traditional role of supporting and enhancing local economies, the Bank adopted accompanying initiatives to relaunch and modernise businesses and the surrounding areas, allowing them to seize opportunities offered by the reform and investment package in the **National Recovery and Resilience Plan (NRRP)**.

### SUPPORT FOR PEOPLE AND LOCAL AREAS DURING THE COVID-19 EMERGENCY

Banca Montepaschi has always been close to families and businesses and supports whoever is facing economic and financial hardship as a result of the COVID-19 emergency, providing them with information, initiatives and dedicated services. The Bank plays an active role in managing the government measures and seeking specific solutions that meet the needs of individual customers.

The section below provides information and figures on the initiatives that customers have been able to access and the measures established by the Italian Government, the Banking System and Banca Monte dei Paschi di Siena.

#### “Cura Italia” (Heal Italy) Ministerial Decree - Suspension of loan and mortgage instalments (individuals and businesses)

With the “Cura Italia” Decree (Decree Law no. 18 of 17 March 2020, converted to Law no. 27 of 30 April 2020), eligible business and private customers were given the opportunity to request the suspension of loan and mortgage instalments. These legislative measures were supplemented by specific agreements with ABI (Italian Banking Association) and by initiatives undertaken independently by Banca MPS.

In application of the “Sostegni” Decree - Law Decree no. 41/2021, “Sostegni Bis” Decree - Law Decree no. 73/2021, for **Micro, Small and Medium Enterprises** the possibility was granted to extend existing suspensions initially due to expire as at 31 December 2021 and later as at 30 June 2021 (formerly the “Cura Italia” Law Decree), limited to the principal only until 31 December 2021.

This same Decree reintroduced the regulatory exceptions on the Gasaparrini fund until 31 December 2021, allowing **freelancers and entrepreneurs** to request the suspension of mortgage payments on their private homes (further extended by the 2022 Budget Law).

The section of the corporate website dedicated entirely to COVID-19 initiatives was updated, and the related information and forms to be used to finalise the various requests were also made available to customers.

In addition to the government measures, the Bank confirmed the possibility of:

- suspending spreads or other amounts due in

relation to OTC derivative contracts intended to hedge loans subject to suspension;

- suspending financial and commercial covenants linked to all loans (not only those subject to suspension).

Furthermore, the Bank adopted the use of special tools to standardise the modus operandi in the transparent definition of pricing proposed to counterparties on new consolidation transactions pursuant to letter E, as well as on transactions backed by the SACE “Garanzia Italia” guarantee.

The table below shows the number of accounts and the Gross Book Value of suspensions in 2021.

TYPE OF SUSPENSION	ACCOUNTS 2021	GROSS BOOK VALUE 2021 € bn
<b>Suspensions pursuant to law (Decree Law no. 18 of 17 March 2020, converted to Law no. 27 of 30 April 2020)</b>	<b>55,507</b>	<b>7.8</b>
Of which active	8,779	1.5
Of which Expired	46,728	6.3
<b>Suspensions similar to those pursuant to law (moratoria: ABI, Assofin, etc.)</b>	<b>23,961</b>	<b>3.4</b>
Of which active	223	0.1
Of which Expired	23,738	3.3
<b>Suspensions outside of decrees and associations (not EBA-compliant)</b>	<b>4,107</b>	<b>0.8</b>
Of which active	1,086	0.3
Of which Expired	3,021	0.5

**Liquidity Decree - Loans**

The Bank adapted all the types of loan introduced by Article 13 of the Liquidity Decree (with an MCC guarantee and an ISMEA guarantee), updating the products and related information, incorporating the changes made necessary following the various amendments and additions by the Legislator (Sostegni Decree - Decree Law no. 41/2021 and Sostegni Bis Decree - Decree Law no. 73/2021).

The guaranteed financing measures made available by the Liquidity Decree vary depending on the size of the company (see letters C, D, E, I, M and N of Article 13, paragraph 1 of the Liquidity Decree).

**Loans with SACE guarantee**

This is one of the extraordinary measures implemented to support Italian businesses affected by the COVID-19 emergency. Banca Monte dei Paschi di Siena has adopted the "General Conditions" of the contract with SACE S.p.A. to ensure its customers access to financing transactions guaranteed by SACE and counter-guaranteed by the Italian State.

The table below shows the number of accounts and the Gross Book Value of the loans disbursed.

TYPE OF LOAN	ACCOUNTS 2021	GROSS BOOK VALUE 2021 € bn
Art. 13 Liquidity Decree	103,482	8.6
Of which letter C	11,374	3.7
Of which letter D	1,146	0.1
Of which letter E	14,628	3.2
Of which letter I	42	0.1
Of which letter M	76,238	1.6
Of which letter N	54	0.01
Art. 1 (SACE)	309	1.8
<b>TOTAL</b>	<b>103,791</b>	<b>10.4</b>

**SPECIFIC LENDING INITIATIVES UNDERTAKEN BY THE GROUP IN RESPONSE TO THE COVID-19 PANDEMIC**

In addition to implementing all government measures supporting households and businesses affected by COVID-19, since March 2021 the Group has promoted an **extraordinary credit assessment action (called "Crash Program")**. The aim of the action is to check, also through the completion of a questionnaire, the health status of a portfolio identified as being "potentially higher risk" according to a "COVID score" that uses 17 stronger parameters to assess the risk levels of customers who have benefited from government measures. Two levels of analysis were defined according to the size of the customer: larger customers underwent credit assessment (Direct Management), while smaller customers were managed directly by the sales network (Structured Network Management).

The first phase of the Crash Program ended in July and involved around 25.7 thousand customers for a total exposure of around EUR 12.7 billion. A strategy was identified

for each customer: non-performing classification, forbearance, no action. The programme results led to a new classification for 2% of positions, while a strategy of additional support was identified for 16% of customers through loans with public guarantee and/or suspension of payments on existing lines. For the remaining 82%, the level of support provided and the performing classification were considered adequate.

To complete the action already undertaken with the Crash Program, in October a further review of a scope of over 6.5 thousand exposures considered to be at higher risk (approximately EUR 2.8 billion) was initiated, in order to set up a review on the basis of updated information. This action, which is still in progress, involves a critical review of the positions to assess their financial difficulty and define the most effective intervention to be finalised according to the risk profile of the counterparty.

**Activities Related To The National Recovery And Resilience Plan (NRRP)**

In exceptional circumstances caused by the pandemic, which radically altered global customs, methods and expectations, and required the establishment of the National Recovery and Resilience Plan (NRRP) aimed at strengthening the recovery and future relaunching of the economy, Banca Montepaschi found itself in a key position to **support businesses and local areas** and to **steer recovery towards a more sustainable development model** than that experimented to date.

The European programme, through the NRRP, transforms climate issues and environmental challenges into real opportunities in all sectors. The Plan's reforms and projects are developed around three strategic pillars, agreed at European level - Digitalisation and Innovation; Ecological Transition; Social Inclusion - and are divided into six missions: Digitalisation, Innovation, Competitiveness, Culture and Tourism; Green Revolution and Ecological Transition; Infrastructures for Sustainable Mobility; Education and Research; Inclusion and Cohesion; and Health.

In this context, **Banca Montepaschi** is called upon to play a crucial role in **incorporating ESG criteria into its investment and financing policies**, in keeping with its traditional **role of supporting and enhancing the local areas and economies**.

For the purpose of disseminating the contents of the **NRRP and of Transition** and of supporting the Country's relaunch plan, the **Road Show "Journey through Italy of the NRRP and of Transition. A growth opportunity for local businesses"** organised with external partners and addressing the public and interested customers was launched in November 2021.

The meetings were organised for medium, small and micro enterprises, to **explain the contents of the NRRP** and illustrate the benefits and opportunities of the public invitations to tender and the implementing decrees. These training and information events involved BMPS Top Managers, as well as experts in the sector and renowned endorsers.

**Four meetings** were held between November and December 2021 in **Naples, Valdobbiadene, Florence and Rome**, involving **over 470 participants, including both customers and prospective customers**.

During the meetings, emphasis was given to the opportunities offered by the NRRP for Italy, especially sustainable growth, green transition, digitalisation and a number of structural reforms for the country. In these events, the opportunities given by the NRRP were highlighted, deepening those dedicated to the business world, to be able to create a system and invest resources in the territory in an integrated manner.

Alongside the customer initiatives, **training sessions were organised for Banca MPS resources** in order to provide suitable advice to staff interested in NRRP-related topics. Around **330 resources** took part in the **4 sessions in 2021**.

The *road show* also contributed to strengthening **synergies between the Corporate and Private Banking markets**, giving practical answers to the changing needs of households and businesses looking for support in their projects with all the know-how of the two markets and with dedicated specialised and consulting services.

In December 2021, the **Agreement between SACE and Banca Monte dei Paschi was signed to support the green projects of companies**. The agreement has the objective of encouraging projects to reduce their environmental impact and start a sustainable transformation with a particular focus on the Agrifood supply chains, accompanying them towards sustainable transition

Overall, Banca Monte dei Paschi allocated a pool of up to EUR 1.25 billion (corresponding to SACE Guarantees of up to EUR 1 billion) to be used by the end of 2022, of which up to EUR 500 million specifically targeting the Agrifood sector chains. The MPS Group has always provided support and specialised offers to this sector, thanks also to the network of MPS Agrifood centres spread throughout Italy. SACE will intervene with green guarantees for up to 80% of the loans disbursed by Banca MPS to help companies in their sustainable transformation processes, in line with the guidelines of the NRRP.

Again, with regard to the NRRP, a number of specific commercial initiatives were released on the Network to support the relaunching of Italy's businesses:

- **Superbonus 2.0:** for businesses in the Construction industry for the purpose of increasing anti-seismic and energy efficiency works;
- **Agri Green:** for customers in the Farming/ Agriculture sector with the aim of upgrading facilities, improving energy efficiency and modernising machinery;
- **Facile 4.0:** for customers who potentially need to make new investments in physical and intangible operating assets. The main aim is to support investments in production processes with specific attention to digital transformation and innovation in general, and to increase the competitiveness of Italian businesses in the international market;
- **Turismo:** for customers in the Tourism industry with the aim of upgrading facilities, protecting cultural heritage, expanding green areas and increasing the competitiveness of businesses operating in tourism.

## AGRIFOOD SECTOR AND BUILDING BONUSES

### AGRIFOOD

In line with the previous year, the Bank paid closer attention to the agrifood sector and its development: consistent with the Bank's strategic guidelines, work continued on the creation of "Agrifood Centres", i.e., local structures situated in Italy's leading agrifood "districts". Their purpose is to strengthen commercial activities in the sector and so allow the Bank to become one of the leading players in the sector, as well as to help and stimulate companies to evolve towards innovation and production and economic-financial sustainability. The Bank has set itself the goal of accompanying companies along "green" and technological innovation paths. It provides specific solutions to identify new EU and national funding opportunities in the sector and promotes new models that encourage interaction between agricultural businesses, supply chains and the banking world.

Among the initiatives that seek to facilitate access to credit and to the Bank's services, 25 collaboration agreements with external counterparties operating in the agrifood sector were concluded or renewed, strengthening relations with national and local bodies and partners.

A specific focus on sustainability and innovation for the agrifood sector was also planned for 2021. Work is in progress, in line with the Sustainable Lending project. The Bank is currently working on the definition of a specific financing product for agri-food companies, which includes ESG goals among the key topics for future initiatives.

During the year, the Bank also offered customers a new financial instrument that uses a "revolving pledge on PDO/PGI wine products". The purpose of this instrument is to support companies in the sector by enhancing the value of their finest wines being aged. In order to make the instrument accessible to local production businesses, specific agreements were also signed with the "Consorzi di Tutela" (Protection Consortia).

### BUILDING BONUSES

In 2021, the Bank focused its attention on system-level initiatives and, in line with the timescales of the Relaunch Decree, quickly prepared a structured offer which could provide a tangible response to customers wishing to use the "Building Bonuses". The Relaunch Decree, in fact, assigns a specific role to Banks as transferees of the tax credit that accrues with respect to energy efficiency works carried out.

The Ecobonuses envisaged in the aforementioned decree fall within **mission 2 of the National Recovery and Resilience Plan (NRRP)**, which aims to improve Sustainability and the resilience of the economy and to ensure fair and inclusive environmental transition, including the "Energy efficiency and building upgrading" component. This mission is perfectly in line with the EU goals of achieving climate neutrality by 2050 and reducing greenhouse gas emissions by 55% by the end of 2030, compared to 2019 values.

In general, the solution offered by the Bank, in addition to simply acquiring the accrued tax credit, also allows customers to use bridging loans to obtain immediate liquidity even before the tax credit matures. Well aware of how complex the matter is, the Bank has decided to provide customers with a specialist assistance service, using leading technical and tax advisors located throughout Italy who support customers by responding to their main questions and their requests for clarification on regulations. Specifically, the "Building Bonuses" initiative was defined to:

- sustain State intervention in the relaunch of the Italian economy and industrial fabric, with particular reference to the construction industry, and contribute to the energy and seismic upgrading of buildings;
- offer a service to end customers (e.g. private, condominiums, businesses, General Contractors) allowing them to:
  - perform works related to the super eco and sisma bonuses, through the offer of a

bridging loan (granting short-term credit for a maximum 18 months), which can be recovered on transfer of the tax credit to the Bank by the contracting party or the contractor;

- obtain immediate disposal of the accrued tax credit on completion of the upgrading works in accordance with current regulations on "building bonuses", through the final, non-recourse transfer to the Bank of the credit for a discount on the consideration due;

- use a cloud-based digital platform to collect the technical and contractual documentation necessary to prove they meet the requirements to access the tax bonus, monitor the status of processes and obtain the compliance certificate, with a contact centre service to ask any tax-related questions;

- choose, from a preset panel of advisors, the professional capable of performing the technical eligibility analysis in order to check both the minimum technical conditions to be met to obtain the tax benefits under the regulation, and the initial technical and economic conformity of the individual projects submitted by the suppliers and/or customers.

Specific agreements were signed for this purpose, and others are in the process of being signed, with leading Trade Associations (including CNA, ANCE, FEDERESCO and ANACI). The agreements envisage packaged solutions to **maximise** the effectiveness of the bonuses and to support businesses in upgrading and securing their property assets, with a consistent focus on social and economic sustainability.

## Adoption of protocols, products and credit pools

With the aim of supporting people, emphasising the importance of defence, respect and dignity of women, and to continue its Diversity & Inclusion programme, on 25 November 2021 - the International Day for the Elimination of Violence Against Women - BMPS confirmed its adoption of the **Memorandum of Understanding in favour of women who are victims of gender-based violence**, signed by ABI and Trade Unions. Banca MPS undertakes to suspend the payment of the principal on mortgages or consumer credit products for women who have entered certified protection programmes and are in financial difficulty. The Bank offers repayment in instalments for the duration of the protection programme and for a maximum of 18 months, with subsequent extension of the repayment plan. Entry in protection programmes is certified by the social services department in the

municipality of residence or by anti-violence centres or shelters; customers do not incur costs or pay interest on arrears.

In adopting this protocol, BMPS continued the process it began with the Protocol of 16 June 2004 on the sustainable and compatible development of the banking world in full respect of fundamental human and labour rights, opposing all forms of discrimination based on race, nationality, gender, age, disability, political and trade union opinions.

Support for people and local areas continued with other existing credit lines, aimed at particular customer targets and/or specific purposes:

**Consap Mortgages** for customers included in the cases envisaged by the Regulation (First Home Fund), which following the Support Decree Bis has extended the level of guarantees for young first-home buyers;

**Resto Al Sud Loan** - Incentive for supporting new business start-ups in the regions of southern Italy and areas of central Italy hit by the 2016 and 2017 earthquakes.

Also worth mentioning are the Bank's efforts to prevent usury by providing loans under the well-tested agreement with Adiconsum.

PRODUCT	REASON/ PURPOSE	TARGET	VOLUMES DISBURSED 2021	VOLUMES DISBURSED 2020
Consap mortgages	House purchase mortgages	Private	€ 643,926,119.83	€ 726,899,456.90
		Other	€ 1,165,000.00	€ 1,544,000.00
		<b>Total</b>	<b>€ 645,091,119.83</b>	<b>€ 728,443,456.90</b>
MPS Valore Sport	Unsecured loan to support amateur sports clubs and help them bear the costs of their ordinary activities	Other	€ 2,500	€ 30,000.00
		<b>Total</b>	<b>€ 2,500</b>	<b>€ 30,000.00</b>
Resto al Sud	Unsecured loan. Incentive for supporting new business start-ups in the regions of southern Italy and areas of central Italy hit by the 2016 and 2017 earthquakes	Small Business	€ 7,478,706.32	€ 5,608,445.31
		Other	€ 624,126.90	€ 418,664.56
		<b>Total</b>	<b>€ 8,102,833.22</b>	<b>€ 6,027,109.87</b>
Subsidised Loans "Plafond Eventi Calamitosi" (Natural Disasters credit pool)	Subsidised loans with CDP funding for persons hit by natural disasters in Italy since March 2013, to cover damage to private property and eligible economic and production activities.	Small Business	€ 1,109,449.44	€ 2,809,376.32
		Corporate	€ 37,690.81	€ 1,081,753.82
		Private	€ 827,567.19	€ 1,621,875.85
		Other	€ 0,00	€ 81,967.21
		<b>Total</b>	<b>€ 1,974,707.44</b>	<b>€ 5,594,973.20</b>
Subsidised loans for reconstruction - Earthquake Central Italy	Subsidised loans with CDP funding for persons damaged by the 2016 earthquakes for the repair, renovation and reconstruction of residential, production and public and private service buildings	Small Business	€ 1,240,770.94	€ 739,179.38
		Corporate	€ 1,027,323.05	€ 2,135,088.38
		Private	€ 18,059,004.06	€ 6,641,727.70
		<b>Total</b>	<b>€ 20,327,098.05</b>	<b>€ 9,515,995.46</b>
Subsidised loans for reconstruction - Earthquake Central Italy	Subsidised loans with CDP funding for persons damaged by the 2012 earthquakes in Bologna, Modena, Reggio Emilia, Mantua and Rovigo for the repair, renovation and reconstruction of residential, production and public and private service buildings	Small Business	€ 2,157,826.41	€ 3,261,226.48
		Corporate	€ 66,000.00	€ 463,134.25
		Private	€ 11,320,095.93	€ 12,356,116.19
		<b>Total</b>	<b>€ 13,543,922.34</b>	<b>€ 16,080,476.92</b>

## Partnership with AXA

To meet the new health requirements relating to the pandemic, AXA MPS donated a free HEALTH CARD to all customers holding at least one active policy. The card entitles them to a 20% discount on all health services provided by AXA-partnered Diagnostic Centres.

In addition, it created the AXA HEALTH PORTAL: a website that provides a set of services for AXA health policy holders. Among the free services available:

1. symptom assessment (an automatic and free chatbot that provides possible diagnosis after completing a test),
2. the search for partnered facilities where medical check-ups and diagnostic tests can be performed,
3. booking of check-ups and tests at lower rates and a chat with pharmacists option.

The following services were set up for Customers holding the Assistenza 360 guarantee of Formula Benessere and for all customers using MY AXA:

- free psychological support during the pandemic for COVID-19-related ailments (up to 3 sessions);
- Medical video consultation for vaccine-related information;
- Medical video consultation for post-vaccine symptoms.

In the protection area, with the introduction of the new claims management provider AXA CARING, several free services were introduced to help Customers and to speed up MOTOR and HOME claims management. Specifically:

- Caring angel: support immediately following the emergency and accident, also in exceptional natural events. The service helps Customers fill out the Accident Report Form (CAI), also in digital format, and sends a tow truck if necessary;
- E-Rescue and Here with You: these services allow the Customer to directly call the tow truck with the "I have an emergency" button on the My AXA app. They can then follow the

route taken by the tow truck through a geolocation service that informs the Customer how long it will take for the tow truck to arrive;

- Appraisal video: for damages up to EUR 3,000; it replaces the expert appraisal and speeds up the claim management process;
- Il mio inventario (My inventory): creation of a virtual inventory of assets, useful in the event of a claim. The inventory can be created by taking photos with the My AXA app;
- Claim Opening and Claim Tracking: claims can be opened not only at the branch but also directly from the My AXA app or from the Customer Area at [www.axa-mps.it](http://www.axa-mps.it), where customers are updated in real time on the progress of the claim and can find useful contact numbers (adjuster, expert, etc.).

At the end of November, the restyling of Formula Benessere - a non-life health policy - was launched, with a new commercial approach based on Health protection macro-areas: "ricoveri e interventi" (hospitalisation and surgery) covering medical expenses incurred for hospitalisation or surgery, to which use of the AXA network can be added; "esami e visite" covering medical expenses related to diagnostic tests, check-ups, etc.; and "assistenza 360" offering innovative all-round assistance services and practical support in everyday life, combined with the purchase of other main guarantees or purchased on a stand-alone basis.

In order to meet the requirements of customers associated with the risks of natural disasters due to climate change, and in keeping with the need to preserve business continuity, the Bank also focused on offering products that could insure business assets and related photovoltaic plants.

To this end, specific business focus was placed on the Business Protection insurance solution. This modular and flexible policy allows companies to be insured with just one product for both the Asset line and Personal line, and was joined during the year by the Flexy Business Protection line, specifically dedicated to businesses with a turnover of over EUR 1.5 million/year and more than 5 employees.

To meet the protection requirements of large businesses, in March 2021 the Bank implemented a collaboration and recommendation agreement with AXA Agencies, to guarantee the possibility of subscribing to customised non-life insurance products in response to any non-standard insurance needs that cannot be addressed from the AXA MPS catalogue.

### 7.1.1 MPS Leasing & Factoring

Leasing and Factoring activities during 2021 showed a commercial liveliness which, although expected after 2020 (where, however, despite all the known problems related to the pandemic, MPS Leasing & Factoring recorded a substantial overlap in new business compared to 2019), went well beyond expectations, with dynamics that saw the Company achieve more positive performances, in terms of YoY growth, than those recorded by the market.

#### Leasing

Several activities characterised the leasing business dynamics, both from purely commercial and operational points of view.

Queue management in relation to the moratoriums activated in 2020 continued throughout the year, and the benefits granted at national level (in particular, Sabatini/MCC) significantly contributed to the massive use of finance leases.

On the one hand, these opportunities led companies to make investments with both high technology and low environmental impact (in 2021, over 2,200 Sabatini applications for a value of approximately EUR 550 million, of which 70% Sabatini 4.0 and 30% ordinary Sabatini), and on the other hand, facilitated access to credit through the guarantee offered by Mediocredito Centrale, which also allowed the Company to record new business (net of the advance paid by the customer) that saw the level of coverage of guaranteed loans equal to approximately 45% (approximately 20%

in 2020). In fact, around 2,000 applications were submitted and accepted at MCC over the year for a guaranteed value of more than EUR 340 million.

The development of commercial activities, also supported by the guidelines of the European Next Generation plan, already determined in 2021 some specific initiatives that which will be further accelerated in 2022 thanks also to the implementation of the NRRP.

"Sudleasing": promotional campaign dedicated to companies with a registered office or production plant in Southern Italy, which acquire an operating asset. This offer provides dedicated conditions and a one-year "all risks" insurance policy free of charge on the leased assets.

Loans for leasing from Cassa Depositi e Prestiti (CDP): loans to promote a greater inflow of medium/long-term resources to companies, also through lease brokerage.

#### Factoring

**COVID MORATORIUM** - On the subject of loans, in addition to the suspensions envisaged by law, the Bank also adopted certain protocols promoted by ABI which, in terms of Factoring, extended the scope of the suspensions granted.

**TECHNOLOGICAL INNOVATION** - In consideration of the guidelines for growth outlined among the commercial goals, and with specific reference to the strategic goal related to growth of the transferred customer base, further digital solutions were developed (Web Online Factoring) to promote remote procedures with improvement of the digital platform to make the loan disbursement process more efficient. Based on customer and Network needs, digital signatures were introduced and developed, and exchanging documentation via certified e-mail was encouraged.

## 7.1.2 Microcredit

### G4-FS7

Thanks to its farsighted intuition on ethics finance, Banca MPS made a significant equity investment (40% of share capital) in Microcredito di Solidarietà S.p.A. in 2006, together with the Municipality and Provincial Administration of Siena (15% each), the Diocese of Siena and Montepulciano (5% each), other municipalities in the province (for a total of 10%), and voluntary associations in Siena (10%), to meet the financial needs of individuals and households experiencing difficulty in accessing ordinary bank credit channels and so help them overcome temporary financial hardship or start a new business.

Since 2013, in order to seize opportunities offered by art. 111 of the Consolidated Law on Banking (introduced by Legislative Decree 141/2010), the Company has been involved in “production microcredit” through the funding of small enterprises (including start-ups) and training courses (both professional and university). For this purpose, it also amended its By-Laws.

When it was established, as there were no specific rules for microcredit operators, the Company registered with the general list of financial intermediaries pursuant to art. 106 of the Consolidated Law on Banking. With art. 111 of the Consolidated Law on Banking, which introduced microcredit business to our legal system for the first time, and subsequent implementing Ministerial Decree 176/2014, the Company registered under no. 6 in the new list of microcredit operators pursuant to art. 111 of the Consolidated Law on Banking. The Company uses its own funds, deriving from the initial injection from shareholders (EUR 1,000,000) and subsequent contribution of shareholders without repayment obligations (EUR 400,000 from Voluntary Associations of Siena), for the disbursement of microcredit.

On the basis of this subscription, Microcredito di Solidarietà disburses both social microcredit (Title II of Ministerial Decree 176/2014) and production microcredit for training and microenterprises (Title I of Ministerial Decree 176/2014).

Given the deep-rooted commitment of Microcredito to social financing, the Company is considering whether to exit the list pursuant to art. 111 of the Consolidated Law on Banking and take on a more appropriate form, e.g. social enterprise on the basis of the third sector reform.

Characteristics of Microcredito di Solidarietà loans:

- duration: maximum 5 years;
- repayment: monthly instalments;
- principal repayment: first instalment one month after the date of disbursement;
- rate: fixed for the entire repayment period.

Currently:

- 3% for social microcredit and production microcredit for private customers (training, VAT, self-employed, future start-ups);
- 3.5% for production microcredit for businesses (microenterprises that have been active for less than 5 years and in the start-up phase);
- default rate: fixed rate plus two points, as envisaged in the loan agreement. Therefore, 5% and 5.5% respectively;
- early repayment fees: none;
- commissions and preliminary screening expenses: none;
- stamp duty: paid by the applicant;
- maximum amount:
  - EUR 7,500 for social microcredit and production microcredit for private customers (training, VAT, self-employed, future start-ups);
  - EUR 12,000 for production microcredit for businesses (microenterprises that have been active for less than 5 years and in the start-up phase);

Loans are preferably targeted, meaning that the Company makes payments directly to meet the customer’s needs. However, as laid down in the By-Laws, loans may also be used to recover liquidity (financial emergencies), but in this case for smaller amounts than the maximum amounts specified above.

The auxiliary assistance and monitoring services are the responsibility of the internal structures dealing with social microcredit and with production microcredit for private customers (training, VAT, self-employed, future start-ups). They are performed by the internal structures and/or by our approved third parties, as the microenterprise prefers.

The Company’s figures in 2021 were again affected by the COVID-19 emergency, even though the Prime Minister’s first decrees immediately included banking and financial activities among

the public utility services to be guaranteed: consequently, Microcredito di Solidarietà aligned itself with the need to continue providing its services to users, who due to the emergency situation could very well have found themselves in a situation of further need. During the periods of strongest restrictions in 2021, the Company’s activities continued on a daily basis and all necessary precautions were taken to reduce the risks associated with the pandemic.

During 2021, there was an approximate 7.7% increase in loans compared to 2020.

### G4-FS7

MONETARY VALUE OF PRODUCTS AND SERVICES DESIGNED TO GENERATE SOCIAL BENEFIT		2021	2020	2019
Monetary value of products and services designed to generate social benefit	€/mln	0.588	0.546	0.666

## 7.1.3 OfficinaMPS

Launched in 2018, Officina MPS is an initiative that aims to enhance the growth of innovative hi-tech enterprises, while seeking at the same time to strengthen customer experience, improve business processes and develop commercial offers.

In its first edition, won by the start-up Trovabando, the participants were involved in a number of priority challenges defined by the Bank to digitalise customer experience, expand the offer and improve business processes.

The second edition was held in early 2019 and won by the start-up UGO. Participants were engaged in two different categories, SMEs/Small Businesses and private customers, and were asked to design and implement new channels, tools, and methods to offer increasingly cutting-edge services, closer to people. In addition, a special award for sustainable innovation went to Biorfarm.

In both cases, the finalists worked individually alongside teams of Bank professionals to identify the best ways to implement their solutions in BMPS.

Given the positive experience and results achieved, in October 2019, OfficinaMPS was transformed into a permanent workshop, i.e., an organic structure within the Bank dedicated to the continuous growth of highly innovative enterprises. It supports companies that develop business projects to create real value for society and for the areas in which they operate.

The selected start-ups are recruited over time based on their fields of research, creating a strong synergy with the local area through dedicated initiatives focused on specific industries or geographic areas.

The innovative start-ups and SMEs that register with the OfficinaMPS portal become part of the Officina community. They have access to

commercial banking products and services (current account, card, payments, etc.) on favourable terms, and to specific training courses promoted by the Bank on various topics ranging from finance to digital.

A new contest in the area of open banking was launched at the start of 2020, tailored to the Bank's needs and aimed at identifying suitable solutions on the market for implementing the services offered by MPS. With this Call, OfficinaMPS was able to select Start-ups, SMEs and innovative companies with which it launched collaborative projects designed to meet the needs of the Bank and its customers mainly in the categories of: **Data** (solutions to enrich the Bank's information assets and better understand customers' needs and develop new services); **Fintech Services** (innovative solutions that leverage new digital technologies in order to strengthen the Bank's traditional offerings e.g. payments, asset management and loans); **Digital Ecosystems** (services to expand the Bank's offer and respond to customers' all-round needs).

The winner was Ethymo, software developed by the start-up Firedesktop, which exploits artificial intelligence to identify, interpret and make the information stored in document archives available in real time, thus automating and making business processes more efficient.

Between June and August 2020, OfficinaMPS launched the agribusiness contest to promote the **combination of agribusiness and innovation**, a key aspect for contributing to the growth and relaunch of one of the sectors that best represents **Italian tradition** around the world.

In line with the path taken by the Bank and the UN 2030 Agenda goals, emphasis was given to innovative projects with a **sustainable approach**.

The aim of the initiative was to support and encourage the meeting between innovative enterprises, start-ups and SMEs, offering solutions in the agrifood sector, and the more traditional fabric of the Italian economy. The contest

consisted of a process for the selection of business ideas featuring innovative solutions that could be applied along the entire agrifood chain.

Edo Radici Felici was the start-up that was awarded for its innovation in the agrifood sector, while a special acknowledgment was awarded to the start-up Tessa, which designed a high-tech solution for the efficient management of resources in precision agriculture through a series of innovative tools and software services based on artificial intelligence.

Also worth mentioning is the UGO start-up, the winner of the 2019 open banking contest which from 16 April, thanks to the support of OfficinaMPS, was able to offer a free caregiving service initially to 1200 people in Tuscany, specifically in Florence and Siena, and then to a further 500 people in Padua and Bologna. During this difficult year, which forced many into isolation, UGO operators were able to help lonely and vulnerable people to reach hospitals safely, manage check-ups and treatments that could not be interrupted, do their shopping, go to the bank or post office, take a short walk or just have a nice half-hour chat with someone on the phone.

Exactly in view of the unprecedented times we are all experiencing, at the end of 2020 OfficinaMPS promoted a survey among Italian start-ups (a sample of about 600 companies) to understand their needs and how they have changed due to the pandemic. The results showed that start-ups feel a greater need to increase their marketing and digital skills.

In 2021, based on the needs identified during the survey, the **OfficinaMPS Campus project** was launched, a free training offer for start-ups registered with OfficinaMPS. The project delivers a learning & development experience in an environment that integrates synchronous and asynchronous training, case histories and practical exercises. The courses focused on specific topics such as communication, marketing and networking, which transversally involve all different kinds of start-ups and for which the need to find valid and

effective training support was strong. In order to provide them with real practical support, OfficinaMPS decided to offer - free of charge - to the first 100 start-ups registered with the Community and which had subscribed to the project, a complete training programme: 10 courses for a total of 100 training hours.

OfficinaMPS Campus stemmed from cooperation with one of the start-ups already part of the Community, **Lacerba.io**, which provided the technological platform and the courses.

Overall, OfficinaMPS provided 100 free training courses, each consisting of 10 courses for a total of 100 hours of training, resulting in the delivery of **10,000 training hours to the start-ups** involved. The response from the start-ups was highly encouraging with over half the courses requested in the first 3 months.

After analysing the trends and most popular courses, at the end of 2021, the partnership with Lacerba.io was renewed for 2022. New courses will be added to the OfficinaMPS Campus training offer, also considering opportunities arising from the NRRP (National Recovery and Resilience Plan).



## 7.2 Sustainable finance

GRI 103-1 | GRI 103-2 | GRI 103-3 | G4-FS8 |

The demands of EU and national regulatory bodies, combined with the European Green Deal and national NRRP strategies, which are increasingly geared towards promoting sustainable development models, as well as the ongoing changes in customer preferences, make sustainable finance play an increasingly important part in MPS Group's strategies.

Consistent with the Group's business model, the approach to sustainable finance is developed in the following key areas:

- **Sustainable lending:** policies and products encouraging the transition of companies' business models towards sustainable development models;
- **ESG investment services:** a range of investment products with underlying strategies linked to the issue of Sustainability.

### Sustainable lending

With the broader ambition of supporting small and medium-sized enterprises in the permanent process of transition to more sustainable business models through specialised lending solutions, the activities launched the previous year with the "sustainable lending" project continued throughout 2021.

Specifically, 3 macro areas of action were improved and further developed:

**1. specific credit strategies:** in 2021, the first qualitative guidelines were introduced aimed at **encouraging businesses and customers committed to green transition investments**. In 2022, the credit strategy framework will be further developed with additional ESG drivers in order to systematically steer the credit portfolio towards real decarbonisation.

**2. ESG data capture and mapping:** the experience gained in 2020 with a pilot project to listen to a specific target of SMEs operating in strategic sectors for the Bank was highly valuable. The conclusion of the pilot project showed that, although companies are highly interested in ESG issues, at the same time there are still difficulties in collecting detailed environmental, social and governance information, particularly on the small business target. Based on this experience, the Bank is examining a range of solutions with which it aims to collect information on each single company in a structured manner and to factor sector-related information.

**3. detailed definition of credit processes and standards:** actions have been taken to collect ESG information on customers in a simple manner and then factor the information into a broader credit assessment process and monitor it accurately. In this case also, the first solutions will be implemented during 2022.

### Sustainable finance initiatives – Leasing and Factoring

**Leasing:** Specific ESG funding, with particular regard to initiatives with positive Social and Environmental impacts, also linked to Circular Economy issues.

**Factoring:** the activity focused on identifying specific customers to whom Reverse Factoring could be proposed, with a view to sustainable activities. Contact has already been made with leading national groups.

### Credit Up and Credit Inside training cycle

Alongside these areas of action and in line with previous years, the Bank continued to enhance the **dissemination of specialist know-how on ESG topics within its various structures**. Incorporating the assessment of ESG factors into credit processes and strategies has to be based on adequate awareness of these topics. In this regard, a session on **sustainable lending** initiatives was organised during the "Credit Up" training cycle. Furthermore, an entire event/workshop was dedicated to ESG topics during the "Credit Inside" training cycle.

New workshops on ESG, sustainability and NRRP topics are planned for 2022, again as part of the "Credit Inside" initiative.

### ESG investment services

To demonstrate the Group's tangible commitment to directing capital towards ESG or sustainable investments, initiatives were implemented in 2021 to incorporate ESG factors into the commercial offer of the Bank and of the product companies, also in accordance with regulatory developments on the subject.

The Bank implemented a number of actions to comply with the new regulations on ESG topics, in relation to the introduction of the SFDR (EU Regulation 2019/2088), Delegated Regulation (EU) 2021/1253 setting forth targeted amendments to the MiFID II Directive (Delegated Regulation (EU) 2017/565) and which will come into force from 2 August 2022.

In this regard, the Bank developed the "ESG Project - Impact on the Distribution Model", which pursues several objectives related to these topics. On 10 March 2021, Banca MPS began implementing initiatives to comply with the regulations:

- **supplementing of disclosures for the Investment Services Agreement and the Portfolio Management Service Agreement;**
- issue of a **notice to customers** informing them of the above disclosures;
- publication of **ESG disclosure** on the bank's website [www.gruppomps.it](http://www.gruppomps.it) - Sustainability section;
- definition of an **internal process for analysing Fund/Sicav products with ESG label**, to ensure there is no greenwashing;
- **internal communication** initiatives through newsletter issues;
- drafting of an **ESG report** for investment products (UCITS, AM and Insurance Policies);
- development of the disclosure for the Network on ESG characteristics of UCITs under placement.

The project activities will continue during 2022 and will specifically concern, as required by the regulation, the **review of the MiFID Questionnaire and Adequacy Tests** in order to gather customers' "sustainability preferences", i.e. identify sustainable finance goals for the customer and therefore ensure there is increasing consistency between the products offered and customers' overall needs. Specifically, the aim is to understand how important ESG issues are to customers, in relation to future returns and diversification of investment portfolios, any additional costs, and the consistency between ESG preferences and the medium/long-term time horizon typical of such products.

**New products with characteristics consistent with new regulatory definitions** were therefore added to the commercial offer of the Bank and the product companies:

- Products that promote environmental and social characteristics (Art. 8 SFDR products);
- Products that have sustainable investment as their objective (Art. 9 SFDR products).

The **main developments in ESG investment services** are outlined below:

- **Insurance-based investment products:**
  - Personal Style Policy – Unit Linked: new Internal Fund “**ESG C Sustainable Solution**”;
  - Private Suite – Unit Linked: new Internal Fund “**ESG Sustainable Solution**”;
  - Private Choice – Multi-line: new Internal Fund “**ESG Sustainable Strategy**”.

These new funds are classified as Art. 8 for the purposes of Regulation (EU) 2019/2088 on Sustainability-related disclosures in the financial services sector (SFDR).

In general, as part of the annual monitoring of external funds underlying the investment policies (Unit and Multi-line), the Bank’s prime focus was on the introduction of topic-specific segments with particular attention to those with ESG characteristics.

- **Direct placement of UCITS (Undertakings for Collective Investment in Transferable Securities):** new segments with a specific focus on ESG aspects continued to be issued, including through the placement of investment window funds. For example, the following funds were issued in 2021: “**Primo Passo ESG 2024 (I and II)**” and “**Step Equality**”.

In the latter Fund, for instance, the combined exposure to equity and bond instruments of corporate issuers could be directed entirely towards companies that enhance **gender equality**; for this reason, the fund has been classified as a product pursuant to Art. 8 of Regulation (EU) 2019/2088.

Furthermore, disclosure for the Network on the ESG characteristics of all directly placed segments was further developed in 2021, including with the help of external info-providers. In 2021, the Group’s net inflows to Funds and SICAVs were mainly from ESG-compliant products according to the Sustainable Finance Disclosure Regulation (SFDR - Art. 8 and Art. 9).

- **Asset Management:**
  - restyling of the **Global Equity Bias ESG Line**, which invests in ETFs with a primary objective of “sustainable investment”, qualifying it pursuant to Art. 9 of Regulation (EU) 2019/2088;
  - creation of **strategies related to climate and demographic changes** with particular focus on compliance with ESG criteria, and geared towards sustainable development goals applicable to all managed and advisory products;
  - remodelling of the **World Sector Rotation** equity product through use of 6 strategies linked to Sustainability and the 5 megatrends. All strategies have an **MSCI ESG QUALITY SCORE** higher than normal global equity investments. The strategies are listed below:
    - Global ESG strategy
    - Issue-specific ESG/SDG Strategy
    - Climate Strategy
    - Demographic Strategy
    - World Strategy, with special focus on the investment process for funds that must comply with ESG criteria.
    - Partnerships for the development of internal metrics that analyse sustainability issues.

## Trust services

Following the achievements reached in 2020 on the use of trusts for the protection of vulnerable people, Monte Paschi Fiduciaria (MP Fiduciaria) promoted the signing of a memorandum of understanding on “banking, insurance and trust services” between the Bank and associations operating in the Siena area that support families with members suffering from severe disabilities. This project will be extended nationally in 2022.

Again on the subject of disability, in agreement with the Parent Company and the StefyLandia association, MP Fiduciaria provided specific training to users interested in trusts for the protection of disabled people.

Again with regard to the ESG sphere, MP Fiduciaria took part as “escrow agent” in important loan transactions for “green” operations carried out by the Bank, ensuring the proper execution of agreements and then the appropriate use of the funds disbursed. Given its nature, MP Fiduciaria also used standard technical forms of mandates and trusts to give stability to the corporate governance of many companies, especially during generational and ownership changes.

## 7.2.1 The EU Taxonomy of environmentally sustainable activities

### Reference regulatory framework

The European Taxonomy, as defined by **Regulation (EU) 852/2020<sup>22</sup>** (EU Taxonomy Regulation) and related Delegated Acts, is a **classification system of economic activities considered environmentally sustainable** from a climate and environmental viewpoint. It defines and establishes specific technical screening criteria for determining conditions under which an economic activity qualifies as contributing substantially to achieving the sustainable objectives. The aim of this **classification instrument** is to create a common language for companies and investors and to mobilise capital flows into sustainable investments by **supporting** the orientation of public and private strategies towards the **achievement of the EU environmental objectives<sup>23</sup>**, starting from climate change mitigation and adaptation, i.e., the first two of the six environmental objectives considered by the EU Taxonomy. Specific technical screening criteria of economic activities<sup>24</sup> have been defined for these objectives and detailed in the Climate Delegated Act.

Article 8 of the EU Taxonomy Regulation introduced, from **1 January 2022**, a **disclosure obligation** for companies and financial market participants that are subject to non-financial reporting obligations in accordance with the provisions of Directive 2014/95/EU<sup>25</sup> (NFRD), implemented in Italy by Legislative Decree No. 254 of 30 December 2016, on how and to what extent their business activities are associated with environmentally sustainable economic activities. Details as to the methodology and indicators to be used for reporting required under the Taxonomy Regulation are explained in Commission Delegated Regulation (EU) 2021/2178.

<sup>22</sup> Regulation (EU) 852/2020: <https://eur-lex.europa.eu/legal-content/IT/TXT/PDF/?uri=CELEX:32020R0852>

<sup>23</sup> The six environmental objectives of the Taxonomy: climate change mitigation, climate change adaptation, sustainable use and protection of water resources, transition to a circular economy, pollution prevention and reduction, protection of biodiversity.

<sup>24</sup> Annexes I and II of Commission Delegated Regulation (EU) 2021/2139 (Climate Delegated Act)

<sup>25</sup> Directive 2014/95/EU: <https://eur-lex.europa.eu/legal-content/IT/TXT/PDF/?uri=CELEX:32014L0095&from=IT>

### MPS Group’s approach to the taxonomy disclosure

As required by Delegated Regulation 2021/2178, the MPS Group conducted an analysis based on the **prudential scope of consolidation**,<sup>26</sup> considering the gross book value of the balance sheet assets as at 31 December 2021<sup>27</sup>.

To prepare this disclosure, the MPS Group used the templates provided by the Platform for Sustainable Finance and the relevant Guidelines published in December.<sup>28</sup> It reported the requested information starting with **accurate data** if available; instead, if information was not available, the MPS Group made use of proxies to estimate the required data. In particular, in order to report the exposures to central governments, central banks, supranational issuers and derivatives, as well as exposures corresponding to the trading book and interbank loans, the MPS Group used detailed data from the gross book values in the Supervisory Reports, while it used proxies for the classification of exposures in taxonomy-eligible and taxonomy-non-eligible activities and the identification of companies subject and not subject to NFRD.

Specifically, for the purpose of reporting information that is not publicly available, the MPS Group implemented a **methodology based on the following proxies**:

- **Identification of exposures to taxonomy-eligible activities:** in order to identify the activities that can contribute to climate change mitigation and adaptation objectives in accordance with the Climate Delegated Act<sup>29</sup>, the MPS Group classified its exposures on the basis of the counterparty’s prevailing business sector.

- **Exposures to companies subject to the non-financial reporting obligation:** these exposures were identified by the MPS Group considering the Consob list of Italian companies required to draft a Non-Financial Statement; instead, at EU level, the presence of NFRD reporting on the counterparties’ public websites was checked and if no detailed information was available, they were considered not subject to NFRD. Lastly, all companies operating outside the EU were considered not subject to this obligation.

### MPS group disclosure

This paragraph shows the completed template in relation to the FY 2021 disclosure and provides details on the percentage compared to total balance sheet assets in exposures to:

- Taxonomy-eligible activities<sup>30</sup> and Taxonomy-non-eligible activities;
- central administrations, central banks and supranational issuers;
- derivatives;
- companies not subject to NFRD;
- trading book and interbank loans;

In particular, in keeping with the indicator for disclosures from 2023 onwards for Credit Institutions (Green Asset Ratio - GAR), the following assets were considered in order to assess the eligibility of exposures:

- debt securities and equity instruments;
- loans and advances to businesses;
- project finance;
- enforced real estate guarantees;
- loans and advances to individuals for the purchase or renovation of real estate<sup>31</sup>.

and exposures to central governments, central banks, supranational issuers, companies not subject to NFRD, derivatives, trading book and on demand interbank loans were excluded.

	Eligible <sup>32</sup>		Non-eligible	
	Gross book value (€ mln)	% of total assets	Gross book value (€ mln)	% of total assets
Assets covered <sup>33</sup>	27,272	19.44%	41,364	29.49%
Trading book and on demand interbank loans			10,223	7.29%
Exposures to central administrations, central banks and supranational issuers			13,423	9.57%
Derivatives not held for trading			6	0.004%
Exposures to companies not subject to NFRD obligations			47,980	34.21%

<sup>32</sup>Assets covered are the balance sheet assets - gross book value - net of exposures to central governments, central banks and supranational issuers and derivatives, companies not subject to non-financial reporting obligations pursuant to article 19 bis or 29 bis of Directive 2013/34/EU, trading book and on demand interbank loans.

<sup>33</sup>Eligible: in compliance with the additional requirements as per the EC’s clarification of 2 February 2022, the eligible percentage of covered assets as per Annex V of Delegated Regulation 2021/2178 is reported, which is calculated by using the total assets - gross book value - as denominator as required under paragraph 3, article 10 of the Delegated Regulation. Note that, given the level of depth of the available data and the greater materiality within the Group’s total exposures, the four main legal entities (Banca Monte dei Paschi di Siena S.p.A., MPS Capital Services Banca per le Imprese S.p.A., MPS Leasing e Factoring Banca per i servizi finanziari alle imprese S.p.A., Wise Dialog Bank S.p.A. - Widiba) were taken into account for the identification of eligible exposures.

The share of **EU Taxonomy-eligible exposures** for FY 2021 – considering that the scope of disclosure refers to balance sheet assets – stood at 19.44% for the MPS Group, 97% of which refers to loans and advances to individuals for property purchase or renovation.

The share of EU Taxonomy-eligible exposures for FY 2021, also including exposures of counterparties not subject to the NFS reporting obligation, the Group share for the part referring to eligible exposures would be 31.49% (simulation using the same methodology).

In addition, in compliance with the regulation for calculation of the Green Asset Ratio (GAR) from 2023, the percentage of eligible exposures is reported by including the gross book value of the total assets covered (84% of total assets) in the denominator, i.e., excluding from the gross book value of total assets the exposures to central

governments, central banks, supranational issuers and the trading book. The result shows a percentage of eligible exposures of 23.18% while the share of total covered assets of non-eligible exposures is 35.49%.

<sup>26</sup> In compliance with Title II, Chapter 2, Section 2 of Regulation (EU) 575/2013.

<sup>27</sup> Note that off-balance sheet assets are excluded.

<sup>28</sup> [https://ec.europa.eu/info/files/sustainable-finance-taxonomy-eligibility-reporting-voluntary-information\\_en](https://ec.europa.eu/info/files/sustainable-finance-taxonomy-eligibility-reporting-voluntary-information_en)

<sup>29</sup> Delegated Regulation (EU) 2021/2139

<sup>30</sup> «An economic activity described in the delegated acts adopted under articles 10 and 11 of Regulation (EU) 2020/852, regardless of whether the economic activity meets some or all of the technical screening criteria established in those delegated acts»

<sup>31</sup> Exposures related to consumer credit for the purchase of motor vehicles are not included in this report.

## 7.2.2 MPS Capital Services

GRI 103-1 | GRI 103-2 | GRI 103-3 | G4-FS8

MPS Capital Services is the Legal Entity that was the first, within the MPS Group, to initiate (and still maintains) the **voluntary certification** of its **Environmental Management System (EMS)** in accordance with current international standard UNI EN ISO 14001:2015.

The certification is valid for three years and is issued by accredited Certification Bodies which are called upon annually to perform a specific audit. The audit was regularly and again successfully completed for 2021.

MPS Capital Services was one of the first Banks in the Italian financial system to create and subsequently certify its own Environmental Management System, drawing on the experience gained in previous years within BANCAVERDE, a former credit institution specialised in lending to the agricultural and agro-industrial sector and in “green” economy projects such as environmental upgrading, alternative energy and sustainable finance. For this reason, **MPS Capital Services pays constant attention to assessing possible “environmental impacts” during the analysis and regulatory formalisation of its operating, decision-making and relational processes**, whether attributable **to the actual lending activity identified or to its relations with stakeholders in general and with all suppliers in particular**.

In MPS Capital Services, this takes concrete shape not only by directing its specific actions towards compliance with the principles of ethics and environmental sustainability, but also by **disseminating these same principles among the Bank’s personnel and to all the stakeholders and partners the Bank continually enters into contact with in the course of its daily operations**. The ultimate aim has been and still is that of spreading and sharing the principles of Sustainability and ethics throughout all the operating activities of MPS Capital Services, creating a common thread of globally shared values and goals that are always consistent with the requirements of the

Management System. In this regard, in accordance with Management System logic, the Bank operates in a perspective of constant improvement and assesses the possible implications arising from non-compliance with the System requirements.

### Environmental Policy

As part of the above-listed actions and aims, the Bank’s Board of Directors is responsible for approving the **“Environmental Policy”**, whose principles lend a precise and formal approach to all MPS Capital Services’ operations. These founding principles form the primary basis for an ongoing **operating process that seeks constantly and tirelessly to improve environmental performances**, in harmony and in full compliance with the principles established at Group level.

The **process to achieve the environmental performance objectives** is then **subject to constant and careful monitoring through the analysis of specific indicators** that not only represent the normal credit granting and management activities, but also assess all other aspects of the company’s operations having a direct or indirect impact on the environment. For example, the consumption of water, electricity, paper and toner for printers, as well as atmospheric emissions from company systems and cars are monitored.

In addition, a report periodically informs the Board of Directors on the performance of the Management System, the objectives set from time to time and the goals achieved, also with a view to continuous improvement.

Following the transition to the new ISO14001:2015 Standard, the Bank updated the detailed analysis of each environmental aspect affected by its activities, regarding both internal and external factors, environmental conditions, stakeholders and their needs and expectations, compliance obligations, risks and opportunities.

### “Life Cycle” Approach

When assessing environmental impacts as a whole, the concept of *“Life Cycle”* is used in relation to the initiatives for which loans are granted. This principle requires **a careful assessment of all possible environmental impacts that the projects implemented may generate, in order to calculate as accurately as possible all the “costs” that will be incurred, both financially and in terms of environmental impact, beyond the end of the useful life of the initiative**. This vision, therefore, goes well beyond the strictly lending nature of the activity, in relation to which the Bank gives due consideration as to whether to assume the risks related to the loan granting activity. **Examining the transaction involves a much broader time and functional horizon than that traditionally associated with the period in which the funded investment was “productively profitable”; consequently, a calculation needs to be made of what could reasonably be the possible costs for demolition and disposal of the structures and plants, while at the same time assessing any subsequent further impacts in terms of environmental and climate risk**.

### Environmental Scoring

Again for the purpose of identifying and tangibly applying the guidelines of the Bank’s Environmental Policy as effectively as possible, MPS Capital Services has for some time implemented an “Environmental Scoring” system that uses a single summary indicator to assess lending transactions approved by the Bank from an environmental point of view. This summary score, together with all other “traditional” indicators, is one of many elements of analysis which may be used to reach an overall credit rating.

The “Environmental Scoring” methods are summarised and formalised in a specific internal regulation. The final assessment resulting from the analysis is divided into four rating classes:

- Low Risk
- Medium Risk
- Significant Risk
- High Risk

In short, “Environmental Scoring” multiplies the “weight” of the risk profile assigned to the RAE (Business Activity Sector, according to Bank of Italy’s coding system) by the amount class of the lending transaction being assessed, according to the obvious principle that the greater the amount, the higher the resulting risk that the Bank decides to assume. The RAE is the most important of these two aspects taken into consideration because the type and, above all, the sector for which the loan has been requested has the most significant bearing on the potential environmental risk associated with it. The score achieved can be “upgraded”, transitioning from a higher risk class to a lower class if the company demonstrates that it has specific ISO 14001 or EMAS environmental certification and/or if the financed project aims to obtain an “environmental improvement”/generate an environmentally sustainable impact.

## 2022 objectives

In addition to seeking continuous improvement in environmental performances as mentioned above, the operating and functional targets for the coming year will include the following:

- The study and preparation of a range of specifically “Green” proposals both in the lending and in the services and finance sectors. These products will be placed on the market both directly and through the Group network, in complete synergy with Banca MPS. If the opportunity arises, all possible interactions will also be sought with Public Institutions and all Associations that may in some way be interested in the same products, whether financial or advisory in nature, but which in any event support the business. In this regard, one of the main activities will be the identification, assessment and financing of “green” upgrading projects, which will be included in the extremely broad scenario of the National Recovery and Resilience Plan

(NRRP). The Plan is currently being studied and implemented and, in 2022 and beyond, will unfold all its effects, especially in terms of environmental transition and of sustainable and zero-impact economy. Credit Institutions will indeed be called upon to become the key driving force behind the initiatives to stimulate and support the economy. These initiatives will be implemented through several financial and tax instruments included in the powerful intervention that is being prepared by the European Union, together with many other non-EU central governments, to overcome the post-COVID-19 pandemic crisis. This operating and regulatory framework also includes the partnership agreement with SACE (SACE Green Deal) which involves the MPS Group and the entire banking system. The agreement includes special public guarantees to protect loans granted for activities aimed at mitigating environmental risks, reducing environmental impact and “ecological transition” in general.

- Increasingly extensive involvement of MPS Capital Services in the project for the implementation of a new and more sophisticated Environmental Rating model by the Parent Company. Once launched in Banca MPS, its use could obviously be extended to MPSCS, representing an important step forwards compared to the model currently used.
- Support to the Parent Company for the development of new activities that all focus on “green initiatives”, Sustainability, environmental upgrading and, in general, the path towards a “zero impact” economy; the ultimate target of these activities will be the involvement of the entire MPS Group.
- Continuation of traditional activities aimed at raising deeper awareness and at spreading the environmental culture shared within the Company, combined with the continuation of traditional information activities specifically intended for MPSCS customers and in general

for all stakeholders. This area also includes the project regarding the delivery of a specific internal training course for MPSCS Bank’s resources, specifically dedicated to offering an overview of the regulatory developments resulting from ESG topics. Implementation and development of activities for “reshaping” third-party bond issues/certificates to be developed along two lines included in the more general area of “Sustainability” and Positive Impact Finance. The securities covered by the initiative are “sustainable issues”, i.e., for initiatives with strong “Sustainability” values, and “solidarity issues”, i.e., those for which a share resulting from the placement will be donated to a specific entity and/or to benefit a specific project. This activity depends, of course, on the specialist function that MPSCS performs within the Group.

### Green banking

The need to pay increasingly greater attention in order to seize and capture the many aspects related to environmental risk impact has become a crucial factor in the correct assessment of credit ratings and, as such, a key and essential element of the entire credit screening process.

It is also clear that, in carrying out its “ordinary” activities, the Bank is required not only to assess environmental impact “**directly**” - i.e., identifying only the risks it is called upon to assume (which however regard a substantially marginal area, for example, consumption of paper, water, toner, energy, emissions, etc.) -, but also “**indirectly**” with regard to how the loans, which the Bank decides to grant from time to time, are used.

This takes the analysis to the next level: a highly important quantum leap capable of influencing, in

the present and above all in the future, the economic development prospects of the financed companies. This aspect is particularly relevant for companies that, due to their technical or operating characteristics, work in sectors that make them more exposed to generating impacts on the environment and, therefore, on the community, or, vice versa, are particularly vulnerable to environmental impact.

The assessment, granting and subsequent management and monitoring of loans disbursed, therefore, must have among its missions - in addition to ethics, social welfare and inclusion - the safeguarding of “green” social values. These values encompass health, safety and the environment, aspects which have become deeply interconnected and, as such, are often inseparable.

The activities related to achieving the above described objectives were carried out in 2021.

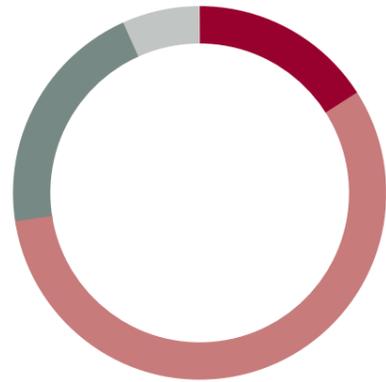
#### G4-FS8

MONETARY VALUE OF PRODUCTS AND SERVICES WITH ENVIRONMENTAL SCORE OF A OR B		2021	2020	2019
Monetary value of products and services with Environmental Score of A or B	€ bn	0.8	0.9	1.1
	%	72.1%	77.8%	79.9%

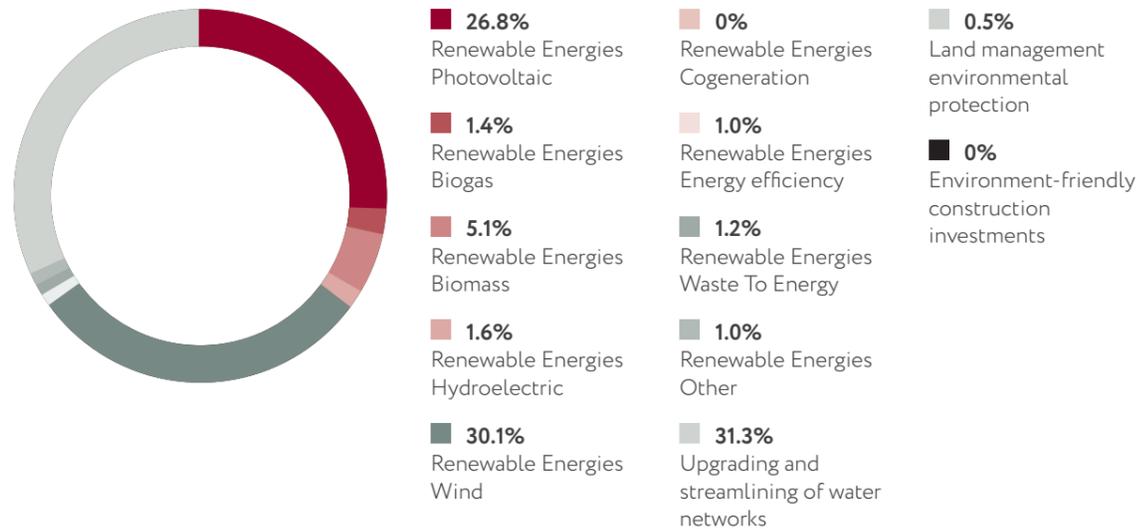


## Environmental Scores

- 16%  
A - Low Risk
- 56.2%  
B - Medium Risk
- 20.9%  
C - Significant Risk
- 7%  
D - High Risk



## Green Finance loans 2021



## Granting types

- 20.6%  
Acquisition financing
- 6.9%  
Water - Upgrading and streamlining of water networks
- 1.5%  
Renewable energies Biogas
- 3.9%  
Renewable energies Wind
- 1.2%  
Renewable energies Photovoltaic
- 0.9%  
Other purposes
- 27.1%  
Ordinary loans in EUR
- 11.8%  
Project financing
- 22.7%  
Leverage transaction
- 3.2%  
Speculative real estate



## 7.3 Quality in customer relation

GRI 103-1 | GRI 103-2 | GRI 103-3 | GRI 417-2 | GRI 417-3

The relationship of trust between the Bank and its customers is based on the quality of their relations. In 2021, at a time of intense “social distancing” due to the pandemic emergency, the Bank set up a phone and email service to remain close to its Customers and help them remotely.

Many transactions were carried out remotely using the Digital Banking service (payment of utility bills, Form F24 payments, payment card management, instant bank transfer or for tax benefits, etc.) or through the ATM self-service area.

The Bank guaranteed disclosure on the measures adopted due to the Coronavirus emergency (e.g., suspension of mortgage payments, etc.) by constantly updating its website and sending specific information to customers.

All Group personnel, whether working physically in the Branches or remotely, ensured the continuity of services and responded to customers’ needs. All deadlines that required continuity of service (e.g. debit or credit cards) were monitored and continued as normal.

The Bank set up a customer listening system through the “**Measuring Customer Advocacy**” programme, which has conducted customer satisfaction surveys regularly over the past years. Given the very delicate situation, no global data collection was performed in 2020. On the other hand, listening continued to be examined during specific customer multi-channel moments (for

example, renewal of credit cards, purchase of non-life policies, etc.). All this was done by adopting the NPS (Net Promoter Score) method to allow immediate measurement of customer satisfaction.

As a result, a process was started, which will continue in the years to come, to strengthen customer confidence, based entirely on the customer’s perception at every moment of his/her relationship with the Bank (voice of the customer).

The data collected, in full compliance with existing privacy regulations, will be useful for the ongoing improvement of products, services, processes, channels and any related information systems.

In 2021, the Bank’s internal rules were broadened with a document that regulates the operating phases and the content relating to the implementation and processing of “listening” surveys which may be delivered to both customers (or prospective customers) and Montepaschi Group employees. The document focuses on verifying customer satisfaction, regarded as an essential condition for establishing a relationship of trust and credibility, and is aimed at generating loyalty and proactive word of mouth (Customer Advocacy). In addition, a document was published that regulates the process for recording and handling customer complaints received verbally, including at branches, in order to expand the listening and support channels for requests that have generated potentially critical relational issues.

GRI 417-2

CASES OF NON-COMPLIANCE IN PRODUCT AND SERVICE INFORMATION AND LABELLING		2021	2020	2019
Total number of cases of non-compliance with regulations and/or self-governance codes	N.	1*	2**	1***
i) cases of non-compliance with regulations leading to a fine or sanction	N.	1	2	1
ii) cases of non-compliance with regulations leading to a warning	N.	0	0	0
iii) cases of non-compliance with self-governance codes	N.	0	0	0

\* On 10 December 2021, the AGCM notified Banca Widiba that it had initiated proceedings for alleged unfair trading practices with regard to a unilateral change of conditions, which affected customers holding current accounts.

\*\* 1 - On 12 June 2020, on completion of the inspection on Transparency conducted at MPS and Widiba, the Bank of Italy notified the Board of Directors of MPS of the audit report containing 29 findings. Sanction proceedings were therefore initiated, concluding in a pecuniary administrative sanction of EUR 2.9 million being inflicted pursuant to art. 144 of the Consolidated Law on Banking, notifying the Bank on 6 May 2021. In the meantime, Banca MPS set up a remediation plan which was concluded at the start of January 2021 for which follow-up action and monitoring continued during 2021.

2- By notice served on 11 June 2020, the AGCM invited MPS to remove the alleged unlawful parts in the disclosure on customer response times for the suspension of mortgage instalments or granting of loans pursuant to the "Cura Italia" and Liquidity Decree Laws. The Bank took all necessary steps to remove the critical issues identified and, on 20 July 2021, the AGCM resolved that the unlawful parts had been remedied.

\*\*\* During the Bank of Italy's audit on Transparency, some mortgage contracts were found to have a contractual interest rate slightly higher than that advertised in the information sheet on the date of signing. Appropriate remedial action was taken (reimbursement of interest and review of conditions).

GRI 417-3

CASES OF NON-COMPLIANCE CONCERNING MARKETING DISCLOSURES		2021	2020	2019
Total number of cases of non-compliance with regulations and/or self-governance codes concerning marketing disclosures, including advertising, promotion and sponsorship, for:	N.	0	0	0
i) cases of non-compliance with regulations leading to a fine or sanction	N.	0	0	0
ii) cases of non-compliance with regulations leading to a warning	N.	0	0	0

Quality of relations with Widiba Customers

Customer experience has always been a distinctive element, when addressing the market, both for the banking platform and the services offered. Customer experience and listening - which are part of the bank's DNA - are values that "embrace" customers, providing them with a unique experience. In a social and financial context where banks are a necessity and their use is perceived as

a commodity, experience is the only personal element that generates value.

Widiba bank involves its customers in a decision-making process on a daily basis: customers can rate products and services with a score from 1 to 5 and have the chance to make a comment or suggestion.

- Customers who give a score between 1 and 2 are included in a telephone campaign to understand the reason for their dissatisfaction;

- Valid suggestions are examined and, after technological updating, they are turned into improvements or new features for the customer.
- The rating system can be regarded as a user test that runs continually: the information gathered is an asset that strengthens customer relationship management through a structured process (CRM). In addition to having a direct impact on technological implementations, rating analysis is a way of providing information to customers transparently.

Results 2021

- 4.85/5 average score
- Over 1.1 million user scores (LTD)

Among the customer experience innovations introduced, the integration of SPID (Public Digital Identity System) recognition into the account opening process was implemented. Widiba was the first bank in Italy to offer this solution to over 27 million Italians who already have SPID credentials, ensuring safe and secure access to digital services.

Banca Widiba's new videobanking feature was launched in 2021, allowing customers to interface with the bank using a new remote channel, while maintaining face-to-face interaction. Dialogue, created as a collaborative tool to bring banks and customers closer to each other, is designed to further facilitate dialogue, also remotely.

Furthermore, to respond more effectively to customers' needs (including unexpressed needs), the Widdy Virtual Assistant was enriched with a predictive intelligence engine that anticipates the most likely questions and generates automatic information for the customer through chatbot automation.

7.3.1 Accessibility

G4-FS1 | G4-FS14

Principles and rules on accessibility and usability are deeply embedded in the overall vision and in the project execution of Self Banking services.

In designing, developing and implementing its Digital Banking services, the Bank has strengthened cooperation with **UICI - Italian Union of the Blind and Visually Impaired** and **IRiFoR - Institute for Research, Training and Rehabilitation** with the aim of making Internet Banking information and instruction operations fully accessible and easy to use from desktops, mobiles and Apps. Technical and functional specifications, certified by the Italian Union of the Blind and Visually Impaired (UICI), are applied to the already existing functions and are a standard requirement in the development of new functions.

From this perspective, relations have been strengthened with partners that have given their support over the years; the direct and indirect contribution of businesses that are well-established locally as well as collaboration with new Fintech market players (start-ups or consolidated companies) contribute, on the one hand, to mutual growth and, on the other, to raising the level of innovation, usability, accessibility and actual usefulness of the services developed.

The design of the **Self Banking services provided by ATMs** includes hardware, software and location features (self areas) so as to make the services **accessible to people with different kinds of disability** and make it easier for them to carry out transactions.

The following is available for visually impaired and blind people:

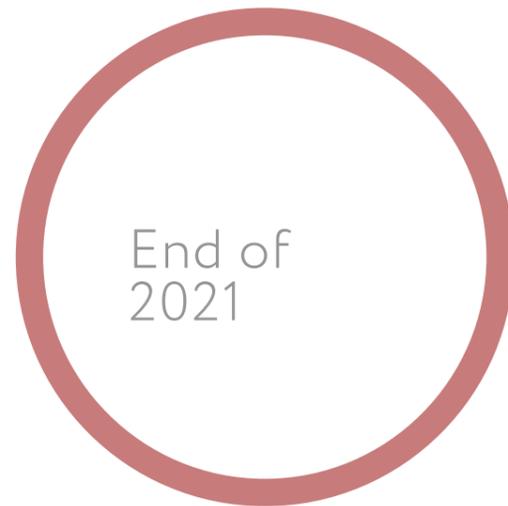
- Media Entry/Exit Indicator (green flashing lights located near the main points) indicating the area of interaction with the machine;
- Audio KIT with stereo speakers and headphone jack (private audio);
- braille keyboard.

To make it easy for people with functional limitations to use the new ATMs installed in the Self Areas, the following measures were implemented:

- entrance width of at least 120 cm, without steep slopes and any kind of access barriers;
- non-slip flooring made of non-abrasive material;
- the width of any doors along the route to the terminal is at least 80 cm and the doors offer no excessive resistance to opening;
- installation of ramps if the ATMs are close to steps/stairs;
- ATMs located to allow comfortable side access by wheelchair users.

ATMs directly facing the street - if permitted by the building where the ATM is installed - are located to allow lateral access by wheelchair users. All ATMs, consisting of 2,621 machines, are designed to be accessed by visually impaired people (100% at the end of 2021 against 99% at the end of 2020).

Banca Telefonica services, provided by the function that also deals with Telephone Support services for customers (Media Center), were increased due to the COVID-19 health emergency. Information and assistance services for access to the new economic measures launched by government authorities (e.g. Ecobonus, Superbonus 110%) were also provided through toll-free numbers (with an option for calls from abroad) and dedicated email addresses.



100%  
ATM access

99%  
ATM access

## 7.4 Digitalisation and IT security

GRI 103-1 | GRI 103-2 | GRI 103-3 | GRI 418-1

2021, also due to the continuation of the COVID-19 health emergency, was marked by **consolidation of the digitalisation process for the advisory service**. On the one hand, the effectiveness seen in 2020 in ensuring prompt services even during the lockdown period and, on the other, customers' greater awareness of digital channels, are elements that led to the increasingly frequent use of web collaboration to provide basic services and for investment advisory management.

At the same time, a **widespread digitalisation plan** was implemented in 2021. The aim of the plan is to make all the investment instruments available to customers fully accessible through remote channels, in order to **further improve customer experience and guarantee prompt intervention in all conditions**.

Network and Customer initiatives were undertaken to raise awareness and broaden the opportunities made available by BMPS in terms of remote banking and financial services. The goal was to enhance and disseminate the Digital Banking and PasKey Azienda Online (PAO) digital services by offering the online experience.

Commercial campaigns were promoted through the Network aimed at:

- opening and activating the PAO or Digital Banking;
- increasing the penetration and use of services available on the PAO and Digital Banking (online advances, payment card issue requests);
- subscribing to the Advanced Electronic Signature (FEA);
- subscribing to the Online Documents (DOL) service aimed at making communications with

customers more efficient and achieving economic and environmental benefits on the production, mailing and transport of printed documents;

- recovering missing email addresses from customers.

Clearly, great attention is given to producing fewer physical documents. In this regard, in order to **further reduce the use of paper** in branches and **make a greater number of Services/Information available to Customers**, the following initiatives were implemented in 2021:

- Installation of **electronic devices for the consultation of Banking Transparency and Currency Exchange Rates**; already completed in approximately 70% of branches, with full coverage by March 2022. The use of electronic devices instead of traditional paper "notice boards", meaning that new notices do not need to be printed out every day and old notices do not need to be thrown away. At the same time, customers can easily consult the entire archive of transparency documents (and not just part of it).
- Provision of **New Signature Pads for Graphometric Signatures on contracts** by customers; delivery already to approximately 85% of Network resources, with full coverage by February 2022. The use of Signature Pads avoids the need to print contractual documentation and, by sending it by e-mail, customers always have the signed contractual information at their disposal.

To support the dissemination and operations of Corporate Banking (PAO), the following were made available to the Network in 2021:

- from 20 September, a series of tutorials providing guidance on the operations for the management of signature powers (the “Progetto Firmatari” or Signatory Project which totalled 3,078 views);
- from 21 October, a new online course, completed on 31 December by 4,536 co-workers out of 5,123 involved (88.54%).

The “Web Collaboration” service, which offers the opportunity to receive personalised Basic or Advanced Advisory proposals developed through the Advice Platform (devices for UCITS funds only) was also extended to Valore customers starting from 5 February 2021, thus completing the availability already in operation for Private and Family Office customers.

During 2021, it was used for 18,764 advisory proposals (2,643 Valore, 11,759 Premium, 4,362 Private and Family Office) for a total of 61,287 Fund and Sicav sales transactions subscribed in this manner.

With regard to payment tools, **Google Pay** was launched, the free service that allows payments to be made in physical stores and in Apps in a practical, fast and secure manner with the Bank’s debit cards (Carta Montepaschi Debit Mastercard, MondoCard) and credit cards (Carta Montepaschi Classic, Gold, Platinum, Black and Unica). For corporate customers, the Prepaid Corporate Card called Quickard Business was promoted, with its high security standards in managing transactions thanks to features such as contactless, pin change, control by user channel and geographic area, and alert functions. The credit card offer was also streamlined. As at 31 October 2021, 15,963 customers had activated it.

In the **Acquiring Services** area, the partnership with **Nexi** was strengthened, following a new agreement, which allows the Bank to offer advantageous promotional conditions that make acquisition and retention actions more effective.

The Bank also continued to promote the digitalisation of merchants, once again confirming initiatives and offers in 2021 such as **Nexi Welcome**, a simple solution that does not require complex installation processes and features a very low entry cost and no monthly fee.

To help merchants during the lockdown period, the Pay By Link service was introduced to manage remote payments via email, text message and chat by sending a simple link, and Digital Store services to sell and receive payments, allow reservations or display price lists online and on social networks without having an e-commerce site.

As a result of the second directive on payment services, known as PSD2, the “Consultation of accounts and cards of other Banks” service was released in 2021. The service makes it possible to use the “Banca MPS” Digital Banking App to have a centralised view of the balances and movements of accounts and prepaid cards of third parties subscribing to the service, from time to time, at SEPA level. As at 15 December, 3,847 customers had signed service contracts and 60 intermediaries were connected.

“Check IBAN PA” is another public utility service that was released in 2021. This service is necessary when confirming bank details for the correct disbursement of subsidies and other contributions ordered by the Government under the COVID-19 support schemes for citizens and businesses.

In 2021, the Remote Collaboration service, which makes it possible to **remotely** finalise the signing of documents and contracts originated in the branch for retail customers, became fully operational in Digital Banking (also on the “Banca MPS” App, from 5 February). During 2021, the service was used 3,397 times, mainly for signing the KYC Questionnaire. The scope of documents that can be signed using Remote Collaboration is currently being expanded and after further developments, will also include documents and contracts for corporate customers.

On 30 September 2021, on termination of the validity extension for ID documents as a result of COVID-19 legislative measures, the number of customers whose document had not yet been renewed in the Bank’s archives was very high (over 303,000). Failure by customers to update their document after the period granted to them to regularise their position (at the branch or via Digital Banking) forces a block on operations. For this reason, the Online Renewals management team was significantly strengthened (59 dedicated resources against the 5 normally in charge) allowing day-to-day management and continuity of service for customers, despite the exponential growth in requests. Renewals handled remotely were:

- 7,251 in the period 1 January-29 September
- 65,648 in the period 30 September-31 December

The Nexi offer was enriched by the “POS Extra” initiatives that allow merchants to request an additional GRPS POS completely free of charge and “SmartPOS 50%”, which offers a 50% discount on the monthly fee for all Nexi SmartPOS models for 12 months.

The new “Easy Merchant” operating procedure, developed in collaboration with Nexi, was adopted in October 2021 for new customers agreeing to the POS service. Thanks to guided data entry maps, the tool simplifies pricing choices and automatically produces pre-filled contractual forms; it is no longer necessary to send the documents to the back office. Merchants approved through “Easy Merchant” are entitled to the Offerta Zero, which includes special conditions on fees and transactions.

## IT security

IT security is critical to the correct provision of online banking services to Customers. As a provider of innovative banking services, the Bank adopts all necessary precautions to minimise the risks inherent in the services it offers. It implements and adopts the highest security standards through continuous attention to the market in order to identify the appropriate tools to protect the supporting technological structure and combat cybercrime and computer fraud. The guidelines that inspire the development of IT security are formalised in an **internal regulatory framework** that provides guidelines, methods and management standards to all Group companies. It is aligned with the highest quality and compliance requirements in relation to the various operating areas and risk sources:

- Information Security (ISO/IEC 2700x);
- Business Continuity (ISO 27031:2011 and ISO 22301:2012);
- ICT Security (ISO 13335:2004);
- It also meets local and global legal and regulatory requirements such as:
- GDPR – General Data Protection Regulation
- PSD2 Directive (EU) 2015/2366 on payment services in the internal market
- Circular 285 – Bank of Italy
- EBA Guidelines on ICT and security risk management

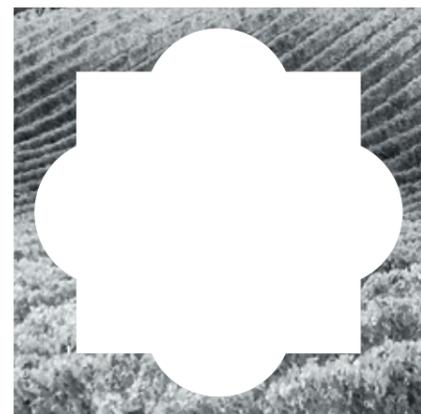
During 2021, in line with the Strategic Security Plan approved by the BoD in 2019, the work programme envisaged in the annual planning was completed, with the objective of strengthening the overall security of corporate services for the entire Montepaschi Group. **Organisational, procedural and technological actions** were carried out, aimed at reducing the risks associated with the confidentiality, integrity and availability of information for the entire Montepaschi Group.

The main initiatives included:

- implementation of the annual IT security awareness programme with the delivery of ad hoc training on identified classes of users, awareness-raising initiatives for Top Management, development of knowledge about security issues associated with the use of IT tools, updating of the internal security portal, and the use of individual and customised “continuous training” solutions for anti-phishing purposes;
- further strengthening of Group governance by continuing the process started for the adoption and application of a Cybersecurity framework as an internal self-assessment tool to support the Bank in managing cyber risk;
- implementation of the annual plan for the development of defence tools identified to reduce the risk associated with Montepaschi Group IT services;
- cooperation through the sharing of information and data with the Police and with banking institutions/associations in order to strengthen the fight against cybercrime and computer fraud;
- subscription to an insurance policy to cover cyber risks.

INDICATORS - SECURITY OF SERVICES – BITSIGHT SECURITY RATING	2021	2020	2019
Security level of the technological infrastructure <sup>32</sup>	770	770	760

Regarding 2022, the Group intends to continue to strengthen its security posture by implementing the goals that will be defined in the new 2022-2024 Strategic Security Plan, through governance, process, regulatory and IT implementation measures at Montepaschi Group level, including: reorganisation of the Incident Response Team (IRT/CERT) for monitoring and handling cyber incidents at Montepaschi Group level; strengthening of service security monitoring; and the rationalisation of anti-fraud services and processes.



## IT security

### IT security guidelines

The guidelines are formalised in an internal regulatory framework that provides all Group companies with:

- **guidelines**
- **methods**
- **management standards**

The framework is aligned with the highest quality and compliance requirements in relation to the various operating areas and risk sources:

- **Information Security (ISO/IEC 2700x)**
- **Business Continuity (ISO 27031:2011 and ISO 22301:2012)**
- **ICT Security (ISO 13335:2004)**

Meets local and global legal and regulatory requirements such as:

- **GDPR – General Data Protection Regulation**
- **PSD2 Directive (EU) 2015/2366 on payment services in the internal market**
- **Directive 285 – Bank of Italy**
- **EBA Guidelines on ICT and security risk management**

### Annual security plan

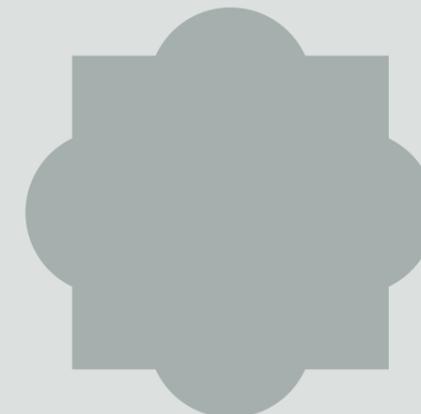
2021: the annual security plan was implemented in line with the Strategic Security Plan approved by the Board of Directors in 2019

Objective: strengthening the overall security of corporate services for the entire Montepaschi Group

Implementation: a series of organisational, procedural and technological actions aimed at reducing the risks associated with the confidentiality, integrity and availability of information for the entire Montepaschi Group

Main initiatives:

- implementation of the annual IT security awareness programme with the delivery of ad hoc training on identified classes of users, awareness-raising initiatives for Top Management, development of knowledge about security issues associated with the use of IT tools, updating of the internal security portal, and the use of individual and customised “continuous training” solutions for anti-phishing purposes;
- further strengthening of Group governance by continuing the process started for the adoption and application of a Cybersecurity framework as an internal self-assessment tool to support the Bank in managing cyber risk;
- implementation of the annual plan for the development of defence tools identified to reduce the risk associated with Montepaschi Group IT services;
- cooperation through the sharing of information and data with the Police and with banking institutions/associations in order to strengthen the fight against cybercrime and computer fraud;
- subscription to an insurance policy to cover cyber risks.



## Technological Monitoring

The Montepaschi Group, through the activities of the Group's Operating Consortium, has defined an IT strategy aimed at operational excellence, i.e., at constantly improving the stability, performance, quality and level of satisfaction of the services provided to the Group's customers and employees. The Consortium's technological and organisational development is supported by an appropriate strategic model that is aligned with the business goals established by the Group and, at the same time, is capable of seizing all the opportunities that technological evolution will offer in the near future.

In order to become a market best practice and the driving force behind the Group's business plan, the Consortium aims to:

- be a strategic business partner in the digitalisation, growth and innovation initiatives of the bank and other business customers;
- be proactive in seizing the opportunities offered by technological innovation;
- guarantee that the Group's IT system is highly operable, ensuring the best quality/cost ratio and top security and compliance standards;
- ensure projects are delivered with strict attention to costs and compliance with the commitments made.

The purpose of the IT strategy is to achieve a competitive advantage based on the use of enabling technologies for a range of different services and on anticipating customer needs (expressed or unexpressed), in order to create a bank-customer relationship model that makes it possible to reach the bank at any time and from any device.

The achievement of this aim is based on several pillars, including digitalisation and security of the IT system.

Digitalisation requires a deep, constant change in organisational activities and processes, skills and business models which must evolve by making

full use of technologies as drivers for innovation. These changes also require ongoing attention to all IT security topics in order to contain/reduce any risks from "cyber crime", i.e., cyber attacks against both employees and customers.

The Consortium responded to the need for change in its business activities by innovating and digitalising its infrastructure, application and organisational system, with a significantly greater use of the "Smart" model for the development of project activities.

In line with market best practices, the improvement and development of business applications continued, such as: Digital Banking, Digital Advisory, Digital Branch, a new lending platform (Elise), a new platform for transparency, and Robot Process Automation - RPA (extended to several areas: lending, anti-money laundering, assistance portal, Chatbot) for the proposal of new products/ services and/or bank/user interaction methods.

From an organisational point of view, the work to simplify processes and maximise effectiveness and productivity continued. In this regard, the adoption of the "smart" method, to respond more effectively and rapidly to business needs thanks to greater focus, flexibility, simplicity and productivity, was significantly increased. To date, the "Smart" method is fully operational in the following areas: digital banking, digital branch, lending, financial statements, risks and compliance.

The ongoing improvement of business functions continued with the aim of guaranteeing a continual, improved user experience of applications and allowing users (both external and internal) to interact in a more user-friendly way with the IT system; it also raises the standards of IT system availability, stability and performance (e.g.: applications, infrastructure, data access, security) to reduce potential service interruptions and system slowdowns. More specifically:

- infrastructure: installation of more efficient, high performance, low energy and more compact computers and storage, taking up

much less space. The installation of a further 4,100 laptops (also to address the health emergency) was completed, bringing the replacement coverage for co-workers to 90%, as well as printers and tablets for graphometric signatures; network connectivity was enhanced and optimised;

- applications: major interventions on digital branch as single point of access to perform 90% of operations, eliminating all switching from old to new functions and reducing the very high risks, including those related to regulatory requirements; Digital Advisory (Athena) for the basic and advanced advisory platform; PEF with redevelopment of the customer loan process and its adjustment to Group credit standards; Consumer Finance for the sale and management of consumer credit products issued by the bank;
- security: migration of the OpenAM open source platform, forming the basis of the Identity & Access Management systems, a strong multi-factor authentication system, through physical tokens and "push" messages on mobile applications, and a Platform for handling and securing corporate mobile devices and the data they contain, with full respect for the privacy of end users, through the segregation of private and corporate environments.

Thanks to the use of an end-to-end approach throughout the entire process, the IT system is regularly monitored and controlled to find areas for improvement and subsequently optimise these areas, ensuring they have same user function options. Monitoring activities also continued to improve the management, resolution and disclosure of any IT incidents/malfunctions in order to ensure optimum service continuity.

The monitoring model for the constant control of all the main pillars of the Consortium's operations was further updated and strengthened: "Change the bank" and "Run the bank", with presentation and discussion of the results in two special

committees with the aim of identifying the results and determining the actions to improve management indicators. The first committee monitors the percentage of business requirement (BR) delivery, the level of satisfaction with delivery and the average time taken to release BR to production. The second committee constantly monitors the performance, availability, effectiveness and stability of the main IT system applications (e.g.: branch, digital banking, advice, ATM) on an annual basis and against the set target.

Also note the operational start-up of the ongoing improvement service with the aim of guaranteeing a continual, improved user experience of applications and allowing users (internal and external) to interact in a more user-friendly way with the IT system; it is also responsible for raising the standards of IT system availability, stability and performance (e.g.: applications, infrastructure, data access, security) to reduce potential service interruptions and system slowdowns. Thanks to the use of an end-to-end approach throughout the entire process, the whole IT system is regularly monitored and controlled to find areas for improvement and subsequently optimise these areas, ensuring they have same user function options. It also ensures better management, resolution and disclosure of any IT incidents/malfunctions in order to ensure service continuity.

IT security is one of the central pillars of the IT system. It must guarantee resilience, sturdiness and responsiveness which the IT system needs to address attacks designed to jeopardise its correct operation and performance.

In particular, in 2021 the "Security Governance" project was launched with the aim of:

- improving the Group's Security Posture to reduce the overall level of exposure to cyber risk and fraud;
- carrying out activities in line with OSI IT Risk instructions, risk/audit recommendations and the Strategic Logical Security Plan;
- increasing the Group's Security Awareness as a means of mitigating IT incidents in order to safeguard customer relations;

- strengthening the anti-fraud platform in terms of fraud control and monitoring (SFM) through development of an Anti-Fraud Plan;
- implementing a strong authentication system for access by employees to the company's information system and applications exposed on the internet;
- implementing a corporate mobile-device management platform;
- enhancing workstation monitoring;

Another project designed to raise the IT system security level even further is "Application Portfolio Remediation", included in the above-mentioned project. Its purpose is to audit the robustness of the IT system applications and their compliance with security requirements. This is achieved through:

- assessments to detect any security vulnerabilities in the applications (web and client/server);
- implementation of suitable remediation activities on any vulnerabilities detected during the assessment phase;
- assessments on applications (web, client/server) to verify correct implementation of the data visibility rules for users (Data Access Review);
- remediation activities for the correct implementation of the visibility rules.

The Bank continued its virtuous process of reducing risks, especially operational risks, to maintain the RAS (risk appetite statement) levels established. The resilience of the IT system was improved - using redundancy mechanisms - to decrease probable inefficiency, speed up the identification of problems and shorten the time needed to solve them. Strengthening of the monitoring platform to determine the period/impact of each major incident, in accordance with the new rules for classifying major incidents.

Further implementations were carried out in 2021 to enhance and perfect the monitoring model (already launched in 2018 and 2019). The results were presented and discussed in two special committees by focusing on the progress of the plan and the quality of the service provided. The first committee monitors the percentage of business requirement (BR) delivery, the level of satisfaction with delivery and the average time taken to release BR to production. The second committee constantly monitors the performance, availability, effectiveness and stability of the main IT system applications (e.g.: branch, digital banking, advice, ATM) on an annual basis and against the set target.

GRI 418-1

TOTAL NUMBER OF PROVEN COMPLAINTS RECEIVED REGARDING CUSTOMER PRIVACY VIOLATIONS, BROKEN DOWN BY:		2021	2020	2019
i. complaints received from external parties and confirmed by the organisation	N.	4	2	3
ii. complaints from regulatory authorities	N.	0	0	2
<b>Total number of customer data leaks, theft or loss</b>	N.	<b>4</b>	<b>2</b>	<b>5</b>

## 7.5 Support for the community

### 7.5.1 MPS Group's artistic heritage

GRI 103-1 | GRI 103-2 | GRI 103-3

The preservation, protection and enhancement of the artistic heritage of Banca Monte dei Paschi di Siena - which has increased over the centuries ever since 1481, the year in which Monte di Pietà commissioned a Madonna della Misericordia, symbolising the Institute's humanitarian purposes, from the artist Benvenuto di Giovanni del Guasta - represent a significant core of the Bank's activities and contribute to defining its identity. Cultural initiatives have always played a central role in MPS's policy, since they have a significant impact on the brand and strengthen the Group's reputation. Drawing on targeted strategies - which over the years have enriched the collection, now standing at almost 30,000 items -, the Bank has shared its works constantly, organising many exhibitions over the years, regularly loaning its artworks both nationally and internationally, and opening its historic premises to the public free of charge. More recently, it has created videos and digital insights that can be used on modern communication platforms. The Bank holds ongoing and continuous relations with the Fine Arts Trusts responsible for the local areas and various matters (artistic heritage and archive-library heritage). This cooperation is essential for correctly preserving the works, for obtaining the necessary authorisations for loans, exhibitions and consultations, and also for agreeing on the best and most effective heritage enhancement strategies. Furthermore, the Bank is committed to preserving and protecting its heritage; it conducts periodic maintenance and restoration work which is shared and agreed with the local Fine Arts



Trusts, with support from highly experienced and expert professionals.

#### Enjoyment of artistic heritage

The continuation of the state of emergency due to the COVID-19 pandemic and the subsequent restrictions on access to museums, cultural venues and historic sites did not allow enjoyment of the Bank's art collection as usual in 2021. To comply with the provisions on social distancing laid down by the Italian Government and approved by the Bank's internal corporate policies, in 2021, it was not possible to respond positively to the many requests for guided tours of Rocca Salimbeni. Limited access was permitted only to scholars and art historians for justified study purposes. For the second year in a row, the "Banca Aperta" initiative was cancelled. During this event, the artistic and architectural heritage of the Bank's historic headquarters are open to the public on 2 July and on 15 and 16 August, that is, when the ordinary Palio races are run.

## Restoration, loans, enhancement, consultation of archive materials

in 2021, **restorations**, maintenance and/or anoxia treatment works were conducted on: 3 benches in carved wood, 1 piano seat, 3 block prints, 58 antique prints (with purchase of bivalve boxes for their correct preservation), 16 sculptures, 1 majolica wall, 25 paintings (8 of these restorations will be concluded in 2022), and 1 wooden coat of arms, for a total of 108 assets treated. The restorers were chosen from the List of Professional Restorers of Cultural Heritage pursuant to art. 182 Legislative Decree 42/2004 (updated on 4 February 2019) depending on the kind of asset being restored.

There were 7 **loans** for a total of 30 works exhibited, clearly increasing compared to 2020 due to the gradual easing of COVID restrictions in museums and cultural venues. Specifically:

### Henry Moore. The sculptor's drawings

at Museo Novecento – Florence  
16 January-22 August 2021  
Henry Moore, *Model for Animal Form*, inv. no. 5049163, full relief bronze sculpture, 1969-1971

### Dante. La visione dell'arte da Giotto a Picasso (Dante. The vision of art from Giotto to Picasso)

at Musei San Domenico - Forlì  
1 April-11 July 2021 (opening on 28 April 2021)  
Matteo di Giovanni, *Madonna con Bambino e due angeli* (Madonna with child and two angels), inv. no. 99 MPS, oil on wood, 1470/1480

### La forma del tempo

(The shape of time) at Museo Poldi Pezzoli – Milan  
13 May-27 September 2021  
Bernardino Mei, *Amore curato dal Tempo con l'acqua del fiume Lete* (Love cured by Time with the waters of the River Lete), inv. no. 381807, oil on canvas, 1653

### Tra arte e plagio. Il fascino delle Contrade (Art and plagiarism. The charm of the Contrade)

at Santa Maria della Scala (Palazzo Squarcialupi) – Siena  
15 September-15 October 2021  
20 ceramic amphorae by Dino Rofi (from inv. no. 223963 to inv. no. 223982)

### Giovanni Fattori, Capolavori e aperture sul nuovo secolo (Masterpieces and Openings on the New Century) (provisional title)

at GAM - Galleria Civica d'Arte Moderna e Contemporanea – Turin  
14 October 2021-20 March 2022  
Giovanni Fattori, *Butteri e mandrie in Maremma* (Cowboys and Herds in Maremma), inv. no. 5048488, oil on canvas, 1894

### Realismo magico (Magical Realism) (provisional title)

at Palazzo Reale – Milan  
19 October 2021-27 February 2022  
Antonio Donghi, *Vaso con giunchiglie gialle e fresie viola* (Vase with yellow daffodils and purple freesias), inv. no. 5048499, oil on canvas, 1928

### Parigi era viva. De Chirico, Savinio e gli Italiens de Paris (1928-1933)

(Paris was alive. De Chirico, Savinio and the Italians of Paris) at Museo di Arti Decorative Accorsi-Ometto – Turin  
21 October 2021-28 February 2022  
Mario Tozzi, *Le bonnet basque*, inv. no. 5048502, oil on canvas, c.1929  
Gino Severini, inv. nos. 5048496, 5048497, 5048508, 5048507, tempera reproduced in pochoir, c.1927-1930

With regard to **enhancements**, new frames were made for 22 graphic works, 2 paintings and 1 drawing. Two drawer units were purchased for the proper vault storage of graphic works, antique prints and drawings on paper. In addition, a display case was made for Henry Moore's sculpture, *Model for Animal Form*. Regarding the collection of Gonzaga coins and medals acquired through the merger of Banca Agricola Mantovana and held in Mantua, the study and analysis entrusted in 2020 to numismatist Massimo Rossi was completed. The expert examined every single piece of the collection and appraised its historic and artistic value, rarity and preservation conditions.

There were a total of 9 **consultations of archive materials**, in addition to 2 by internal staff for external needs.

All restoration, loan, enhancement and consultation activities were agreed and authorised by the competent Fine Arts Trusts.

## Participation in cultural initiatives promoted by abi

the Bank constantly takes part in ABI's Cultural Relations Work Group (tasked with identifying cultural strategies common to all banking institutions) and in 2021 joined the 20th edition of "Invito a Palazzo. Arte e storia nelle Banche e nelle Fondazioni di origine bancaria" (Invitation to the Building. Art and History in Banks and Banking Foundations). Since 2002, this event has allowed visitors to visit buildings normally closed to the public and admire the artistic heritage that banks and foundations hold on their premises. The IAP 2021 edition, featuring a mainly digital version, was designed to promote audio-video and multimedia content available between 2 and 9 October on the ABI website <http://palazzi.abi.it>. The Bank also took part in the campaign "I sentieri dell'arte in Italia con Invito a Palazzo" (The paths of art in Italy with Invitation to the Building), a virtual itinerary promoted by ABI to celebrate the twentieth anniversary of the initiative, with the creation of a podcast edited by Nicolas Ballario and dedicated to Rocca Salimbeni. The podcast was published on 2 October on [speaker.com](https://www.speaker.com) and can be listened to at: [www.muvir.eu](http://www.muvir.eu).

Furthermore, on Saturday 2 October, Rocca Salimbeni was opened to the public between 10 a.m. and 6 p.m. for a maximum of 180 visitors, with free guided tours subject to advance reservation, timed entry and obligation for visitors to show their Green Pass in compliance with the COVID regulations in force.

The Bank's social media channels (Facebook, Instagram) gave broad visibility to the event, specifically:

- 27 September PRESENTATION POST OF INVITATION TO PALAZZO 2021: 24,720 impressions, 1,405 engagements
- 2 October VIDEO INVITATION TO ONLINE VISITS ON THE MUVIR PORTAL: 9,595 impressions, 772 engagements
- 2 October STORIES ON THE OPENING OF THE ROCCA: 20,647 views
- 8 October PROMOTION OF THE PODCAST DEDICATED TO THE ROCCA: 11,645 impressions, 358 engagements



**EXTERNAL COLLABORATIONS**

The Bank supported Associazione MUS.E (commissioned by the Florence Municipal Authority to enhance the Museo Novecento in Florence) with the exhibition Henry Moore. *The sculptor's drawings* held between 16 January and 22 August 2021, under the scientific curatorship of Sergio Risaliti. The Bank took part as sponsor and lender of one of Moore's works, *Model for Animal Form*, a full relief bronze sculpture, 1969-1971.

**REGULATORY ASPECTS**

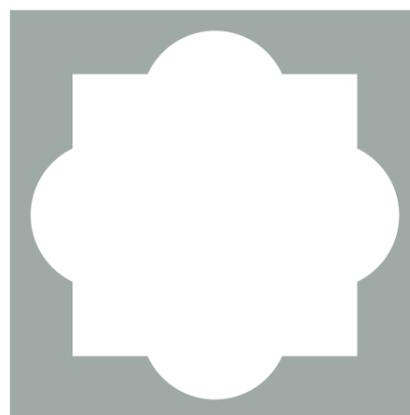
Activities associated with the management, protection and preservation of the Bank's artistic heritage are regulated by corporate regulation D02341, while regulation D02331 defines the powers of independence for trading and selling works of art. With regard to assets subject to restrictions, reference must also be made to the related Italian law, Legislative Decree 42/2004 - Cultural and Landscape Heritage Code.

**ANALYSIS OF THE COLLECTION**

The Art Collection consists of 29,767 works, with a total book value of approximately EUR 120 million. The main body of the collection is made up of works by artists from the Siena area, which is the result of a clearly defined purchasing strategy, and by the Chigi Saracini Collection, which is held at Palazzo Chigi Saracini in Siena and includes a variety of items from different eras. Mergers also led to acquiring the collections of Banca Toscana - a significant body of antique and 20th century works, of Banca Agricola Mantovana - a collection of Gonzaga coins and medals, and Banca Antonveneta - 17th and 18th century artists from Veneto and Lombardy, Slovenian painters, and antique and contemporary ceramics from Banca Popolare di Faenza. With regard to amounts: 3,899 works subject to ministerial restrictions of various natures for a total value of around EUR 106.8 million; 5,434 works subject to restrictions "pursuant to Law 1089/39" for a total value of around EUR 2.3 million; 20,430 works and furnishings with no restrictions for a value of around EUR 8.58 million; 4 works, for a total value of around EUR 2.5 million, are currently being assessed by the competent Fine Arts Trust for their historic and artistic value, which may result in restrictions. All of the assets, whether or not subject to restrictions, are reported in the financial statements.

**COMMITMENT**

The precautionary recapitalisation agreement signed by the MEF, the Bank, the European Commission and the ECB identifies a number of Commitments, one of which concerns artistic heritage and envisages the Bank's disposal of its artworks not under restrictions by the end of the restructuring plan (2021), in compliance with applicable Italian legislation.



**MANAGEMENT AND CATALOGUING**

The Bank's works of art are accurately inventoried in a File Maker database with the following data entry fields: photograph, inventory number, other previous inventory numbers, author (with possible indication of previous attributions) and/or artistic-historic area, dating, century, inscriptions, category, technique, materials, measurements (height, width, depth), measurements including frame and related notes, current location and provenance, state of preservation, legal status, any notifications, book and insurance values, exhibitions and bibliography, as well as related materials, images and documents. When updating and transferring data from its own database to the Ministry's, the Bank uses the support of providers with IT/technical and historic/artistic expertise, in order to bring the catalogue in line with the latest studies conducted on the assets and to respond scientifically and consistently to ministerial requests.

**INSURANCE COVERAGE**

In order to protect its works from unforeseeable events, such as theft or damage, the Bank takes out an All Risks Fine Art policy with a company specialising in the sector. The All Risks formula is the broadest on the market because it covers any possible risk, clearly highlighting any exclusions from coverage. The artworks held at Head Office, Branches and Agencies and in all Monte dei Paschi di Siena buildings, whether owned (by the Bank or by associated companies) or rented, and in other property owned but not used for banking activities, as well as in the offices of the Fondazione Accademia Musicale Chigiana, are insured with an "absolute first loss" policy.

**7.5.2 Sponsorships and events in local areas**

GRI 103-1 | GRI 103-2 | GRI 103-3

Banca MPS has for some time now chosen to strengthen its relationship with local areas and communities through events and sponsorships, which are regarded as levers of communication, contact and branding with the aim of strengthening reputation and related accreditation. Due to the persistence of the COVID-19 pandemic, 2021 was a year of slowdowns on many levels. These conditions also had an inevitable impact on the Bank's strategies and action plans in terms of sponsorships and events, given that traditional physical interactions were no longer permitted. Despite this, Banca MPS seized the opportunities that digitalisation offers: it created new methods of interaction with its stakeholders (media relations, captive and prospective customers, associations, bodies and institutions), portraying a Bank that is able to challenge the present and build a future increasingly geared towards sustainable innovation over time, and that gives key focus to the values of simplicity and listening to communities and people.

Given the persisting emergency associated with the COVID-19 pandemic, the Bank started a cooperative project with Coldiretti at Easter 2021, when the Campagna Amica Foundation organised a campaign for the distribution of 100% Italian food packages to vulnerable families and to the new invisible poor whose financial situation had suddenly deteriorated, not allowing them to be included in the official welfare system. The 10,000 direct beneficiaries (about 40,000 vulnerable people) were given food packages weighing a total of 50 kg, thus enhancing the production of Italian agrifood companies by purchasing of these products. The beneficiaries were identified through an information campaign set up with the help of institutional channels throughout the country (municipalities, parishes, local voluntary associations).

In 2021, building on the consolidated legacy of previous years, the Bank confirmed the aim to enhance its cultural and artistic heritage, viewing art and beauty as a vehicle for the well-being of the community and for personal and emotional enrichment. At the same time, it placed the values of knowledge and its dissemination at the heart of its actions, demonstrating that art should be a reference point for potential social and cultural improvement. In this regard, the partnership with the Fondazione Accademia Musicale Chigiana for supporting emerging talents was confirmed: the agreement with the Siena-based Foundation held in great esteem throughout the world, has always been directed at enhancing and promoting national and international musical heritage and at strongly supporting higher education and the professional growth of young classical music talents.

As part of the promotion and support of artistic and cultural events to enhance works of art and of the intellect linked to the local areas of reference (exhibitions, meetings and specific events), the Bank also confirmed its support for the exhibition projects of the MUS.E Association (entrusted by the Florence Municipality to run the Museo Novecento in Florence), including the exhibition held in 2021 "Henry Moore. The sculptor's drawing", in which Banca MPS participated as sponsor. Customer engagement initiatives were carried out during the exhibition, with guided tours involving 60 visitors.

The Bank also sponsored "Mars in divenire - Spazio all'arte", an urban regeneration project organised by the Municipality of Colle di Val d'Elsa (SI) between 24 and 29 June 2021, with a rich programme of events featuring music, dance and contemporary art, conceived around the iconic building designed by architect Giovanni Michelucci and owned by Banca MPS. The building houses the Bank's main branch in Colle Val d'Elsa and was built in 1973. Today, it is a protected monument of significant historic value for its style and strong communicative power. The branch has thus returned to being a socially shared space - and not just the quintessential place for commercial negotiations - as well as a

gathering place to inspire public debate on architecture, its civil role and sustainable urban regeneration.

Also worthy of mention is the cooperation between the Bank and the Municipality of Siena to generously help the community by developing a specific project for illuminations in the historic centre of Siena at the end of 2021: the project was part of the initiatives organised to celebrate the 700th anniversary of the death of poet Dante Alighieri and the centenary of the death of the scholar Federigo Tozzi.

Institutional networking actions continued to be strengthened through the local foundations Antonveneta and BAM, regarded as instruments for listening, spreading the Bank's communication strategies and making a proactive impact on the underlying communities.

In Mantua, the BAM Foundation launched a number of different projects, including the Festivalletteratura (a national and international event on current literary trends) and the functional restoration of the Pescherie di Giulio Romano (a city monument that has first and foremost a social role in meeting and contact, respect for public heritage and readiness to invest in culture). Also worthy of note is the support for activities promoted by Fondazione Palazzo Te, dedicated to the legend of the goddess Venus, thus completing a cycle on feminine art that started in 2018 with the exhibition on the Annunciation in Titian and Richter and continued with the exhibition "Giulio Romano: arte e desiderio" (Giulio Romano: art and desire), in 2019. Fondazione Banca Agricola Mantovana also supported the fifth edition of the Food&Science Festival entitled, in 2021, "La nuova stagione" (The new season): the festival featured a rich programme of events during which scientists, communicators and experts contributed to scientific debate and knowledge about topical issues of importance in addressing the challenges facing the world today.

Lastly, in Padua, Fondazione Antonveneta widely supported the artistic and musical production

sector, by supporting - among other activities - the opening concert of the "Veneto Festival" 2021 with the participation of the ensemble "I solisti veneti".

The activities related to events and sponsorships are formally set out in corporate regulation D00953, which is available for direct and transparent consultation by all Bank employees and functions concerned. Regarding the procedures for formalising sponsorships and drafting the relevant contracts, the Bank requires the counterparty/sponsor to sign a specific document relating to Legislative Decree no. 231 of 2001 on the administrative liability of entities.

### 7.5.3 MPS Orienta

#### G4-FS7

The MPS Orienta programme initiatives focus on career guidance, the development of soft skills, financial education and, in general, relations with schools and universities. The aim of the programme is to promote employer branding, strengthen the link between education and the world of work, support the country's economic and social development, contribute to sustainable growth strategies and strengthen relations with customers and the area in which the Group operates.

The main initiatives target:

- developing partnerships with universities and post-graduate schools to strengthen the link between the academic world and the world of employment, making it more stable and structured. This includes the activation of internships (curricular and non-curricular), co-teaching and targeted cooperation activities, participation in career guidance events, and the preparation of degree theses in the company;
- promoting training, guidance and financial education projects with primary and secondary schools;
- designing and implementing career guidance

and financial education activities to be promoted externally, throughout the country, through workshops dedicated to specific targets.

The 2021 programme included the following main initiatives:

- The Group has entered into **agreements and framework contracts** with over 30 **universities, post-graduate schools and specialisation schools** throughout the country. These agreements make it possible to organise different kinds of work experience in companies aimed at job placement. In particular, they allow young graduates or undergraduates to carry out curricular and non-curricular internships in specialist functions consistent with their studies.
- In 2021, around 80 **internships were set up in specialist departments** in the Group, 95% of which were reimbursed (Euro 700 per month), with an average duration of 6 months, some of which ended in recruitment. More generally, setting up internships allows the company, on the one hand, to remain in constant contact with higher education and the younger generation and, on the other, to facilitate the transition of undergraduates/graduates from the academic world to the world of employment through professional experience. Listening initiatives are also included through an anonymous survey to measure interns' satisfaction levels (average score of experience: 4.2 on a scale of 1-5) and to gather ideas and suggestions so as to offer training courses that increasingly meet young people's needs. As a result of the COVID-19 health emergency and the subsequent actions to combat it, all internships have been set up in blended mode since 2020, meaning that they can be carried out both remotely and face-to-face.
- In addition, an agreement was signed with the **online university of La Sapienza University (Unitelma)** for Group employees and their families, regarding access to online degree courses and post-graduate courses with subsidised fees. The aim was to offer an

educational opportunity that, in terms of costs, schedule flexibility, enrolment timing and content, could have been of interest to as many people as possible. In 2021, 17 enrolments in undergraduate courses and 126 enrolments in level I and II post-graduate courses were recorded.

With regard to career guidance activities, development of soft skills and financial education in secondary schools, during the 2020-2021 school year, the “MPS Scuola-Lavoro” project involved 6 schools in 5 different Italian regions located in difficult and/or disadvantaged areas. Around 140 students were involved for a total of almost 2,000 hours of work-related experience. The students took part in training and orientation webinars and were then engaged in teamwork for the creation of a banking service for young people.

A final event awarded the most convincing project. Again, all activities were live screened to ensure maximum health safety.

- The “MPS Scuola-Lavoro” (MPS School-Work) project is underway for the 2021-2022 school year involving 7 schools located mostly in southern Italy. The activities will be divided into various steps to give continuity to the company’s presence in schools throughout the school year.
- Other meetings on **money saving and career guidance** were held for 2 primary schools in Parma (around 120 participants), schools in Fidenza (30 participants) and Grottaglie (30 participants) and for the Udiems student association (20 participants).
- Lastly, as every year, the company took part in the **Career Days** organised by the University of Siena (again remotely in 2021), which were attended by around 200 students.

MPS ORIENTA INDICATORS		2021	2020	2019
Apprenticeship – Contracts	N.	0	15	16
Internships - initiated	N.	80	70	105
MPS Scuola-Lavoro – Schools involved	N.	6	10	24
MPS Scuola-Lavoro – Students involved	N.	140	80	68
Talent Day – Local events	N.	0	2	3
Talent Day – Participants	N.	0	122	167
Career Day – Participants	N.	200	250	400

## Financial education

### G4-FS16

The situation of uncertainty on the markets due to the spread of the pandemic continued throughout 2021. In this context, the Advisory Team continued to implement and strengthen the info-educational activities to keep the Private and Retail networks promptly updated on the latest developments.

Specifically, the traditional weekly webinar “Flash Mercati” dedicated to the Private network was extended to Retail network specialists. These activities were held weekly in the second half of 2021 on both networks, for a total of around 80 meetings/webinars.

In addition to these meetings, weekly events were organised for the Private network to examine topics with experts and to gain insights into asset management. Two weekly meetings were held for a total of 104 meetings.

The retail network instead saw the creation of B2B meetings and webinars dedicated to the launch of new lines or to analysing market and asset management topics in specific areas. This activity resulted in around 50 additional digital meetings.

The Advisory Team continued to release daily video updates on market trends, available to the network via the intranet.

In addition to videos and webinars, written material was also produced, such as the monthly newsletter for both private and retail customers, and a weekly magazine.

After a year of financial market turbulence caused by the pandemic, 2021 was marked by economic recovery. This was possible because of important actions taken by market players and institutions, first and foremost, the Next Generation EU. Traditional training courses were therefore suitably accompanied by initiatives aimed at providing specific and timely support, also in order to provide the skills necessary to deliver

customer services capable of meeting the needs linked to the reference context. In this regard, digital initiatives were implemented for Private and Family Office Operators, in collaboration with investment houses.

- **Digital B2B**: a cycle of interactive webinars for the Private and Family Office Network, with specialists offering insights into financial market trends and investment solutions that best respond to the current market, and support in understanding the events and actions that marked the year, including from an institutional perspective. Other relevant topics that were covered included: ESG, monetary policies, scenarios, outlooks, etc. In the period February-December 2021, **28 info-educational webinars** were held, for a total of **21 training hours**, delivered to **380 resources**. All resources were included in a programme, allowing them to access several webinars throughout the year, for a total of **approximately 4 hours of training per person**.

- **5 minuti con**: a column created during the 2020 lockdown, consisting of the publication of short videos produced in partnership with investment houses and aimed at continuously updating the Private and Family Office Network on financial markets. A new edition of the column was designed in 2021. Thanks to constant information and highly focused training on the contingent topics covered by the videos, bankers were able to support customers by offering them specialised and prompt advisory services throughout the year. The column’s distinctive features were the focus on topical matters, its info-educational benefits, on-demand viewing and the short duration of the videos. Between March and December 2021, **34 videos were published for a total of 1,030 views** as at 31 December 2021. The slowing of the pandemic at the end of the summer and the opportunities introduced by legislation in this regard made it possible to hold a **cycle of face-to-face training meetings** for small groups of Private Bankers. Between the end of July and the beginning of

November, therefore, we gathered over **360 resources**, divided into **24 appointments** organised across Italy, for a total of around **48 hours of training**.

## #MpsEdu

The #MpsEdu column is a financial education initiative available on the main social media used by the Bank: Facebook, Twitter, LinkedIn and Instagram. MpsEdu was conceived as a “financial dictionary” at the start of 2018 and was initially presented in static format on Instagram only. It was revised in 2020 with a video format and is now also available on the other media channels. Over 70 videos have been published since 2018.

The dynamic format currently used was further revised in 2021. It now lasts about 15” and focuses on a different topic each time, ranging from relatively common terms to more specialist expressions. The aim of the graphic format and dynamic content of the video clips is to intrigue and stimulate viewers to learn more about finance and economics.

The impressions and views on social media channels used by the Bank in 2021 are reported below.

CHANNEL	TYPE	TOTAL	AVERAGE
Facebook	Impressions	43,385	2,711
Instagram	impressions	17,676	1,104
Twitter	views	5,502	1,100
LinkedIn	views	39,834	3,621
<b>TOTAL</b>	<b>impressions + views</b>	<b>106,397</b>	<b>6,649</b>

## Banca WIDIBA initiatives

### Financial awareness

Financial education levels in Italy are still low. Today, more than ever, customers need to be supported by an economic and financial planning process that focuses on their real needs and those of their families, starting precisely from awareness.

To help customers make daily financial decisions with greater peace of mind, Banca Widiba has set up a detailed Financial Education Programme. The Programme is free from commercial practices and was developed using methods and channels available to everyone (customers and prospective customers, young people and adults) - in collaboration with its financial advisors, reliable media and expert partners, including FEDUF “Foundation for Financial and Savings Education” (ABI) which the Bank joined in April.

Face-to-face events, webinars, virtual roadshows, meetings in schools, media partnerships focusing on financial education, social media activities, and a special research project with the Cattolica University of Milan were organised in 2021 to promote a culture of awareness in savings management.

2021 Initiatives:

- **34 virtual evenings** with customers and prospective customers on topics regarding financial resources, succession planning, generational handover, family budgeting, 12 of which sponsored by the MEF
- **8 virtual training events entitled “Effetto Consulenza”** (Advisory Effect) open to everyone, with the collaboration of Advisor, a renowned financial advisory magazine
- **8 virtual training events entitled “Economia e Fantasia** – Insegnare ai figli l’educazione finanziaria” (Economy and Imagination - Teaching financial education to children) for parents on the topic of financial education for children, in collaboration with FEDUF (ABI); 2 events were sponsored by the MEF
- **8 meetings in schools**, part of the “**Progetto per le Scuole**” (Project for Schools) initiative for the 2021/2022 school year in collaboration with FEDUF (ABI); 3 meetings were sponsored by the MEF
- **1 customer evening** on Pet Economy

Participation in the fourth edition of **#OttobreEdufin**, promoted by the Committee for the planning and coordination of financial education activities, was highly successful. Over 17 events and webinars were organised by Financial Advisors throughout Italy, aimed at increasing basic knowledge of financial, insurance and pension issues.

Financial education was also the focus of activities on social media channels:

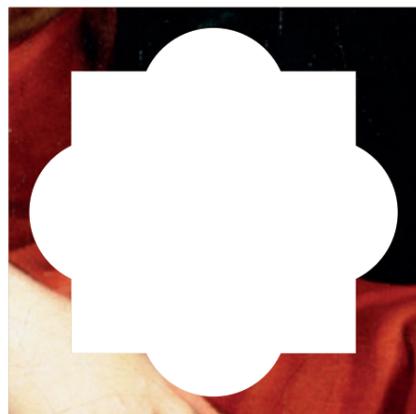
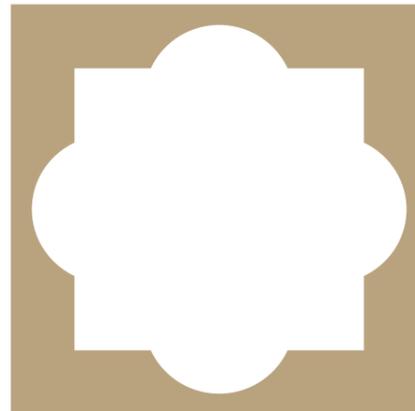
- **Financial Education with Michela Calculli:** together with Michela Calculli, Banca Widiba promoted a financial awareness informative project on social platforms for women over 40 and their families, involving Financial Advisors and Banca Widiba executive managers who went live on Instagram (**over 28k impressions**)
- **Women Dreaming Coach:** Banca Widiba’s project in support of female entrepreneurship. Four experts offered their know-how and advice to help women and girls turn their dreams into business projects. A Banca Widiba Financial Consultant was among

the professionals taking part in the project (**620+k coverage; 2mln+ impressions**)

- **Our future with Luca Rallo:** the customer team member reviewed his experience as a customer, covering key financial education issues with the help of Banca Widiba Financial Advisors in offices throughout Italy (**over 15k impressions**)

There were also several media partnerships aimed at spreading greater financial culture to all readers and listeners of the social media involved. In particular, in 2021 two podcast series were created: 4 podcasts with Will Media on ESG topics applied to finance entitled “La finanza che cambia” (Finance changing) (over 8k listeners for each episode); and 6 podcasts with Il Sole24Ore focusing on key financial education topics entitled “Presente! A scuola di educazione finanziaria” (Here! Financial education school) (over 8k total visits). A Financial Education Project was also carried out with Io Donna “Educazione finanziaria: la guida che aspettavi” (Financial Education: the guide you were waiting for), consisting of 16 articles written together with three Banca Widiba Financial Advisors (over 90k visits to the online special; 2 mln social media reach); the Bank also participated in the Elle Active event with a talk on female finance and on the topic of women and employment.

A research project on inclusive finance was launched in September in cooperation with the Department of Psychology of the Università Cattolica del Sacro Cuore in Milan. The aim of the project was to understand the relationship between women and money, identifying the factors that hinder and those that encourage the active and informed involvement of women in the financial management of their assets, and to design initiatives to promote the further involvement of women in financial management. The project lasts one year and consists of several steps: an analysis of literature on money and gender, several focus groups, a quantitative survey, experimental studies and, lastly, the development of firm actions to bridge existing gaps through the creation of an “observatory” and workshops on financial literacy.



# 8

## HUMAN RESOURCES POLICY

*The "Human Resources Policy" pillar focuses on the attention paid by the Montepaschi Group to all its people in every area of their career path in the company, with full respect for the enhancement of diversity and the protection of workers' health and safety.*



# 8.1 Protection of human resources

- GRI 102-7 | GRI 102-8 | GRI 102-35
- GRI 102-36 | GRI 102-37 | GRI 102-41
- GRI 103-1 | GRI 103-2 | GRI 103-3
- GRI 201-3 | GRI 401-1 | GRI 401-2
- GRI 401-3 | GRI 402-1 | GRI 403-1
- GRI 403-2 | GRI 403-3 | GRI 403-4
- GRI 403-5 | GRI 403-6 | GRI 403-8I
- GRI 403-9 |



Also in 2021, the continuation of the health emergency due to COVID-19 inevitably affected the implementation of projects and led to constantly rescheduling priorities and initiatives.

Protecting the health of co-workers and customers, safeguarding situations of vulnerability and striving to guarantee operations were again the guiding principles in 2021, during which great effort was made, nevertheless, to carry out activities with the aim of ensuring overall "normal" management and facilitating recovery.

In this context, smart working continued to be an effective and fundamental tool for combining the need to protect people's health, business continuity and work/life balance. An Interdepartmental Working Group was set up to monitor new regulations and to develop the most appropriate solutions, including in terms of post-emergency and internal Welfare development.

The typical activities of the CHCO (Chief Human Capital Officer) functions - training, management, business relations, selection, development, welfare - continued regularly, also due to the use and development of digital tools.

**The main initiatives set up to support employees during the COVID-19 health emergency** are reported below.

MACRO AREA	DESCRIPTION OF INITIATIVE
<b>Health governance</b>	<p>Management model implemented at the start of the emergency to combat the spread of the virus in the workplace for the protection of employees' health. The model has a strategic structure, divided into several areas as follows:</p> <ul style="list-style-type: none"> <li>• <b>Healthcare Unit</b> headed by the Medical Coordinator of the Group's Health Service;</li> <li>• <b>Crisis Governance Model</b> divided into several levels (Steering Committee, Crisis Committee for Business Continuity - Operating Session, Situation Room);</li> <li>• <b>COVID-19 Crisis Management Committee</b>, with the task of analysing and urgently resolving the main issues and aligning with the Steering Committee.</li> </ul>
<b>Continuity in network operations</b>	<p>Compliance with the principles of safeguarding people's health and implementation of government regulations and sector-related Protocol, to ensure essential services to local areas and communities. During periods of utmost emergency, customer access restrictions were applied and, under specific conditions, the Branches were also subject to team rotation.</p>
<b>Checking possession of the Green Pass</b>	<p>Following the extension of the scope of application of the Green Pass certification to public and private employment, the Employer has become responsible for checking possession of the Green Pass by their company workers and by individuals who, for any reason, perform work, training or voluntary activities in the workplace, also under external contracts. As a result, the Employer defined the operating procedures for organising the controls, including - where possible - checks when workers access their workplace and spot checks.</p> <p>In order to carry out the checks, the Employer formally identified persons in charge of detecting any violation of the obligations envisaged in the Decree.</p> <p>These persons were identified from among the internal staff based on the role covered within the company organisation chart/Health and Safety role and depending on the specific characteristics of their work premises (with the exception of immunodepressed and/or vulnerable members of staff who were exempt from in-person attendance at the workplace).</p>
<b>Smart working</b>	<ul style="list-style-type: none"> <li>• In 2021, smart working was again one of the precautionary measures taken to contain the spread of the pandemic.</li> <li>• A trade union agreement was signed in 2020 to promote access to smart working, also for the sales network, with special focus on situations of vulnerability and support for parents during the emergency.</li> <li>• The use of smart working, which became of strategic importance during the different phases of the COVID-19 emergency, averaged about 30% (67% in the Head Offices and other Companies and 15% in the Network and Regional Areas).</li> <li>• The widespread experience with this tool led to a new approach to work, featuring the use of digital tools and the need to pay increasing attention to work-life balance dynamics.</li> </ul>
<b>Listening and information initiatives for personnel</b>	<ul style="list-style-type: none"> <li>• Extension to 2021 of the professional psychological support service, called "<b>Ascolto in Azione</b>" (Listening in Action), thanks to which a team of psychologists (ensuring impartiality and complete anonymity) is available 24/7 for workers to help them overcome difficult moments in their lives.</li> <li>• Setting up of a <b>Healthcare Unit</b> by the Coordinator of the Company Doctors to analyse the evolution of the emergency and implement the necessary countermeasures. The Unit performs daily actions for the alignment, analysis and sharing of operational proposals necessary to address the COVID-19 emergency.</li> <li>• Activation of <b>specific COVID-19 emergency communication channels</b> to promptly inform all employees.</li> </ul>
<b>Income support, health protection, welfare and work/life balance</b>	<ul style="list-style-type: none"> <li>• COVID-19 Insurance Coverage was extended to 2021; a daily allowance is provided in the event of hospitalisation, a one-off payment following hospitalisation in an intensive care unit and post-hospitalisation care services.</li> <li>• Paid leave to encourage and support access by employees to the vaccination campaign was confirmed for 2021.</li> <li>• An <b>agreement for the online purchase of medicines</b> was confirmed.</li> <li>• Development of <b>Progetto Professione Genitori</b> (Being Parents Project), together with MPS Orienta, to help parents deal with the effects of forced cohabitation and of their children attending school from home through remote learning. The project was launched in 2020 and offers the opportunity to take part in webinars on parenting issues held by psychologists and experts. It also provides school orientation meetings for both parents and employees' children. The initiative ended in 2021 with "<b>Genitori Digitali</b>" (Digital Parents), a course aimed at developing new digital skills and acquiring useful tools to encourage informed and safe use of social media by their children. The initiative was well received and involved over 3,000 users (including parents and children).</li> </ul>
<b>Training and raising awareness in resources</b>	<ul style="list-style-type: none"> <li>• Remote training was strengthened in 2021 with a reversal of distribution percentages (1% classroom and 99% remote workplace)</li> <li>• Initiatives were carried out in 2020 to raise awareness among all Group employees of the risk of contagion from COVID-19, the behaviour required to contain the spread, the correct use of PPE, the local and national measures in place, and the corporate measures and tools developed for occupational health and safety.</li> <li>• A <b>specific online course on COVID-19, organised by ABI and attended by all Group employees</b>, was launched in 2021. The course summed up what was known about the Coronavirus, how the banking sector had responded to the health emergency and which prevention and protection measures were in place in the Montepaschi Group.</li> </ul>

INITIATIVE COVID 19

## 8.1.1 Human resource management

The Group views its people as the greatest asset for ensuring high-quality customer service. For this reason, employment protection is critical to guaranteeing the Group's medium/long-term financial soundness.

In this regard, the workforce reduction measures set out in the **2017-2021 Restructuring Plan** were also managed in agreement with the Trade Unions through access to the Sector Solidarity Fund. The agreement on the "Solidarity Fund for income and employment support, and for professional retraining and upskilling of credit company employees" made it possible to reduce the workforce by 560 employees in the two-year period 2020-2021, ensuring the lowest possible social impact and supported by a recruitment plan (one entry for every two exits), with first entries during the first quarter. The new resources were identified following a special selection process involving a total of around 10,000 applications. **The average age of the new recruits is 30, 50% are women, and they are mainly from central and southern Italy.**

Approximately 70% of the 2020-2021 recruitment plan was allocated to the Bank's Branch Network. The remainder was divided between specialist structures of the General Management Division, particularly the control functions, and Group Companies.

When filling vacant positions, the Group adopts the principle of enhancement and development of internal professional skills, through application of HR management policies, at times using internal selection procedures (**Job Posting**) if ordinary mobility management cannot resolve the situation. In cases where a position cannot be covered internally, external selection procedures from the market are set up.

The number of resources to be recruited is defined as part of an annual staff planning process in line with annual budget forecasts. The staff planning process is approved by the Board of Directors. The Group searches and selects personnel through specific, internally regulated processes and according to criteria of objectivity, expertise and professionalism. All applicants are guaranteed

the same employment and career opportunities regardless of age, sexual orientation, religious belief, gender, ethnicity and different abilities, fostering a work environment free from discrimination.

Level II bargaining also provides for the recruitment of family members of employees who die while in the company's service, if certain requirements are met.

In 2021, 134<sup>33</sup> resources were recruited:

- 71 recruits with permanent employment contracts (63 Bank, 8 Group companies), 26 of which under Law 68/99 and 39 family members of employees who died while in service;
- 63 recruits with fixed-term employment contracts (62 Bank, 1 Group company), almost all of which transformed into permanent contracts.

The Group has a specific **Human Resource Selection directive** that establishes principles and responsibilities. The external selection process phases include:

- needs analysis;
- identification of market benchmark and checking budget capacity;
- activation of recruiting channels and selection methods;
- selection and identification of the winner;
- recruitment decision;
- reporting and monitoring to the decision-making bodies.

Following the COVID-19 health emergency in 2020, most recruiting and selection activities were carried out remotely, in accordance with the required standards.

Each recruitment is always subject to ensuring that the qualifications claimed at the time of selection are actually held, that the documentation submitted is valid, and that all the documentation has been evaluated by the Bank, in terms of validity, regularity and merit. In addition, as soon as the employment relationship begins, all new recruits receive information on the duties they are required to perform, the regulatory elements

governed by the NCBA, and specific disclosures on personal data protection (GDPR), anti-money laundering, Law 231, Code of Ethics, prevention and safety, Corporate Governance Code, etc.

All positions are filled through structured onboarding and training programmes, which vary according to the role covered. Furthermore, listening activities are carried out in the first few

months of work through anonymous surveys. The aim is to collect the level of satisfaction of new co-workers and information on how joining the company has been experienced and perceived. In 2021, the overall level of satisfaction expressed, on a scale of 1-5, was 4.3.

Information on personnel breakdown as at 31/12/2021 is given below.

### GRI 102-7

TOTAL NUMBER OF EMPLOYEES BY GENDER	2021	2020	2019
Number of employees (total)	21,033	21,211	21,814
Men	10,170	10,316	10,739
Women	10,863	10,895	11,075

TOTAL NUMBER OF EMPLOYEES BY AGE RANGE	2021	2020	2019
Number of employees (total)	21,033	21,211	21,814
Up to 30 years of age	286	281	244
Between 31 and 50 years of age	10,750	11,602	11,607
Over 50 years of age	9,997	9,328	9,963

### GRI 102-8

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT*	2021	2020	2019
Number of employees (total)	21,033	21,211	21,814
Permanent (total)	20,978	21,197	21,795
Men	10,143	10,308	10,728
Women	10,835	10,889	11,067
Fixed-term (total)	55	14	19
Men	27	8	11
Women	28	6	8

\* Representation of the figures has changed compared to the previous year to better comply with GRI requirements.

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE*	2021	2020	2019
Number of employees (total)	21,033	21,211	21,814
<b>Full-time (total)</b>	<b>18,862</b>	<b>19,049</b>	<b>19,547</b>
Men	10,061	10,212	10,622
Women	8,801	8,837	8,925
<b>Part-time (total)</b>	<b>2,171</b>	<b>2,162</b>	<b>2,267</b>
Men	109	104	117
Women	2,062	2,058	2,150

\* Representation of the figures has changed compared to the previous year to better comply with GRI requirements.

GRI 401-1

NEW RECRUITMENTS	2021	2020	2019
Total number of employees recruited	138 0.66%	94 0.40%	167 0.80%
<b>By gender</b>			
Men	69 0.68%	51 0.50%	84 0.80%
Women	69 0.64%	43 0.40%	83 0.70%
<b>By age range</b>			
Up to 30 years of age	94 32.9%	48 17.1%	105 43.0%
Between 31 and 50 years of age	36 0.3%	40 0.3%	55 0.5%
Over 50 years of age	8 0.1%	6 0.1%	7 0.1%

NEW TERMINATIONS*	2021	2020	2019
Total number of employees terminated**	416 2.0%	774 3.6%	1,065 4.9%
<b>By gender</b>			
Men	265 2.6%	504 4.9%	708 6.6%
Women	151 1.4%	270 2.5%	357 3.2%
<b>By age range</b>			
Up to 30 years of age	31 10.8%	6 2.1%	14 5.7%
Between 31 and 50 years of age	127 1.2%	96 0.8%	129 1.1%
Over 50 years of age	258 2.6%	672 7.2%	922 9.3%

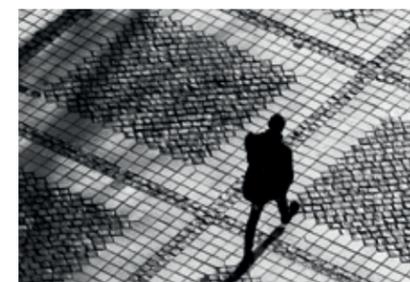
\*With regard to terminations, exit plans were set up in 2020 and 2019 through the Sector Solidarity Fund; these plans led to the termination of 560 and 750 resources, respectively.

\*\* In 2021, the turnover related to voluntary resignations was 1.4%.

GRI 401-2

BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO FIXED-TERM OR PART-TIME EMPLOYEES	2021	2020	2019
Benefit coverage part-time and fixed-term employees vs full-time employees	100%	100%	100%

Reference to article 35, paragraph 11 of the current NCBA for the sector.



## GRI 401-3

PARENTAL LEAVE	2021	2020	2019
<b>Total number of employees eligible for parental leave</b>	<b>6,601</b>	6,925	7,216
Men	<b>2,652</b>	2,782	2,925
Women	<b>3,949</b>	4,143	4,291
<b>Total number of employees who took parental leave**</b>	<b>1,229</b>	1,191	1,621
Men	<b>101</b>	85	98
Women	<b>1,128</b>	1,106	1,523
<b>Total number of employees who returned to work during the reporting period after taking parental leave</b>	<b>1,165</b>	1,143	1,613
Men	<b>100</b>	85	97
Women	<b>1,065</b>	1,058	1,516
<b>Total number of employees who returned to work after taking parental leave and who were still employed by the organisation in the 12 months following their return*</b>	<b>1,133</b>	1,607	1,676
Men	<b>84</b>	96	111
Women	<b>1,049</b>	1,511	1,565
<b>Rate of return to work of employees who took parental leave</b>	<b>94.79%</b>	95.97%	99.51%
Men	<b>99.01%</b>	100.00%	98.98%
Women	<b>94.41%</b>	95.66%	99.54%
<b>Rate of retention in the company of employees who took parental leave</b>	<b>99.13%</b>	99.63%	99.58%
Men	<b>98.82%</b>	98.97%	100.00%
Women	<b>99.15%</b>	99.67%	99.55%

\* The figures for the total number of employees returning to work after taking parental leave and who are still employed in the organisation in the 12 months after their return and the retention rate by gender were modified to ensure greater compliance with GRI requirements.

\*\* When returning from parental leave, job preservation is fully guaranteed. Furthermore, note that parental leave may be taken for children up to the age of 12, in accordance with laws in force.

## Management and control of human resource policies

The MPS Group has introduced a **Directive that defines the organisation model** (principles, responsibilities and activities) **for the Human Resource Management Process**.

The aim is to implement Human Resource Management policies in compliance with provisions of the law and with national and corporate agreements. These policies are designed to maximise business performance by enhancing internal professional skills, creating growth opportunities for individuals in line with their aspirations and needs, with particular attention to inclusion and diversity.

In accordance with the spirit of the Directive and with the aim of optimising staff relations and interaction, Human Resource management follows a logic based on individual portfolio composition according to which each resource is associated with an HR Manager. This allows constant interaction and a personalised approach that guarantees a quality relationship and ensures that information on individual resources is continually updated. For this purpose, the HR Manager dedicates time to its resources on a regular basis to discuss any requests they have.

Human Resource Management processes strive to enhance professional opportunities through professional and managerial development plans, which are extended to the entire workforce and also include training courses for the upgrading of skills.

Further implementations were made to the management application used by the HR Chain (HR Cloud), which confirms its purpose of supporting HR management activities, continuing to evolve with a view to simplification and operational efficiency.

In all cases of restructuring, business reorganisation or other activities that have effects on personnel in terms of work organisation and regional and professional mobility, the Bank sets up specific procedures beforehand, in compliance with the provisions of the NCBA, for discussions with trade unions to analyse the impact on staff.

## 8.1.2 Climate survey

For the Group's Human Resources department, listening to people is an essential element of the relationship with employees and is carried out systematically by applying a range of internal tools and channels. **The internal climate surveys conducted in 2018, 2019 and 2020 have evolved**, and feedback is now collected daily and continually, through **topic-specific surveys, questionnaires and forms placed on the corporate intranet**, interaction features in articles and newsletters (likes and moderated comments), **focus groups** and collaboration during the design phase of the main applications.

All employees can use one or more of these methods to express their views on their working life in the Group, the applications released and the initiatives implemented by the Bank.

With a view to continually updating and sharing current and important topics, between May and June 2021, the C-levels<sup>34</sup> held 11 live streams with all colleagues in their respective Departments to share the logic behind the reorganisation of the Parent Company's General Management Division. Lastly, in a format that has proved to be successful over the years, in order to allow people to better understand and share the company's objectives and results, a conference call is held every quarter in which the financial results for the period are discussed and employees have the opportunity to ask the CEO questions. Many questions are answered live, while others are handled by the relevant departments, which then send feedback to the person who submitted the question.

## 8.1.3 Health and safety

With a view to providing technical and organisational excellence in the banking sector, as regards corporate safety management, the Montepaschi Group has taken every step necessary to develop an "Occupational Health

and Safety Management System”, gradually incorporate it into the other Management Systems implemented in the Company and extend it to the other Group companies. Initiatives have been promoted for dissemination of the culture of occupational health and safety, and the interaction between corporate structures, in order to achieve cooperation and business efficiency in terms of safety, while ensuring the traceability of related responsibilities.

## Occupational health and safety management system

### GRI 403-1

The Parent Company, the Group Operating Consortium, MPS Capital Services and Magazzini Generali Fiduciari di Mantova have implemented an **Occupational Health and Safety Management System** (OHSMS) to ensure strict compliance with legal requirements and prevent potential offences, with particular reference to those under Legislative Decree no. 231/01.

The **Health and Safety Policy** is an integral part of the “Occupational Health and Safety Management System”. The Policy was issued by the BoD of the Parent Company in 2008 and updated in 2021 following the migration to the ISO 45001 standard, whose principles are of key reference for the general aims of corporate management.

In Banca MPS, this system is governed by the internal document “Occupational health and safety monitoring” which, together with the document “Group Directive on occupational health and safety monitoring”, describes the responsibilities assigned, the operating procedures, related records, as well as the audit and control rules.

The health and safety operating model is supported by a dynamic set of rules, aimed at regulating the new procedures and operating methods, also for performing processes remotely. In addition to activities regarding management of the health emergency, ordinary activities relating to obligations (ordinary and extraordinary, i.e.,

arising from unforeseeable needs) and those linked to voluntary activities continued. Ordinary obligations included the activities of consulting Workers’ Safety Representatives (art. 50, Legislative Decree 81/2008), Occupational Health and Safety Risk Assessment activities, drafting of the Risk Assessment Document, the Periodic Meeting pursuant to Art. 35 of Legislative Decree 81/08, training and information activities, Health Supervision, etc.

Voluntary projects continued during 2021, such as maintenance of the certified management systems. Specifically, the migration of the health and safety management system of BMPS and the Group Operating Consortium (COG) to ISO 45001:2018 standard was successfully completed in April 2021. Then in June, certification of the health and safety management system according to ISO 45001:2018 standard of Magazzini Generali Fiduciari di Mantova was renewed, followed in July by the audit to maintain certification of the health and safety management system of MPS Capital Services (MPSCS). Both had a positive outcome. The management systems of MPS CS and Magazzini Generali Fiduciari had already completed the migration to standard ISO 45001 in 2020. Furthermore, the environmental management systems of BMPS and MPSCS are certified according to ISO 14001.

Given the health emergency, the validation process for the Infection Prevention Protocols of BMPS and Group companies was completed by a qualified external Body. The assessment process involved the assessment and validation of the Protocol (already performed in 2020) and a number of internal compliance audits on a representative sample of offices, which were completed in December 2021. The findings of the external body are currently being managed by the Companies.

In monitoring the health and safety management systems according to standard ISO 45001, the certified companies BMPS, Consorzio Operativo di Gruppo (COG), MPS Capital Services (MPSCS), and Magazzini Generali Fiduciari define appropriate improvement programmes aimed at promoting workers’ health. Each improvement programme is made up of activities which are implemented according to a precise schedule.

Within the scope of the OHSMS of Banca MPS, the following are appointed:

- OHSMS Top Management, identified as the Employer (pursuant to Legislative Decree 81/08), responsible for supervising system maintenance and improvement;
- Head of the OHSMS, identified as the Prevention and Protection Service Manager (pursuant to Legislative Decree 81/08) tasked with systematically planning and implementing all actions necessary to ensure that the System requirements are established, applied and maintained in accordance with standard ISO 45001.

## Health and safety risk assessment

### GRI 403-2

The detection of occupational health and safety risks is carried out and documented, in compliance with Legislative Decree no. 81/2008 (art. 17, paragraph 1, letter a) and art. 28), in the “Risk Assessment Document - RAD”. The RAD identifies the possible occupational health and safety risk factors and plans the measures and actions to eliminate or reduce the risks encountered, in order to steer corporate choices towards the constant improvement of working conditions, taking into account continuous technical progress. The document also includes the prevention and protection measures to be adopted and the improvement programmes for working environments which need to be considered in ordinary maintenance activities and in the restructuring plans for the Bank’s production units.

The RAD of Banca MPS and of all other Montepaschi Group companies is updated periodically in relation to the activities carried out. The RAD of BMPS was last updated on 30 September 2021.

## HEALTH AND SAFETY RISK ASSESSMENT - MAIN INITIATIVES IN 2021

Among the most important activities and projects carried out during the last period were:

1. completion of the work-related stress risk assessment;
2. in-depth analysis and monitoring of Natural - Catastrophic risks (NAT-CAT);
3. risk assessment of non-predatory aggression.

### 1. Work-Related Stress Risk Assessment

In February 2021, the “Work-Related Stress in the MPS Group (Subjective Survey)” report was submitted to the Workers’ Safety Representatives. The survey had been conducted at the end of 2019 but the presentation of results had been delayed due to the health emergency. The report, drawn up by a third-party consulting firm that conducted the survey, examined 5 significant areas:

- subjective experience of one’s job;
- subjective perceptions of objective factors;
- gender and diversity;
- perception of the commercial activity;
- perception of relationship with leaders.

The variety of questions asked in the questionnaire made it possible to capture both overall perceptions and the abundance and complexity of individual experiences.

Beginning in June, the Work-Related Stress Risk Assessment - 'Subjective Survey', pursuant to articles 17, 28 and 29 of Legislative Decree 81/08, of Banca MPS and the other Montepaschi Group companies (Consorzio Operativo di Gruppo (COG), MPS Capital Services (MPS CS), MPS Leasing&Factoring (MPS L&F); MPS Fiduciaria and Banca Widiba) was presented. The activity was carried out by a Scientific Committee, in collaboration with the external consulting firm that conducted the survey, and by a Working Group which also included the Workers' Safety Representatives.

The global analysis of the results showed an overall level of work-related stress risk below the attention thresholds. Following the consultation meetings with Workers' Safety Representatives, a process will begin to define mitigation actions to further reduce the risk assessed.

**2. In-depth analysis and monitoring of NAT-CAT risk**

To reduce seismic and hydrogeological risk, the Group undertook an analysis with the help of a qualified external company aimed at:

- mapping the exposure to risk of all the Group's properties in Italy;

- classifying the various locations according to different parameters (geolocation, value, presence of people, etc.);
- identifying sites located in areas predominantly exposed to seismic and hydrogeological risk;
- identifying preventive measures for all workers in critical sites.

For sites identified as being more sensitive, the Montepaschi Group envisages additional measures to promote risk mitigation (e.g. training, information, two annual evacuation drills, etc.).

**3. Risk assessment of non-predatory aggression**

Violence at work determined by external factors, includes a wide spectrum of conduct that ranges from insults and threats, to forms of physical or psychological aggression that can endanger an individual's health, safety or well-being. The new version of the ABI, Banks and Prefectures Anti-Crime Protocol has also been extended to include non-predatory aggression against staff.

The Montepaschi Group has implemented a management procedure (e.g. form for reporting events, analysis of reasons, etc) aimed at reducing the risk of non-predatory aggression.

**Occupational health services**

GRI 403-3

Banca MPS has organised a "Group Healthcare Service" for the Bank and for the Montepaschi Group companies that have agreements with the Bank for Prevention and Protection Service activities. The Group Healthcare Service includes a Coordinator (GHSC) and over 30 Company Doctors, each assigned to an area (inter-regional,

regional or sub-regional) for which they are responsible. In performing their activities, they comply with the technical and scientific guidelines established by the GHSC. The GHSC is tasked with defining guidelines to standardise processes, participates in risk assessment activities, takes part in the definition and delivery of information and training initiatives, and offers advice and support to the Employer for prevention purposes and to the Prevention and Protection Service. The

GHSC, through the Healthcare Service doctors, schedules and conducts medical examinations for persons subject to health supervision (or who have requested an urgent appointment) and annual inspections of all workplaces. Montepaschi Group's health supervision activities cover the following categories of workers:

- video terminal workers
- forklift truck operators
- vehicle drivers

Video terminal workers are the main category subject to health supervision. In carrying out their activities, doctors follow a specific Health Protocol that is periodically updated. The Group Healthcare Service, as defined in the contractual obligations, guarantees that the data contained in medical files is handled in compliance with the requirements of art. 53 of Legislative Decree 81/08 and of the S.M.I. (Italian Doctors' Union) and with privacy regulations. Ordinary health supervision continued compatibly with the current emergency and the restrictions on travel, taking into account the frequency expressed by the Area Company Doctor and complying with the hygiene measures set out in Ministry of Health instructions.

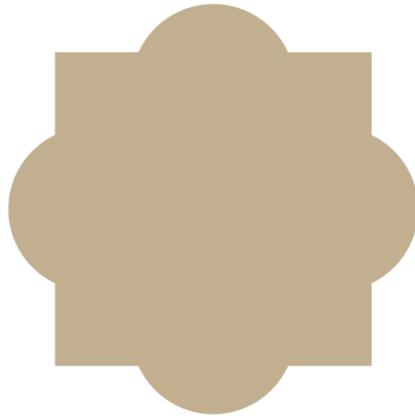
In the second half of 2021, normal activities gradually resumed through workplace inspections and scheduling of periodic examinations for persons subject to health supervision, mainly Head Office employees. A daily cleaning schedule was implemented on all premises subject to health supervision. Disinfectants such as alcohol-based and hypochlorite gel or alcohol were used, also for cleaning desks, laptops etc.

During the health supervision activities, pursuant to art. 41 of Legislative Decree 81/08, in order to apply measures to prevent the spread of respiratory infections, a "new organisation model" was adopted for the management of health activities.

In particular, to perform the aforementioned activities at all offices, the following is ensured:

- medical examinations are conducted exclusively at facilities that meet appropriate health and hygiene requirements (large rooms ensuring social distancing, toilet facilities available that are properly sanitised, etc.);
- medical examinations are organised to ensure that workers do not overcrowd the waiting areas;
- medical examinations are scheduled according to specific criteria, i.e. an appointment at least every 30 minutes, to allow the doctor to perform sanitisation procedures on the equipment used (stethoscopes, change of gloves, desk cleaning, etc.);
- all workers are informed in advance that they must wear a face mask and sanitise their hands before coming to the appointment;
- all workers are informed in advance that if they have a temperature or even mild respiratory symptoms, they should not come to the appointment.

Inspections conducted by the Company Doctor also aim to assess the correct application of measures to contain the spread of COVID-19, as defined by the company in application of current legislation. Any anomalies detected are entered in the inspection checklists and reported to the Prevention and Protection Service.



GRI 403-3

OCCUPATIONAL HEALTH SERVICES	2021	2020	2019
Periodic examinations	414	30	1,618
Examinations on request	106	78	151
Medical inspections	935	976	1,332

**Worker participation, consultation and communication on occupational health and safety**

GRI 403-4

Following appointment of the Workers' Safety Representatives in 2018 and 2021, 32 Workers' Safety Representatives who represent all Montepaschi Group workers are currently in office.

Several consultation meetings were held in 2021 (pursuant to art. 50, Legislative Decree 81/08) on Health Emergency management and on other health and safety topics. In addition to these, periodic consultation meetings continued to be

held in areas to examine the specific problems of each local entity.

In November 2021, the periodic meeting pursuant to art. 35 of Legislative Decree 81/08 was held regarding consultation on various health and safety topics. The focus was mainly the updating of the Risk Assessment Document and on the main topics and projects underway. The Worker's Safety Representatives were involved in discussions on the progress of the Health and Safety Management System and were consulted for the drafting of the improvement programme.

GRI 403-8

WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM	2021	2020	2019
Employees and Workers covered by an occupational health and safety management system that has been audited or certified by independent third parties	20,591 98.00%	20,767 98%	21,375 98%

**Training of workers on occupational health and safety**

GRI 403-5

Great importance was given to Workers' Health and Safety training in 2021. Where possible, the activities were redesigned and delivered remotely for the entire Group (Basic Workers, Supervisors, Theoretical Part - Emergency Officers). From September, drills were held for Emergency Officers, and AED basic and refresher training was provided (in person, in compliance with anti-COVID regulations). The five-year online refresher course that will gradually involve over 18,000 employees was also launched.

The Company gives the highest priority to activities focusing on occupational health and safety information and training. They are essential to creating and disseminating appropriate awareness among workers of the importance of these topics, and to enhance the growth of a "culture of safety" in general.

MPS Academy has a catalogue of training courses in accordance with the provisions of Legislative Decree 81/08. Specifically, basic training is provided to new recruits and periodic refresher training to the entire corporate population. Emergency officers attend first aid and fire-fighting courses, with refresher sessions every three years.

The following training activities were carried out in 2021:

1. Emergency Officers (new entry and refresher training): synchronous webinars (theoretical part - 8 hours) on First Aid (300 resources) and Fire Fighting (455 resources). In line with the time frames defined by the ABI protocol for the return to in-person training, classroom courses commenced (4 hours for drills) in September, to complete the training;
2. Supervisors: basic training was delivered via webinars (8 hours) to over 200 resources. The five-year online refresher course was launched (6 hours for 1,300 participants);
3. Workers: basic training delivered to new recruits. The new five-year refresher course was planned, which will involve about 17,000 resources;
4. Health and Safety Executive Managers: training provided through webinars for Executives Managers, including Group companies. Workers' Safety Representatives and Environment and Safety Representatives: training activities delivered via webinar were concluded (total: 42 participants);
5. Radon gas: training carried out via an online course by a Qualified Expert and targeting colleagues who normally work in buildings where continuous monitoring shows that gas concentration levels have been exceeded (1700 resources);

Furthermore, through its Environmental Protection and Prevention Service (SPPA), the Bank uses a range of communication tools to provide information and raise awareness on occupational health and safety:

- a dedicated intranet portal, which contains information and detailed material updated during 2020 as part of the global corporate intranet update;
- awareness-raising messages on PC desktops during standby;
- distribution of specific newsletters;
- posters/gadgets differentiated by role.

### Health and safety indicators

GRI 403-9

The safety indicators described below are constructed in accordance with UNI 7249 standard and the GRI reporting standard.

Analysis of the indicators shows a downward trend in the accident indicators. The main causes of workplace accidents are falls due to tripping or slipping. Three COVID-related accidents involving an absence of more than six months were recorded during the year.

ACCIDENTS IN THE WORKPLACE	2021	2020	2019
Deaths as a result of accidents in the workplace	0	0	0
Accidents in the workplace with serious consequences (excluding deaths) *	0	0	0
Recordable accidents in the workplace	59	71	104
Rate of recordable accidents in the workplace**	1.86	2.26	3.28
Number of hours worked	31,654,238	31,389,982	31,690,080

\* Accidents with serious consequences are those that result in more than 180 days' absence from work, with the exclusion of COVID-related cases.  
 \*\* Accidents in the workplace rate = (total number of accidents in the workplace in the year / total hours worked) x 1,000,000.

ACCIDENTS TO/FROM WORKPLACE	2021	2020	2019
Accidents to/from workplace	84	97	167
Accident rate to/from workplace*	2.65	3.09	5.27

\* Accident rate to/from workplace = (total number of accidents to/from workplace in the year / total hours worked) x 1,000,000.

### 8.1.4 Welfare

Regarding the well-being of people, the Group has always been committed to welfare policies that generate value for people and contribute to improving the corporate climate.

Welfare in Banca MPS and in the Group has a long-standing tradition. Every element of welfare is essential to support colleagues and their families in financial, social and work/life balance terms, and contributes to increasing satisfaction, well-being, loyalty and productivity.

The welfare arrangements provided by the Bank include the following:

- programme to cover medical expenses (extended to family members), accident insurance and other initiatives;
- company pension schemes to which Group companies allocate 2.5% of taxable salaries to post-employment benefits, for which they bear the operating expense;
- system of absence permits and leave, in particular to support parents and to access smart working;
- MP Solidale: an internal solidarity fund fuelled by donations of hours and days from colleagues or portions of remuneration from higher management levels, to allow colleagues the time to deal with serious and verified personal and family needs, with priority given to childcare;
- study leave for working students;
- initiatives for children's education;
- recruitment of family members of employees who died while in company service (or during an early retirement period);
- preferential terms on banking loans, services and products;
- meal vouchers, allowances to help overcome specific difficulties (e.g. commuting);

- other support for household expenses through the Bank's contribution to Cassa Mutua (grants for children's education, for differently-abled family members, for elderly relatives no longer self-sufficient, etc.);
- the activities of Cassa di Previdenza MPS which manages part of its real estate assets, envisaging lease agreement terms also to Group employees.

Welfare plays a central role in level II bargaining. In 2021, its main arrangements continued to be a point of reference for all colleagues, thanks to ongoing dialogue with Trade Unions.

Guidance and operating policies ensure equal treatment and equal access opportunities. Though within a framework of overall financial compatibility and sustainability, internal welfare has been supplemented over time with assets and services that meet the changing needs of employees, retired staff and their families (currently around 65 thousand people).



## MPS PENSION FUNDS

### Defined-benefit pension plans and other pension plans

Pension Funds are reserved for employees and former employees of Banca MPS. Widiba, MP Leasing & Factoring and MPS Capital Services employees may also subscribe to the Funds on a voluntary basis. Members may also enrol their tax-dependent family members.

As a result of amendments to the By-Laws that entered into force on 1 November 2020, the MPS Pension Fund confirms its role as point of reference for the supplementary pension system in support of the Welfare Platform for the entire Montepaschi Group. Membership may be extended to resources of other Group companies and to tax-dependent family members. The MPS Pension Funds (Fondo Pensione MPS and Cassa di Previdenza MPS) - with the Bank acting as Institutional Source together with the Trade Unions - play a significant role within the the Group's reference scenario in terms of Socially Responsible Investment. The allocation system, defined by Fondo Pensione MPS and Cassa di Previdenza MPS in the respective "Investment Policy Documents", both under management mandate to Banca MPS and for direct management carried out by the individual BoDs, is geared towards meeting ESG criteria. Both Funds, for several years now, have subscribed to the UN PRI Protocol (Principles for Responsible Investment) and have joined the Sustainable Finance Forum - SFF.

As required by the provisions in force, the MPS Pension Funds have approved and published documents on their websites relating to disclosure of the commitment policy and policies for the incorporation of sustainability risks into the investment decision-making processes.

Both Funds use an Ethics Advisor to measure the qualitative ESG performance of the portfolio and supports the funds with regard to regulatory compliance and to specific topics associated with participation in the activities promoted by UN PRI and the Sustainable Finance Forum.

The Delegated Manager also pays particular attention to portfolio composition by:

- Verifying the operating sectors of the companies subject to investment.
- Selecting products that incorporate ESG strategies and objectives, in particular through the selection of ETFs and Funds classified as Art. 8 and Art. 9 under SFDR, with the aim of minimising the Tracking Error with respect to the mandate benchmarks.

Furthermore, the Delegated Manager carries out study and research activities on the topic of incorporating ESG variables into investment processes in collaboration with the University of Siena and the Italian Private Banking Association (AIPB).

In recent years, Fondo Pensione MPS and Cassa di Previdenza MPS (AUM - Assets Under Management - EUR 1.6 billion and EUR 0.6 billion, respectively) have been among the ESG "best practices" in the category of pre-existing pension funds in the analysis carried out by the Sustainable Finance Forum. In terms of Governance, both Funds have perfectly gender-balanced Boards of Directors.

The section is credited with a contribution from the Bank equal to 1.50% of taxable INPS contributions for employees who are members of the section (art. 26 of the By-Laws).

## 8.1.5 Remuneration policies

The Group's remuneration policies, in full compliance with the risk management policies, are aimed at involving and supporting Management and employees in achieving the corporate goals, and at pursuing the company's "sustainable success", taking into consideration non-economic factors based on environmental, social and governance principles.

It is essential, therefore, to develop and implement remuneration policies and practices that meet the principles of fairness and transparency, and are suitable for pursuing the following aims:

- ensure a transparent policy with fair remuneration levels based on the activity carried out, the skills expressed and professional experience;
- support the professional growth of employees, protecting and promoting diversity;
- promote merit and increase employee motivation;
- ensure transparency through the use of structured decision-making paths and approaches; analyse the gender-neutrality of remuneration policies and adopt measures aimed at reducing or, where possible, avoiding gender gaps with regard to remuneration and professional growth;
- encourage and maintain the loyalty of the resources in the company and attract new skilled professionals from outside the company;
- foster the achievement of short and long-term strategic objectives by strengthening the link between remuneration and performance;
- ensure compliance with legal, regulatory and statutory provisions, and any codes of ethics or conduct applicable.

Details are provided below on governance, the process for determining remuneration, and the stakeholder engagement process.

## Governance

The implementation of staff remuneration policies, approved annually by the Shareholders' Meeting, is the responsibility of the Board of Directors (with the option to sub-delegate specific matters to the Chief Executive Officer in accordance with the By-Laws and the laws and regulations in force), with the support of the Remuneration Committee. The Risk and Sustainability Committee ensures that the Group's remuneration and incentive systems are consistent with the Risk Appetite Framework ("RAF").

## Process for determining remuneration

In compliance with supervisory provisions, remuneration may consist of a fixed and a variable component. Fixed remuneration, which is the main component of the economic value distributed to employees, is aligned to provisions of the NCBA for the sector and to company bargaining agreements in force from time to time. Remuneration may in some cases be supplemented according to the organisational position held. Remuneration levels are constantly controlled with respect to the market through position weighting and the collaboration of external advisors. This method also helps to ensure a gender-neutral remuneration policy. Where requirements are met, the fixed component may be supplemented by a variable incentive component, the conditions of which are established ex ante for each staff sub-category, in compliance with the relevant provisions, in order to discourage behaviour oriented towards excessive risk-taking.

For further information, please refer to the Report on the Remuneration Policy and Compensation Paid, available in the Corporate Governance section of our website [www.gruppompis.it](http://www.gruppompis.it).

### Stakeholders' involvement in remuneration

The increasing attention of national and European regulators to the topic of remuneration steers the Group towards the correct formulation and implementation of its remuneration systems, ensuring they are applied to ensure sustainability in the medium-long term, maintain its competitiveness and facilitate the convergence of stakeholders' interests.

Key focus is given to avoiding conflicts of interest and practicing a culture of regulatory compliance and responsible risk management. Customer protection solutions also contribute to strengthening trust in the Group.

The Bank's Corporate Control Functions (Compliance, Risk Management and Internal Audit) ensure that the remuneration policies comply with regulatory requirements and the commitments undertaken with stakeholders, with particular regard to correct customer relationship management. These Functions work alongside the Human Resources function, support the corporate bodies in planning remuneration policies and are involved in their implementation to ensure they are consistent with the Bank's risk appetite.

The Report on the Remuneration Policy and Compensation Paid ensures full transparency of the policies adopted by the Group with a view to increasing shareholders' awareness of the remuneration and incentive systems.



### 8.1.6 Dialogue with social partners

In level II bargaining, a key role is played by the Joint Committees, in which the Bank and the Trade Unions discuss specific topics to identify solutions and promote initiatives for growth and overall enhancement. The Committees are made up of a company team and a trade union team, and are divided by area and topic to be discussed:

**New Bank Model Committee:** Introduced in 2017, topics are discussed on the new role of the banking system in the development of the economy, in order to adapt the model to the new economic and social context. The projects of the Restructuring Plan are also discussed, with the aim of analysing their impact on developments in the distribution structure, service models, commercial policies and operating activities, and to identify specific negotiated solutions.

**Commercial Policy Committee:** In this Committee, the parties address all commercial policy topics in order to promote the development of sustainable policies that respect the dignity of workers and the needs of customers. Discussions also include the release of new commercial monitoring tools and all actions for the correct dissemination of commercial guidelines to avoid improper conduct and undue pressure. The Corporate Agreement on Commercial Policies of 26 February 2018 renewed its activities.

**Employee Welfare Committee:** Established on 16 September 2015, the Employee Welfare Committee promotes ongoing dialogue on the MPS Welfare system and issues, as governed by regulations in force and by national and corporate agreements. The Committee also discusses social, welfare and social security issues of collective interest, encouraging the sharing of topics that have an impact on individual and family well-being of employees.

**Corporate Observatory:** In accordance with the principles of the "Protocol on sustainable and compatible development of the banking system of 16 June 2004", the Observatory monitors the interaction between staff of the various operating units with communication models that involve colleagues at all levels. It also monitors the relations to preserve individual personality and maintain high quality-of-life standards in the company. The Corporate Observatory is tasked with specifically monitoring situations potentially detrimental to the dignity of workers.

**Equal Opportunities Committee:** Envisaged in the Sector NCBA in force (Articles 14 and 15), the Committee periodically analyses significant data pursuant to Legislative Decree 198/06 "Code of equal opportunities between men and women". It liaises with the Corporate Observatory to monitor staff interaction, and identifies and reports any factors that limit the inclusion and involvement of female staff. The Committee was strengthened under an agreement dated 31 December 2018, with the aim of sharing tangible actions capable of enhancing personal value in considering diversity, regarded by the parties as a value for the Bank and a cultural and social growth factor.

**Joint Training Committee:** Envisaged in the Sector NCBA (Art. 16), this is the information and consultation area for trade unions in relation to training policies, confirming the value of training as an essential tool for enhancing resources and their professional growth.

**Robbery Prevention Security Committee:** The Committee examines existing security measures at the branches, any new security systems that could be introduced in the sector, and any specific instances of criminal acts and related circumstances.

**Environmental Sustainability Working Group:** The Working Group examines the implementation status of the environmental policy commitments undertaken by the Bank and/or resulting from specific regulatory provisions (for example, urban mobility issues as per Ministerial Decree of 27 March 1998 referred to in art. 69 of the applicable NCBA), defining a specific Protocol on the environmental sustainability of corporate initiatives.

#### GRI 102-41

COLLECTIVE BARGAINING AGREEMENTS	2021	2020	2019
Percentage of total employees covered by collective bargaining agreements	100%	100%	100%

In addition to the provisions set out in sector regulations, all projects and activities associated with level II bargaining, including welfare, are dealt with during discussions with the Trade

Unions and are examined and planned in the joint committees.

## 8.2 Human resource development

GRI 103-1 | GRI 103-2 | GRI 103-3 | GRI 403-5 | GRI 404-1 | GRI 404-2 | GRI 404-3 |

The training activities are planned and organised in the **MPS Academy**, the company's permanent training school which has accompanied the evolution of organisation models and supported individuals along their professional development paths since 2012. Banca MPS designs, plans and monitors its training activities within the MPS Academy, according to an approach aimed at identifying the main action priorities in the various training areas and responding proactively and dynamically to changes in the Bank's internal and external context.

Also in 2021, training activities were marked by the persisting health emergency which influenced and affected all the initiatives, from the delivery methods to course planning and timing.

In reaffirming the **central role played by training as a strategic lever for the growth of potential of resources and as a driver of innovation and development**, training activities must ensure that staff have adequate levels of know-how and skills to comply with their professional obligations, in line with the main reference regulations for the sector and the service models provided by the Bank.

The Bank promotes professional training, taking care to ensure that all employees have equal growth opportunities, according to criteria of transparency aimed at disseminating the expected skills, and in line with the profound changes underway in the banking system and at company level.

An in-depth review of the internal training models adopted by the Group was started some time ago, according to a risk-based and multi-dimensional approach aimed, among other things, at more effective dissemination of the "culture of risk".

One of the cornerstones of the new training model is the annual training planning process, also thoroughly revised compared to the past and today strongly permeated by a proactive and dynamic approach, aimed at supporting the new cognitive challenges posed by continuous developments in the banking system, business processes and related risks to be prevented and mitigated.

This process, which is based on the collaboration of various company functions involved in different capacities and on a structured methodology for prioritising training initiatives, requires that the results of the process (training plan) are submitted to the Board of Directors.

Traditional training delivery channels continue to be used for organisational, context-related and regulatory reasons, but are increasingly complemented by solutions similar to the learning experiences that people now commonly use in their private life (wikis, blogs, streaming, etc.), choosing which one to use depending on their needs. Employees are responsible for keeping their professional skills up to date, in line with the programmes, criteria, schedules and procedures identified by the Bank.

The entire training offer is grouped into two macro areas:

- **"push"**, training that qualifies employees for a corporate role;
- **"pull"**, training that complements the above training and which employees choose to undertake according to their needs.

"Push" training is diversified and personalised depending on the role held in the company (Top

Management, Management, Middle Management, Core), with programmes structured according to the responsibilities assigned, organisational processes, regulatory parameters and Plan objectives. Each year, entry programmes are set up for each Network and General Management managerial role, focused on soft skills useful for developing and consolidating team management and motivation skills, and for spreading the culture of diversity inclusion.

"Pull" training maximises the increasingly innovative opportunities offered by digitalisation and enables the introduction of new training channels such as Apps, single-topic Wikis and interactive Tools that supplement traditional channels (classroom, e-learning, webinars, on-the-job training). More specifically, the new tools, accessible 24/7 from all company devices, have social and collaborative features: this means that everyone can contribute to the creation of training content according to training delivery and usage methods. For example, the Anti-Money Laundering Wiki and the Credit Wiki are online encyclopedias that have a Wikipedia-like structure with dedicated specialist content.

MPS Academy promotes the development of digital culture in the Montepaschi Group through the integrated use of different training solutions, among which: **The Digital Journey**, an exclusive app created ad hoc for all employees, updated in 2021 with a new design and style, and useful for updates on transformations of the digital world and the development of new 4.0 hard and soft skills. Managerial training also makes use of new technologies. Since 2018, all managers, in addition to the training courses designed to support their role, have access to a number of dedicated apps that contain incentives to increase managerial skills in an innovative way, articles on changes in the reference scenario, and video testimonials by leading speakers from the economic and financial world, both national and international.

With a view to promoting a culture of risk, a process has been defined which, right from its planning stage, associates each training activity with one or more corporate processes and risks.

The new **3D Approach** training model, is multi-dimensional, i.e. it breaks down activities into the following three dimensions:

- **Processes:** the various training initiatives are linked to the Bank's processes (taxonomy of Group processes), to assess their level of coverage or guide their planning to bridge any gaps;
- **Risks:** the various training initiatives are linked to identified business risks (Group Risk Map) in order to assess the mitigation of the risk inherent in operations and to effectively respond to requests from Top Management, the Regulator or Supervisory Authorities;
- **Areas:** training initiatives are aggregated based on standardisation criteria which take into account a number of different components (business, risk, compliance, etc.).

This model also guarantees tailor-made programming on high-risk areas (such as Credit, Anti-Money Laundering and Financial Crimes, Customer Protection and Transparency, Data Governance and Cyber Security) based on the results of a Risk Assessment and Skills Gap Analysis which determines the exposure to risk (risk rating) for each company role and the related specific training requirement.

In line with this model, which has been available in the Network since 2018, a specific project, Centrico, was launched in 2020 for the General Management Division. The project is useful for designing specific training initiatives for all roles on the basis of resources' knowledge gaps.

In addition, given the importance of the topic and of 231/01 risks, MPS Academy, in collaboration with the Compliance and Organisation functions, developed an interconnection between the Training Framework described above and the current 231/01 risk map and 231-relevant company processes, in order to identify and highlight, within the new Training Framework, which Topics are relevant for 231/01 purposes and their relevance levels (from 1-low to 4-high). 56 topics were identified (9 with high level of relevance and 12 medium-high). Each course in the MPS Academy catalogue was then associated with the related topic in order to characterise the 231



training offer in compliance with the taxonomy of Group processes and the 231/01 risk mapping. The use of financing from the Joint Sector Funds (FONDIR for Executive Managers and the Banking and Insurance Fund for Professional Areas and Senior Middle Managers), makes it possible to bear training costs and use specialised professional skills that improve the quality of the courses and lead to continuous innovation.

### MAIN PROGRAMMES FOR EMPLOYEE SKILLS UPGRADING IN 2021

GRI 404-2

In 2021, the main projects were carried out with the objective of:

- improving the preparation and professionalism of personnel, also in line with European and national requirements (e.g., MiFID 2, IDD, Transparency, AML/CFT);
- spreading a culture of risks;
- guaranteeing the effective coverage of corporate roles;
- promoting self-development and continuous training.

The main projects developed are listed below:

- introduction of the GoodHabitZ platform for soft skills training, with 9,750 active colleagues and 1,632 courses completed; creation of Reskilling paths to complement the organisational developments arising from corporate projects, with over 15,000 hours of training; digitalisation of coaching, which enabled more extensive use of this tool, with 30 participants, remarkable satisfaction levels (4.7 out of 5) and the use of over 200 online sessions;

- training and development course envisaged in Consob's Regulation on Intermediaries in application of the MiFID 2 Directive, which involved over 11,000 people (30 hours of online training per capita); Private Managers and Premium Managers were also trained synchronously, with interventions - of varying length and detail - aimed at working on listening to the customer, identifying and gathering needs and adopting a correct and compliant commercial approach;
- multimedia training on the Culture of Risk for all staff, in continuity with previous years, through a series of courses published monthly (each month a risk and/or a specific aspect of risk was addressed);
- professional training courses (with final certification) for Auditors and CRO Management Specialists;
- risk-based training in the anti-money laundering and credit areas, including a risk assessment to determine the main risks to which the various roles are exposed, and skills gap analysis to assess gaps in training (12,000 people for the Anti-Money Laundering area and 5,000 for the Credit area). These activities led to online training,

virtual classroom training and operational coaching (online training for over 10,000 people on anti-money laundering and 5,000 on credit, webinar training for 1,200 people on anti-money laundering and 1,400 people on credit, operational coaching for 120 people on anti-money laundering and 350 people on credit);

- the aim of the Centrico project is to develop basic skills in staff working in the Head Offices (approximately 4,000 people). In 2021, the first questionnaire was delivered to measure skills on the High-Risk topic of "Data Governance and Cyber Risk", which will be followed by targeted courses at the start of 2022 for all resources with training gaps;
- training for all employees on Cyber topics through a further five courses on the main threats and on the effective use of passwords. A specific three-month training course was also created for Steering Committee members;
- in line with previous years, international certification courses for resources with highly specialised roles (Audit, Compliance, Cyber Security, Purchases, Fraud Prevention);
- strengthening of training to provide updates on new regulatory developments, GDPR (General Data Protection Regulation, involving all staff with multimedia training completed by 98% of the target), Administrative Liability of Entities and Transparency; ad hoc webinars were held for the HR area;
- course for branch managers consisting of technical-managerial training activities and induction courses dedicated to the main Network roles;
- "Transparency" training programme aimed at developing skills in this area through multimedia courses for all Group staff, and

specific training initiatives and activities useful for 2021 planning (risk assessment on the main network roles and skills gap analysis on Network and General Management roles most impacted by Transparency issues). As part of the same programme, Product Governance Certification Processes - designed for resources employed by General Management Division's product factories - were created. On conclusion, 140 participants took and passed the certification exam validated by the Technical-Scientific Committee made up of representatives of the Risks and Sustainability Committee of Banca MPS, Top Managers of the Corporate Control Functions and of leading universities. Training activities are supplemented by special tools and ad hoc communication campaigns. In addition, following the 2020 Skills Gap Analysis on Transparency, Network employees were enrolled in specific online training sessions in line with the gaps detected. To gain a deeper understanding of these courses, a new assistance channel was set up through the MIA virtual assistant. With regard to transparency, the 2021 Skills Gap Analysis showed improved dissemination of knowledge, with 60% correct answers compared to 43% in 2020;

- training on the new Performance & Talent Management Process (involving all employees) was delivered in two phases: in the first half of the year, it accompanied the Middle Year Review process, while in the second half, the start of delivery coincided with the start of the self-assessment phase;
- five-month training course for New Executive Managers, which included training on managerial conduct, English courses and cross-contamination experiences aimed at strengthening the strategic vision, through meetings with keynote speakers and business visits to leading Italian industrial companies to interpret their role with an innovative approach;

- Soft Skills Digital Presentation, aimed at developing remote communication skills, for first-level Managers of the General Management Division and of Companies;
- Reskilling training activities to accompany employees in the new roles assigned to them;
- induction training for new recruits, which was entirely digitalised, to effectively introduce them to their role in the company even during the pandemic, in full compliance with anti-COVID measures; webinar training courses were defined, strengthened by dedicated online courses. The new recruits were able to take part in the training (3 weeks of induction) from home
- support for the Bank's digitalisation processes: training and communication initiatives were set up to support the main releases of new interfaces (Digital Branch), processes (Remote collaboration) and tools (Ensoft for digital signatures) to facilitate transition to the remote digital management of some of the services offered by the Bank. In accordance with the releases of the new MPS Athena advisory platform, synchronous training activities and a variety of media were set up to accompany managers through the transition;
- training on NRRP issues, tenders and subsidies which involved roles from the Commercial Network and Local Credit Area (5 webinars lasting 1.5 hours each);
- ESG (Environmental, Social e Governance) training: a webinar event on sustainable credit topics according to EBA guidelines.
- planning of a standardised process for transferring the skills of outgoing staff, enable the operating continuity of structures and preserve existing skills even in the event of significant impacts in terms of number or specialisation. The course is based on a Knowledge Transfer Matrix and a modular training architecture, which allow the content, timing and priorities of the interventions to be managed proactively based on corporate needs;
- a proprietary model called 3D Approach was implemented which guarantees a "tailor-made" training offer with respect to individual training needs: Multidimensional and Risk-Based model.

The Montepaschi Group provides training on an ongoing basis and checks the use of courses by monitoring compliance with the schedules set from time to time. Furthermore, before and after the courses, it submits, collects and processes **Customer Satisfaction tests and questionnaires** to measure the effectiveness of the activities and satisfaction levels.

Banca MPS's people development programme (**MPS Sviluppa**) is designed to meet different corporate needs in terms of professional

requirements and responds to the aim of increasing the skills, professional capabilities, motivation and engagement of individuals. The programme is inspired by principles of equal opportunities and accessibility of training and development activities. In line with the principles of the Bank's strategic identity, it envisages initiatives that:

- are simple, broken down by role clusters, to ensure consistency between the reference target and the proposed initiative;

- are innovative both as regards content and delivery methods, and are all fully available through digital channels;
- stem from listening to the needs of the company population and our partners;
- are aimed at optimising organisational well-being and guaranteeing a pleasant, flexible and engaging user experience.

The development initiatives are divided into various areas:

- the training and continuous updating and strengthening of skills and professional abilities, in line with changes in operating models, focusing on the adoption of more flexible and on-demand methods of use. Among the development tools that have benefited from this innovation, of particular significance is the **Digital Coaching** offer, which received a very high approval rating among a significantly wider audience than that achieved using more traditional methods. In 2021, the Bank also made a platform of online courses available to everyone, which was useful for enriching and developing soft skills. The platform offers a wide choice of content and is also used for targeted professional development initiatives;
- **professional development paths** (GEA - Growing Employees Accountability) that guide people towards a target role (in 2021, Branch Manager) through intermediate role steps, targeted training/development initiatives and periodic verification of the skills acquired;
- performance assessment as a tool for steering the activities and conduct of individuals. The aim of the performance assessment process is to get to know staff better and steer their conduct and commitment, in order to support professional development and ensure the effective coverage of positions. The subject of the assessment is the employee's annual performance, regarded as the set of activities carried out, results achieved and skills shown.

Key moments are the phases involving manager/employee dialogue and the support and stimulation aimed at the improvement and continuous growth of employees, also in terms of awareness and self-development. With a view to **greater simplification and optimising the effectiveness** of this tool, a new assessment system was introduced in 2021: the system has simpler language, a form that more synthetic and quicker to fill in, and a stronger possibility to differentiate merit thanks to a broader scale of values (from 5 to 6). Lastly, according to a general simplification approach, the performance assessment process - which focuses on activities, timing, quality of execution, skills expressed in one's job and risk control - was separated from that of identifying resources ready for professional growth, which focuses instead on monitoring the Group's managerial skills model;

- a new personal branding tool different from Performance Management: **My Personal Story**, which everyone can use to describe the skills they have acquired and the experiences they have gained throughout their professional life;
- a structured permanent retraining process developed in 2021 with the aim of actively managing the **retraining and upgrading of skills for people** who, owing to technological, business and company process changes, are employed in other roles.

Forming the basis of the proposed initiatives is a process for identifying people's strengths and areas for improvement in the various areas covered. The process takes the form of individual action plans associated with a range of tools (training, development, management) and, more generally, an all-round analysis of the person, also using **people analytics tools**.

GRI 404-1

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE*	2021	2020	2019
<b>Total</b>	44.0	47.3	48.9
<b>Breakdown by gender</b>			
<b>Men</b>	42.8	45.8	47.5
<b>Women</b>	45.1	48.6	50.3
<b>Breakdown by category</b>			
<b>Executive managers</b>	24.6	28.9	33.6
<b>Middle managers</b>	45.4	47.0	52.8
<b>Professional areas</b>	43.4	47.8	46.7

\*The calculation of average training hours was based on the number of employees in MPS companies considered in the scope.

NOTE: Representation of the figures has changed compared to the previous year to better comply with GRI requirements.

GRI 404-3

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS*	2021	2020	2019
<b>Total</b>	99.8%	99.9%	96.2%
<b>Breakdown by gender</b>			
<b>Men</b>	99.8%	99.9%	95.1%
<b>Women</b>	99.8%	99.9%	97.2%
<b>Breakdown by category</b>			
<b>Executive managers</b>	99.6%	100.0%	98.6%
<b>Middle managers</b>	99.8%	100.0%	95.6%
<b>Professional areas</b>	99.8%	99.8%	96.5%

\*The figures refer to the performance assessment of the previous year and are therefore calculated on the workforce as at 31 December of the year of assessment (e.g. for 2021, the performance assessment carried out in 2020 and the workforce as at 31 December 2020 are taken into account).

## 8.3 Diversity & Inclusion

GRI 103-1 | GRI 103-2 | GRI 103-3 | GRI 405-1 | GRI 405-2

The Montepaschi Group has implemented a **three-year Diversity & Inclusion programme (D&I)**. The programme has two main goals:

- fostering a **climate that legitimises the expression of differences**, with actions supporting and enhancing the potential of people
- spreading **awareness and culture on** diversity issues from an inclusive perspective.

This is also in keeping with the Code of Ethics, which states: “[...] all recruitments, career paths and salaries are determined following a merit-based and equal opportunities policy. [...] People are guaranteed the same opportunities regardless of age, sexual orientation, religious beliefs, gender, ethnicity and disabilities, thereby fostering a work environment that is free from any discrimination”. **Diversity, understood as plurality, is an essential value** and a strategic priority that makes it possible to enhance and attract all talents, promoting organisational well-being and productivity.

Banca MPS set up an **Equal Opportunities Committee** quite some time ago. This joint committee between the Company and Trade Unions has the task of agreeing female employment indicators at company level, as well as identifying appropriate empowerment policies. As part of Level II Bargaining with the Agreement of 31 December 2018, the Committee’s activity was strengthened for the purpose of finding tangible solutions to enhancing the potential of people, each with their own diversities, regarded as factors for the Bank’s cultural and social growth.

**In 2021, the process for developing an inclusive culture in the Company continued**, through discussions with the Equal Opportunities

Committee. The programme was launched in 2019 with the involvement of Top Management and was reshaped to bring it into line with health emergency requirements and with the various priorities. The projects and initiatives were reformulated and presented in webinar format. Among these, the why is addressed by the companies: a path for raising awareness of respect for diversity and inclusion, with particular focus on gender and disability.

In 2021, the **Plural Management Project**, which in 2020 was dedicated to managers of the Staff units of the General Management Division and Group Companies, involved managers of the network structures and specialist centres, starting with the Area Managers; overall, more than 1,400 managers were involved, of which 743 in 2021. The **Women Leadership Program** also continued, aimed at supporting the managerial development of women in positions of responsibility, fostering self-awareness and knowing their own skills. This project was also converted to webinar format and was attended by 203 women managers from all Business Lines. The project will continue in 2022.

The focus on gender policies was strengthened with the creation and dissemination of the course on **Fighting Harassment in the Workplace, organised in collaboration with Valore D**. The online course was attended by almost 12,000 resources.

The **partnership with Valore D** was strengthened in 2021. The initiatives included: participation in inter-company Mentoring programmes involving people from companies in different *Industries*; training activities for women in managerial roles at various levels (C-Level School, Middle Manager,

Senior Smart Manager); and the **Young Talent path**, aimed at men and women in the early stages of their professional growth.

In 2020, MPS took part in the **“Disability and Work” research project promoted by Fondazione Istud, Wise Growth and Valore D**. The research activities were carried out at national level and involved multinationals and small and medium-sized enterprises. The project was set up with the aim of understanding the various phases of access to the world of employment by people with disabilities - from job seeking to induction to being at work, focusing on participants’ experience, highlighting best practices and identifying tangible areas for improvement. “Disability and Work” is the first project of a growing network of companies called “Disability LAB” which, starting from the research results, encourages dialogue between companies to implement tangible action plans. The **Disability Lab meetings** were launched in April 2021 and addressed the following topics: “Disability, pandemic and smart working”, “The invisible disability” and “The human factor for the

inclusion of disability”; as a result of the experiences shared, a project was developed (to be released in 2022) to examine the induction to MPS phase for people with disabilities. In fact, the research results showed that the initial period in the company is very delicate both for the resource and for the Manager welcoming them into the team.

The **Project on “generations”** continued, with the need to focus attention on the over-50s population for the purpose of enhancing their potential and engagement.

The focus on D&I was confirmed and strengthened, with constant monitoring of existing KPIs such as, for example, the **percentage of women in positions of responsibility**. This KPI was indicated as a Smart target for the two-year period 2021-2023, in line with commitments undertaken after joining the UNEP FI Principles for Responsible Banking. The goal to be achieved is 35% of women in positions of responsibility by the end of 2023.

WOMEN IN POSITIONS OF RESPONSIBILITY*	2021	2020	2019
Women in positions of responsibility (%)	31.01	31.68	31.16
Female executive managers (%)	16.67	16.74	14.29

\*The following are resources with positions of responsibility: in the Head Offices (BMPS and other Group companies), Credit Area and Regional Area, heads of structures up to sector level (Managing Director, General Manager, Deputy General Manager, Head of Department, Head of Level I, II and III Structures, Area, Service, Staff, Technical Secretariat, Office and Sector); in the Network, the Area Managers, Branch Managers and Heads of Specialised Centres (e.g. SMEs, Institutions, etc.)

GRI 405-1

DIVERSITY AMONG EMPLOYEES CATEGORY AND GENDER)	2021	2020	2019
Total number of employees	21,033	21,211	21,814
Total Executive managers	222	245	273
Men	185 83.33%	206 84.08%	234 85.71%
Women	37 16.67%	39 15.92%	39 14.29%
Total middle managers	8,133	8,200	8,464
Men	5,016 61.67%	5,073 61.87%	5,287 62.46%
Women	3,117 38.33%	3,127 38.13%	3,177 37.54%
Total professional areas	12,678	12,766	13,077
Men	4,969 39.19%	5,037 39.46%	5,218 39.90%
Women	7,709 60.81%	7,729 60.54%	7,859 60.10%



DIVERSITY AMONG EMPLOYEES (CATEGORY AND GENDER)	2021	2020	2019
Total number of employees	21,033	21,211	21,814
Total Executive managers	222	245	273
Up to 30 years of age	0 0.00%	0 0.00%	0 0.00%
Between 31 and 50 years of age	52 23.42%	64 26.12%	65 23.81%
Over 50 years of age	170 76.58%	181 73.88%	208 76.19%
Total middle managers	8,133	8,200	8,464
Up to 30 years of age	3 0.04%	6 0.07%	0 0.00%
Between 31 and 50 years of age	3,037 37.34%	3,418 41.68%	3,406 40.24%
Over 50 years of age	5,093 62.62%	4,776 58.24%	5,058 59.76%
Total professional areas	12,678	12,766	13,077
Up to 30 years of age	283 2.23%	275 2.15%	244 1.87%
Between 31 and 50 years of age	7,661 60.43%	8,120 63.61%	8,136 62.22%
Over 50 years of age	4,734 37.34%	4,371 34.24%	4,697 35.92%

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES	2021	2020	2019
Total number of individuals in protected categories*	1,465	1,466	1,511
Up to 30 years of age	18	25	24
Men	7	9	6
Women	11	17	18
Between 31 and 50 years of age	644	686	676
Men	306	355	329
Women	338	351	347
Over 50 years of age	803	755	811
Men	498	480	519
Women	305	275	292

\*Regarding recruitment relating to targeted placement, the Group is in line with legal provisions (Law 68/99), through recruiting plans and constant dialogue with Job Centres.

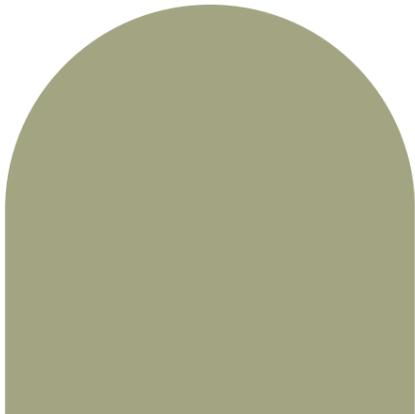
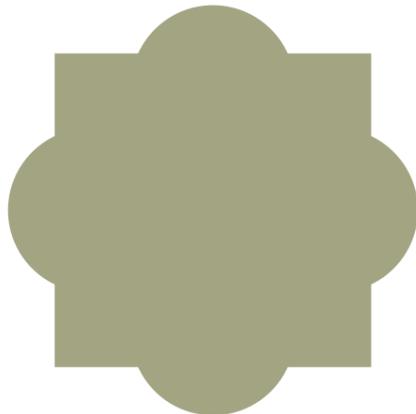
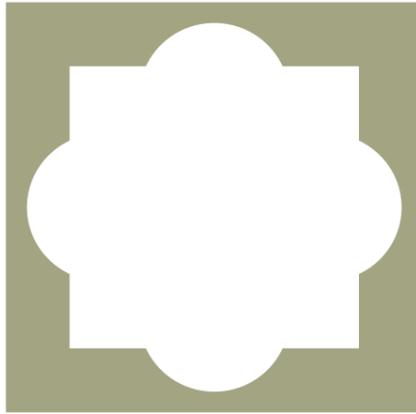
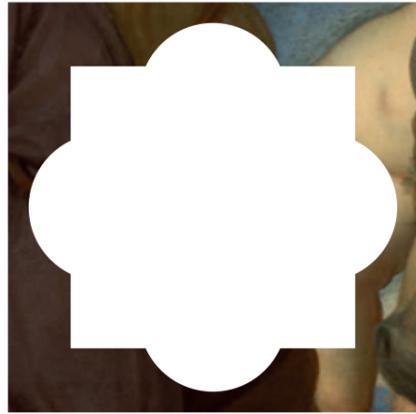
#### GRI 405-2

WOMEN/MEN BASIC SALARY RATIO*	2021	2020	2019
Executive managers	86.6%	87.0%	86.0%
Middle managers	92.5%	92.5%	92.1%
Professional areas	101.1%	101.0%	100.7%

\*Starting from the 2021 NFS, the figures shown are calculated considering the Full Time Equivalent (FTE) of employees, in order to provide a more accurate and thorough representation of the average values of salaries and remuneration in relation to gender and position. This change in method neutralises the impact of part-time work on the ratio and allows the values to be compared with those of peers. Basic salary = theoretical Gross Annual Remuneration; Remuneration = theoretical Total Annual Remuneration.

WOMEN/MEN BASIC REMUNERATION RATIO*	2021	2020	2019
Executive managers	87.7%	86.5%	86.6%
Middle managers	92.1%	92.0%	91.7%
Professional areas	100.7%	100.5%	100.3%

\*Starting from the 2021 NFS, the figures shown are calculated considering the Full Time Equivalent (FTE) of employees, in order to provide a more accurate and concise representation of the average values of remuneration in relation to gender and job position. This change in method neutralises the impact of part-time work on the ratio and allows the values to be compared with those of peers. Basic salary = theoretical Gross Annual Remuneration; Remuneration = theoretical Total Annual Remuneration.



# 9

## ENVIRONMENTAL COMMITMENT

*The pillar “Commitment to the environment” represents Montepaschi Group’s commitment to environmental topics linked to sustainable development, with special attention to direct environmental impacts in the areas of energy, emissions and waste and to the initiatives implemented within the Group to improve its environmental performance, in compliance with national and supranational regulations.*

# 9.1

## Direct environmental impact

GRI 103-1 | GRI 103-2 | GRI 103-3 | GRI 301-1 | GRI 302-1 | GRI 302-3 | GRI 305-1 | GRI 305-2 | GRI 305-3 | GRI 305-4 | GRI 306-1 | GRI 306-2 | GRI 306-3 |

One of the Montepaschi Group’s key objectives is the organised and effective management of its environmental impact. Specifically, “environmental impact” refers to the impact resulting from the Bank’s daily activities (direct impacts related to paper consumption, energy and waste production, etc.).

In 2003, Banca MPS adopted an **Environmental Management System** compliant with UNI EN ISO 14001 standard and specifically certified to:

- comply with regulatory obligations on the protection of environmental and compliance risks;
- ensure environmental management model monitoring (administrative liability risks, financial risks, criminal risks);
- support the voluntary commitments undertaken by the company.

The company system is aimed at ensuring compliance with environmental requirements (including Legislative Decree 152/2006 and other applicable environmental regulations) and pursuing the mission set out in the Group’s Environmental Policy. It also seeks to prevent environmental offences pursuant to Legislative Decree 121/2011 and Law 68/2015, and was implemented in accordance with international standard ISO 14001. Through the adoption of the EMS (Environmental Management System), Banca MPS targets the:

- definition of principles, strategies, lines of action, roles, responsibilities and tasks for the management of activities according to the criteria defined by ISO 14001 Standard;

- definition of goals and targets for continuous environmental improvement and of action plans suitable for their achievement;
- development and application of procedures for managing and controlling the environmental impacts of its activities;
- monitoring compliance with environmental regulations.
- Regarding responsibilities within BMPS’ EMS, the following are appointed:
  - the EMS Top Management Representative, identified as the Head of the CSO Department, who supervises EMS maintenance and improvement;
  - the Head of the EMS, identified as the Prevention, Protection and Environmental Manager tasked with systematically planning and implementing all actions necessary to ensure that the system requirements are established, applied and maintained in accordance with standard ISO 14001.

The Group companies are also required to apply the model defined by the Parent Company, identifying corporate responsibilities according to the roles envisaged by law and implementing the subsequent processes.

Note that, within the Group, since 2002 MPS Capital Services has also implemented and certified an environmental management system compliant with ISO 14001 standard.

In terms of its internal operations, the Group undertakes to:

- purchase services and products necessary for its business, focusing on environmental impact;

- use **energy from renewable sources**;
- **reduce the production of waste**, pollutant and greenhouse gas **emissions**.

The Prevention, Protection and Environmental Function, through monitoring of the environmental management systems, guarantees the adequacy, effectiveness and continuous improvement of the management model for ISO 14001-certified Group companies.

In particular, effectiveness is assessed by performing external audits. The audit results are analysed through the implementation of specific performance indicators. For ISO 14001 certified Group companies, the mapping of risks and opportunities associated with environmental aspects and impacts is periodically updated. This then leads to planning any improvement activities and assessing their impact.

### 9.1.1 Energy and emissions

The Montepaschi Group continues to pursue constant improvement of its **energy efficiency**, in all activities that have a significant impact on the environment. The dynamics adopted for the continuous improvement of energy performance, while guaranteeing workplace comfort both for Bank employees and customers, are also based on:

- the energy market Supply Chain where, with advanced portfolio management models, electricity has been procured **entirely from renewable hydroelectric sources** for the last ten years or so. As a result of this “sustainable” approach, in 2021, **CO<sub>2</sub> eq. emissions** for electricity consumption were **equal to 0 tonnes equivalent according to the market-based method**;
- **advanced design of electrical and heating systems**, using equipment and components with performance, efficiency and yield requirements at maximum levels for the market;

- **real time monitoring of energy consumption and environmental parameters**; the first installation phase has been completed in over 1,200 branches and is being extended to all Group branches. The initial monitoring project is currently being updated and envisages correlation of the environmental parameters with the operating set-points of the air-conditioning systems through Artificial Intelligence and machine learning systems, which will also enable predictive maintenance of the Heating, Ventilation and Air Conditioning (HVAC) systems;
- **analysis of energy consumption** using an advanced processing model that measures the effectiveness of initiatives to contain energy consumption by normalising consumption net of seasonal weather trends and other external factors.

Consistent with the general guidelines established by the Code of Ethics, in accordance with legal obligations, and in compliance with the principles promoted by the United Nations Global Compact Programme and the Principles for Responsible Banking of the UNEP (United Nation Environment Program) Financial Initiative, the Group has been committed for several years to gradually improving the environmental impact of operations ([https://www.gruppomps.it/static/upload/tut/tutela\\_ambientale\\_-\\_gruppo.pdf](https://www.gruppomps.it/static/upload/tut/tutela_ambientale_-_gruppo.pdf)).

More specifically, energy policy guidelines have been followed, which include:

- regulatory compliance and observance of any voluntary commitments;
- actions for energy efficiency and for reducing energy usage;
- energy purchases from renewable sources;
- ongoing monitoring of consumption data;
- energy diagnosis on clustered properties.

The efficient and socially responsible use of energy is particularly significant in controlling the Group’s overall impact on the environment. Furthermore, it

is a key driver for containing operating costs, which have considerably dropped over the past 3-5 years with the implementation of purchasing strategies based on portfolio management logic and strategies for the structural monitoring of energy consumption and environmental parameters.

The energy policy is governed by an Energy Manager, with expertise in Energy Management and certified according to UNI-CEI 11339 standard. The current organisation model ensures compliance with relevant regulatory obligations. The reference model for energy management, taken as an example by the Bank, adopts the processes defined by the best international standards.

The Bank has also joined the **ABI Lab Consortium**, a Research and Innovation Centre for Banks promoted by ABI to encourage dialogue between banks and innovation partners. The Consortium currently includes 122 banks and 70 companies, and its mission is to promote innovation in the Italian banking sector. Through its Energy Management function, the Group was also involved in the drafting of guidelines on the application of the new GRI environmental standards in banks.

As already expressed in the 2020 Non-Financial Statement, the Group also intends to focus on **improving direct impacts in terms of CO<sub>2</sub> emissions resulting from natural gas consumption** (currently accounting for an average of 75% of the Group's total direct emissions).

To achieve this, the objective identified is to **gradually reach, by 2025, the offset threshold of 60% of CO<sub>2</sub> emitted from the use of natural gas**. The Bank will therefore undertake a process of participating in carbon offset initiatives by purchasing carbon credits. Verification of the progress of this initiative will be integrated into the compulsory non-financial reporting process, each year determining the tons of CO<sub>2</sub> offset by participating in carbon offset projects, with respect to the total tons of CO<sub>2</sub> emitted and related to natural gas consumption. The objective is to reach an offset target of 60% by 2025. In 2021, offset was already over 40%. This KPI was indicated as a Smart Target in line with commitments undertaken on adoption of the UNEP FI Principles for Responsible Banking.



INDICATORS - NATURAL GAS OFFSET		2021
Natural gas consumption	m <sup>3</sup>	4,563,482
of which with Carbon Offset	m <sup>3</sup>	2,000,000
Percentage of natural gas offset	%	44%

The main energy efficiency activities in 2021 also include:

- progress on the project for the implementation of a **network energy management platform**. The use of artificial intelligence and machine learning will lead to further electricity savings thanks to the extension of the programme for monitoring energy consumption and environmental parameters, including those identifying indoor air quality, with positive effects also on productivity;
- **works to improve the energy efficiency of the technical plants** in over 35 branches of the Bank including branches and Regional Areas;
- the implementation of the **integrated management platform of the Group's main energy utilities** is underway; initiatives will be undertaken to more proactively involve all staff, with a view to achieving energy saving goals;
- sharp **drop** (around 40% compared to 2020) **in the consumption of heating oil, due to the transition to more sustainable technologies**: the trend will continue in the coming years, particularly in 2022;
- purchase of VER credits by joining the Vishnuprayag Hydro-electric Project (VHEP) by Jaiprakash Power Ventures Ltd. This is a run-of-the-river hydroelectric power plant that supplies power to the Indian electricity grid. The Indian grid operates with a mix of hydroelectric, nuclear and fossil fuel power plants. Since the project activity involves generating electricity from renewable energy sources, there will be a reduction in anthropogenic greenhouse gas (GHG) emissions that would have been generated to

supply energy to the grid using fossil fuels (over 70% of energy in India's northern electricity grid is obtained from fossil fuels). It is located along the course of the Alaknanda river near Joshimath, in the district of Chamoli. The verification standard envisaged is VCS (Verified Carbon Standard) Verra. Verra is a global leader helping to tackle the world's most intractable environmental and social challenges by developing and managing standards that help the private sector, countries and civil society achieve ambitious sustainable development and climate action goals. Verra catalyses measurable climate action and sustainable development outcomes by driving large-scale investment to activities that reduce emissions, improve livelihoods, and protect nature. The Group offset emissions from the use of 2 million Scm of natural gas, equal to over 40% of consumption: geographically speaking, on a national scale, the CO<sub>2</sub> eq. emissions of the entire North-East, Central and Sardinia Regional Areas (which include Veneto, Trentino Alto Adige, Friuli Venezia Giulia, Emilia Romagna, Lazio, Abruzzo, Molise, Sardinia, Umbria and Marche) were fully offset.

The pandemic continued to cause a slowdown in existing projects, especially in the periods of greatest resurgence. Despite this, the projects are confirmed and firmly pursued by the entire Group.

The Group's energy intensity for 2021 as regards the energy consumed within the organisation was calculated on the basis of several parameters, as shown below:

GRI 302-3

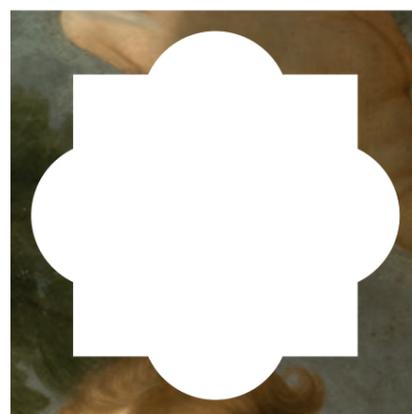
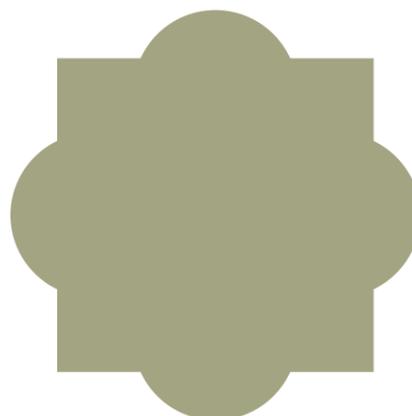
INDICATORS - ENERGY INTENSITY		2021	2020	2019
Total energy (*)	[GJ (*)/m <sup>2</sup> ]	0.323	0.316	0.335
Total energy (**)	[GJ (**)/employee]	26.690	27.429	29.105
Electricity	[GJ (*)/m <sup>2</sup> ]	0.230	0.223	0.244
Electricity	[GJ (**)/employee]	18.983	19.313	21.167

(\*) Includes electricity, natural gas and heating oil, excluding the car fleet  
 (\*\*) 1 GJ = 3.6 MWh electricity (ABI GUIDELINES OF 17-12-2021)

Regarding the project to implement a network energy management platform, the Measurement & Verification (M&V) Plan was drawn up in relation to the International Performance Measurement and Verification Protocol, which is the main international protocol for measuring and verifying energy efficiency. The M&V Plan is a scientific and repeatable method used for measuring the energy efficiency of an intervention by normalising consumption. A baseline for comparison is created using engineering calculations that lead to ordinary adjustments (due to variations in climate conditions, etc.) and extraordinary adjustments (due to variations in operating hours, technological equipment, number of employees, etc.). Using the model described above, which was certified by the University of Rome Tor Vergata, it was calculated that in 2021 the reduced consumption associated with the project was around 5,000 MWh compared to the 2019 baseline, based on consumption data currently available.

The 2021 indicators confirm the declining trend of energy consumption from the 2019 reference baseline. At this stage, it can be confirmed that, again in 2021, the main external factor already seen in 2020, the COVID-19 pandemic, had a twofold, contrasting effect on consumption:

- it led to an increase in consumption due to a significant increase in the hours of operation of the Air Handling Units (AHU) and HVAC systems;
- it led to a drop in consumption due to the lower number of people in branches and especially in large buildings.



GRI 302-1

ENERGY CONSUMPTION WITHIN THE ORGANISATION - TOTALS		2021	2020	2019
Total energy consumption within the organisation – Electricity, Natural Gas and Heating Oil	GJ	561,378.8	581,792.4	617,342.1
Total energy consumption within the organisation – Car Fleet	GJ	26,183.5	20,207.6	39,278.2
<b>TOTAL</b>	<b>GJ</b>	<b>587,562.3</b>	<b>602,000.0</b>	<b>656,620.3</b>

INDICATORS - ENERGY		2021	2020	2019
Electricity consumption	MWh	110,908	113,791	124,717
Percentage of electricity from renewable sources	%	100%	100%	100%
Natural gas consumption	m <sup>3</sup>	4,563,482	4,752,978	4,642,776
Heating oil consumption	lt	156,637	254,717	254,313
Electricity consumption	GJ	399,268.8	409,647.6	448,981.2
Percentage of electricity from renewable sources	%	100%	100%	100%
Natural gas consumption	GJ	156,468.1	162,970.1	159,200.8
Heating oil consumption	GJ	5,641.9	9,174.7	9,160.2
<b>Total energy consumption within the organisation</b>	<b>GJ</b>	<b>561,378.8</b>	<b>581,792.4</b>	<b>617,342.1</b>

The conversion factors used correspond to those published in the ABI GUIDELINES of 17-12-2021

CAR FLEET INDICATORS (*)		2021	2020	2019
Cars for personal and business use – PETROL	lt	1,808.57	681.17	733.24
Cars for personal and business use – DIESEL	lt	376,188.86	317,106.50	515,727.25
Cars for business use – PETROL (**)	lt	156,962.86	46,782.35	2,060.85
Cars for business use – DIESEL	lt	212,441.17	203,376.30	574,837.41
Conversion coefficient litres PETROL to tons		0.00074	0.00074	0.00074
Conversion coefficient litres DIESEL to tons		0.00084	0.00084	0.00084
% of company car use subject to fringe benefits	%	70%	70%	70%
Cars for personal and business use – PETROL (**)	tons	1.34	0.50	0.54
Cars for personal and business use – DIESEL	tons	316.00	266.37	433.21
Cars for business use – PETROL (**)	tons	116.15	34.62	1.53
Cars for business use – DIESEL	tons	178.45	170.84	482.86
Cars for personal and business use – PETROL	GJ	57.3	21.6	23.2
Cars for business use – DIESEL	GJ	13,518.4	11,395.3	18,532.8
Cars for business use – PETROL (**)	GJ	4,973.7	1,482.4	65.3
Cars for business use – DIESEL	GJ	7,634.1	7,308.4	20,656.9
<b>Totale Car Fleet</b>	<b>GJ</b>	<b>26,183.5</b>	<b>20,207.6</b>	<b>30,278.2</b>

Note on figure: unlike previous years, the % of company car use under fringe benefits was also applied to the values in litres. Therefore, the data in litres of cars used for personal and business use in 2019 and previous years were recalculated.

(\*) Consumption for business travel using privately owned cars is not considered.

(\*\*) In 2020, 200 diesel cars were replaced with petrol cars

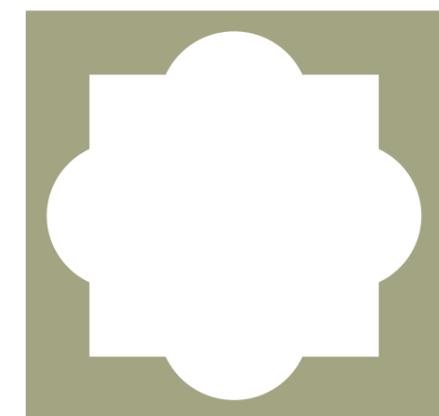
COEFFICIENT FOR GJ EQUIVALENT ENERGY (GUIDELINES OF 17/12/2021)	2021	2020	2019
KWh electricity	0.0036	0.0036	0.0036
M3 natural gas for heating	0.034287	0.034288	0.034290
T heating oil	42.88	42.88	42.88
T diesel for company car fleet	42.78	42.78	42.78
T petrol for company car fleet	42.82	42.82	42.82

GRI 305-1

DIRECT GHG EMISSIONS (SCOPE 1)	2021	2020	2019
a. Direct GHG emissions (Scope 1) in tCO <sub>2</sub> equivalent	7,459.21	11,611.85	12,828.82
c. CO <sub>2</sub> emissions of biogenic origin in tonnes of CO <sub>2</sub> equivalent	-	-	-

The calculation method follows the instructions set out in ABI Lab's Guidelines on the application of the GRI (Global Reporting Initiative) Environmental Standards in banks (Version 17/12/2021). Disclosure 305.1 considers direct (scope 1) emissions in tCO<sub>2</sub> eq. of the following greenhouse gases: CO<sub>2</sub>; CH<sub>4</sub> and N<sub>2</sub>O.

Direct emissions are calculated on the basis of direct consumption resulting from the use of: natural gas not offset, diesel and company cars (business use and 70% personal and business use).



## GRI 305-2

INDIRECT GHG EMISSIONS FROM ENERGY CONSUMPTION (SCOPE 2)	2021	2020	2019
a. Gross location-based indirect GHG emissions from energy consumption (Scope 2) in tons of CO <sub>2</sub> equivalent	30,936.04*	33,903.35	39,594.32
b. Gross market-based indirect GHG emissions from energy consumption (Scope 2) in tons of CO <sub>2</sub> equivalent	0.00	0.00	0.00

- The calculation method follows the instructions set out in ABI Lab's Guidelines on the application of the GRI (Global Reporting Initiative) Environmental Standards in banks (Version 17/12/2021). Disclosure 305.2 considers indirect (scope 2) emissions in tCO<sub>2</sub> eq. of the following greenhouse gases: CO<sub>2</sub>; CH<sub>4</sub> and N<sub>2</sub>O.
- Disclosure 305.2 provides two methods for reporting Scope2 emissions:
  - The Location-Based method considers the average emission factors of the distribution grid used by the organisation for its electricity consumption. In calculating the indicator, we consider the total amount of electricity purchased, whether renewable or non-renewable.
  - The Market-Based method considers the specific emission factors associated with the contractual purchase arrangements adopted by the organisation for its electricity consumption. In this case, the amount of electricity covered by the guarantee of origin will have an emission factor of 0.

\*Beginning with the 2021 NFS, Scope 2 calculation does not include self-generated energy.

## GRI 305-3

OTHER INDIRECT (SCOPE 3) GHG EMISSIONS	2021	2020	2019
a. Other gross indirect (Scope 3) GHG emissions in tons of CO <sub>2</sub> equivalent	2,396.57	2,950.42	6,722.07

- The offsetting coefficients used to obtain Scope 3 emissions are taken from the Department for Environment, Food & Rural Affairs (DEFRA 2021).
- Other indirect (Scope 3) emissions are calculated on the basis of consumption from the use of: natural gas not offset, heating oil, company cars (for business use and 70% personal and business use), short term rental (STR) cars, privately owned cars for business travel, train, plane, A3 and A4 paper (paper made from virgin material and recycled material).

## GRI 305-4

INTENSITY OF GHG EMISSIONS	2021	2020	2019
a. GHG emissions intensity rate (tCO <sub>2</sub> eq./m <sup>2</sup> )	0.00430	0.00631	0.00683
a. GHG emissions intensity rate (tCO <sub>2</sub> eq./employee)	0.35464	0.05474	0.58810
b. specific parameter selected to calculate rate:			
m <sup>2</sup> of net internal surface area	1,736,502.00	1,840,637.00	1,879,123.91
no. of employees (GRI 102-8 disclosure)	21,033	21,211	21,814

- The GHG emissions intensity rate includes direct scope 1 emissions (disclosure 305-1).
- Indirect scope 2 emissions have not been included, since the contribution from the Market-Based method is 0.
- Disclosure 305-4 considers direct (scope 1) emissions in tCO<sub>2</sub> eq. of the following greenhouse gases: CO<sub>2</sub>; CH<sub>4</sub> e N<sub>2</sub>O.

The evolution of the market and of energy management enables new developments for the management of real estate assets, which incorporate specific energy management functions. In addition to gradually implementing the activities already underway, the Group is considering **new goals for 2022**:

- continuing to offset the CO<sub>2</sub> eq. produced by the Group (in areas other than the purchase of electricity), through the purchase of VER (Verified Emission Reduction) credits or other carbon offset method, with regard to natural gas procurement in order to gradually reach the 60% offset target by 2025;
- reducing heating oil consumption further, as a result of the implementation of more sustainable technologies;
- continuing to supply electricity entirely from renewable sources by zeroing its CO<sub>2</sub> eq. emissions calculated using the market-based method;
- the adoption of the advanced portfolio management, aligning the Group with the purchasing methods of industrial sectors, was completed in 2021. Thanks to the transition to the new purchasing model, alongside the deep knowledge now gained on its consumption curve, it will also be possible to consider the adoption of Green Corporate Power Purchase Agreements (PPA), for the procurement of energy from renewable sources through bilateral contracts with a long time horizon.

## 9.1.2 Waste

With a view to reducing environmental impact, the Montepaschi Group governs and coordinates the waste management and cleaning services of its working environments, through a specific function of the Parent Company.

In performing the envisaged services, banking activities contribute to the production of paper and toner waste. For all offices and branches, therefore, mass collection of waste is envisaged, which is then managed and disposed of. The Group separates, collects and disposes of the waste it produces (paper, cardboard, toner and hazardous materials) and in some cases recovers and reuses materials (regenerated toner). This activity is carried out by specialised companies authorised to treat specific types of waste. Waste is disposed of at authorised plants and landfills, with the issue of relevant forms that are then filed and kept at the structures that generated the waste.

A framework agreement has been drawn up with cleaning firms which establishes the separate collection of waste throughout the country. The cleaning firms also undertake to maintain ISO 14001 certification standards and to use Ecolabel Products for the office cleaning service. From 1 January 2021, the Bank has had two agreements in place - Lot A and Lot B - covering the entire property assets of the Banking Group (global cleaning). The agreements are accompanied by specific technical specifications for the management of all ordinary and extraordinary cleaning services and of the collection and disposal of special non-hazardous waste. The service providers are clearly identified together with other subcontractors or consortium owners.

## 9.2 Notes for the collection and calculation of environmental indicators

GRI 306-3

WASTE GENERATED*	2021
TOTAL WEIGHT OF WASTE GENERATED (t)	977.61
WEIGHT BY WASTE TYPE 1 (paper and cardboard) (t)	804.91
WEIGHT BY WASTE TYPE 2 (mixed and unseparated) (t)	117.96
WEIGHT BY WASTE TYPE 3 (wood) (t)	22.32
WEIGHT BY WASTE TYPE 4 (iron) (t)	5.46
WEIGHT BY WASTE TYPE 5 (toner) (t)	16.40
WEIGHT BY WASTE TYPE 6 (IT equipment) (t)**	10.55

\* The figures indicated were extrapolated from reports provided by the transport operators and waste management companies, whilst figures relating to IT devices were provided by the Group Operations Consortium.

\*\* Material related to the Data Processing Centre -DPC - (Monitors, PCs, Printers, Scanners, Keyboards, CDs, etc.). All other workplace-related electronic equipment is not disposed of but sold or donated.

GRI 301-1

MATERIALS USED BY WEIGHT AND VOLUME	2021	2020	2019
Paper for internal use (kg)	903,477.00	940,322	1,101,401
Paper for external use (kg)	593,415.93	600,796	824,228
Original toners (kg)	16,404.00	13,048.06	18,063.34



### Energy Consumption

GRI 302-1

The reporting period for energy consumption data runs from 1 January to 31 December 2021 and, for 2021, the conversion factor used was taken from the “ABI Lab Guidelines on the Application of the GRI (Global Reporting Initiative) Environmental Standards in banks” (December 2021 version). It should be noted that with regard to the consumption of natural gas, a disclosure was made of the percentage of gas offset through offsetting activities.

SCOPE 1, SCOPE 2, SCOPE 3

GRI 305-1 AND GRI 305-2

The scope of reporting on consumption and related emissions is based on the concept of control. The year of reference is 2019. For 2021, the conversion factor used was taken from the “ABI Lab Guidelines on the Application of the GRI (Global Reporting Initiative) Environmental Standards in banks” (December 2021 version). The gases included in the calculation - and specified in the Guidelines - are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O. In addition, it is specified that for the purposes of calculating CO<sub>2</sub> equivalent emissions, the emission factors contained in the ISPRA document “Italian Greenhouse Gas Inventory 1990 - 2018 - National Inventory Report 2020” were used. Instead, with regard to the Global Warming Potential (GWP) used for CH<sub>4</sub> and N<sub>2</sub>O, the source used was the IPCC report “Climate Change 2013: The Physical Science Basis”, as indicated by ABI in the document “ABI Lab Guidelines on the application of the GRI (Global Reporting Initiative) Environmental Standards in banks” (version December 2021).

It should be noted that for cars for personal and business use, the value is equivalent to the total litres consumed multiplied by a coefficient of 0.70 (% of company use of cars subject to fringe benefits).

In calculating the Group Scope 3, the offsetting coefficients used to obtain Scope 3 Emissions are taken from the Department for Environment, Food & Rural Affairs (DEFRA 2021).

Other indirect (Scope 3) emissions are calculated on the basis of consumption from the use of: natural gas not offset, heating oil, company cars (for business use and 70% personal and business use), short term rental (STR) cars, privately owned cars for business travel, train, plane, A3 and A4 paper (paper made from virgin material and recycled material).

### Water Consumption

Regarding information on the use of water resources, it was decided not to report this information since it is not essential to understanding the Group’s activities and impacts.

To support the assessment of non-materiality, an estimate was made based on water withdrawals. The estimate complied with ABI guidelines and showed a consumption of approximately 27/29 m<sup>3</sup>/year per employee. If we consider that the average annual consumption per capita is 153m<sup>3</sup> (ISTAT data), it is possible to state that water is not a material resource for the Group.



10

**PRINCIPLES  
FOR RESPONSIBLE  
BANKING**

Banca MPS officially joined the Principles for Responsible Banking of the UNEP (United Nations Environment Programme) Financial Initiative, during 2019, becoming one of the 130 “first signatory”

banks in the world. The self-assessment of progress achieved with respect to the PRBs is provided below.

REPORTING AND SELF-ASSESSMENT REQUIREMENTS	HIGH-LEVEL SUMMARY OF BANK'S RESPONSE	REFERENCES/ LINK(S) TO BANK'S FULL RESPONSE/ RELEVANT INFORMATION
 <p><b>Principle 1: Alignment</b> 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.</p>		
<p>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.</p>	<p>The Montepaschi Group is the group led by Banca MPS that operates mainly in Italy and provides traditional retail and 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 its network of branches and specialised centres with an innovative system of self-banking and digital banking services system enhanced by the skills of the Widiba financial advisor network.</p>	<p><b>2021 Consolidated Non-Financial Statement</b>  <b>3. Presentation of the Group</b>  <b>3.2 Sustainability Governance</b>  <b>3.3 Participation in national and international programmes and associations</b>  <b>3.4 Group overview</b>  <b>3.5 Customer base</b>  <b>3.6 Distribution channels</b></p>
<p>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.</p>	<p>The Group is committed to seeking the best balance between achieving the corporate objectives and creating sustainable value in the long term, in keeping with the sustainable development goals of the UN 2030 Agenda. The Bank recently joined the Net-Zero Banking Alliance and is committed to supporting the transition of the economy towards a low environmental impact model. For many years, the Montepaschi Group has been actively committed towards environmental topics related to sustainable development, focusing on both direct and indirect environmental impacts. The Group endeavours to support its Customers and Communities through its day-to-day activities across the local areas by promoting specific initiatives such as support for innovative entrepreneurial activities, accessible services, cyber security protection and the development of new opportunities provided by sustainable finance. The Group is also committed to its employees, in every area of their career path in the company, with full respect for the enhancement of diversity and the protection of workers' health and safety. In February 2022, the Bank received an upgrade in its Sustainability rating from Standard Ethics, an internationally renowned rating company. The Bank obtained a corporate rating of EE, which certifies the Group's good positioning as regards Sustainability topics.</p>	<p><b>2021 Consolidated Non-Financial Statement Letter to Stakeholders</b>  <b>4.3 Monitoring ESG and reputational risks</b>  <b>5.3 MPS Group's contribution to the Agenda 2030</b>  <b>7. Relations with Customers and Communities</b>  <b>7.1. Support for people and local areas</b>  <b>7.2 Sustainable finance</b>  <b>7.5. Support for the Community</b>  <b>8. Personnel policies</b>  <b>9. Environmental commitment</b>  <b>GRI content index: Correlation table between GRI Standards and Principles for Responsible Banking based on the instructions provided by UNEP FI.</b></p>



**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 fulfils 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.  
**c) Context & Relevance:** 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) Scale and intensity/salience of impact:** 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))

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

The Group carries out an annual materiality analysis to confirm or review material issues and related risks through both internal and external stakeholder engagement activities. In particular, in 2021, the Group 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. Also as a result of strong regulatory pressure from the Supervisory Authorities, the Group launched two projects that have points in common:  
 1. A project on the identification of climate-related and environmental risks of relevance to the MPS Group: within the context of emerging risks, the risk identification process preparatory to definition of the 2022 Risk Appetite Statement specifically addressed C&E Risks, using a further analysis approach, based on "transmission channels". According to this approach, these risks may have an impact on "core" financial risks, as transversal drivers of traditional risk-to-capital factors (credit, operational, reputational, market and liquidity). Therefore, they cover - with varying relevance levels and intensity - the existing risk categories already dealt with in the Group's risk management framework. The approach implemented led to firstly identifying all Credit Risks (both physical risk and transition risk) as a priority and, secondly, depending on the materiality within the Group, Market and Liquidity Risks and Business/Strategic Risks.

2. A project related to the application and reporting of the European Taxonomy in compliance with the disclosure requirements. In this context, the MPS Group used the templates provided by the Platform for Sustainable Finance and the relevant Guidelines published in December. It reported the requested information starting with accurate data if available; instead, if information was not available, the MPS Group made use of proxies to estimate the required data. In order to identify the activities that can contribute to climate change mitigation and adaptation objectives, the MPS Group classified its exposures on the basis of the counterparty's prevailing business sector. In compliance with the reference regulation, the analysis is based on the prudential scope of consolidation, considering the gross book value of the balance sheet assets as at 31 December 2021. As regards direct environmental impacts, the Montepaschi Group strives to continually improve its energy efficiency, focusing on CO2 emissions from natural gas consumption (currently representing, on average, 75% of the Group's total direct emissions). The Bank has therefore undertaken a process of participating in carbon offset initiatives by purchasing carbon credits.

The Group has maintained a long-standing focus on gender equality policies. It was one of the first banks to hire female employees in 1940 and to establish an Equal Opportunities Committee, made up of company and trade-union representatives and aimed at examining the topic of gender equality and sharing suitable improvement actions. Also in terms of welfare policies, the bank has a well-established tradition of initiatives designed to balance work and family life.

**2021 Consolidated Non-Financial Statement**  
**4.3 Monitoring ESG and reputational risks**  
**5. Materiality analysis**

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis. The Group identified two topics associated with its activities. Processes are being implemented to monitor them. Over the next years, the Group will give greater focus to impact analysis, in line with the progressive incorporation of these risks in the definition of the corporate strategy and in the risk management framework.

2.2 Target setting

Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-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.

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.

S.M.A.R.T. TARGET IMPACT AREA CLIMATE CHANGE – ADAPTATION:

Direct environmental impact  
The objective was identified to gradually reach, by 2025, the offset threshold of 60% of CO2 emitted from the use of natural gas. The Bank therefore undertook a process to join carbon offset initiatives through the purchase of carbon credits, which took shape with participation in the Vishnuprayag-Hydro-electric Project (VHEP) by Jaiprakash Power Ventures Ltd. This is a run-of-the-river hydroelectric power plant that supplies power to the Indian electricity grid. Since the project activity involves generating electricity from renewable energy sources, there will be a reduction in anthropogenic greenhouse gas (GHG) emissions that would have been generated to supply energy to the grid using fossil fuels. The Group offset emissions from the use of 2 mln Scm of natural gas, equal to over 40% of consumption: geographically speaking, on a national scale, the CO2 eq. emissions of the entire "North-East", "Central and Sardinia" Regional Areas were fully offset.

S.M.A.R.T. TARGET IMPACT AREA GENDER EQUALITY:

The Montepaschi Group has implemented a three-year Diversity & Inclusion programme (D&I). The programme has two main goals:  
 · fostering a climate that legitimises the expression of differences, with actions supporting and enhancing the potential of people  
 · spreading awareness and culture on diversity issues from an inclusive perspective.  
  
 The Group undertakes to reach 35% of women in positions of responsibility by 2023.

**2021 Consolidated Non-Financial Statement**  
**9.1.1 Energy and emissions**  
**4.3 Monitoring ESG and reputational risks**  
**8.3 Diversity & Inclusion**

**Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis. The Group defined SMART targets for selected areas of impact: climate change adaptation and gender equality in order to meet the requirements of this section.**

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.

Annually, the Non-Financial Statement:  
 · the impact areas identified will be monitored, as they are included among the material topics selected by the internal and external stakeholders;  
 · the progress of both targets will be verified  
 In addition, with regard to the Smart Target on gender equality, a Committee consisting of all HR functions has been set up which checks, on a quarterly basis, the percentage and the list of incoming applications for positions of responsibility.

**2021 Consolidated Non-Financial Statement**  
**4.3 ESG risk management and focus on climate change**  
**8.3 Diversity & Inclusion**  
**9.1.1 Energy and emissions**

**Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis. The Group complies with PRB requirements regarding plans for the implementation and monitoring of targets.**

2.4 Progress on Implementing Targets

For each target separately:  
 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)

S.M.A.R.T. TARGET IMPACT AREA CLIMATE CHANGE – ADAPTATION:

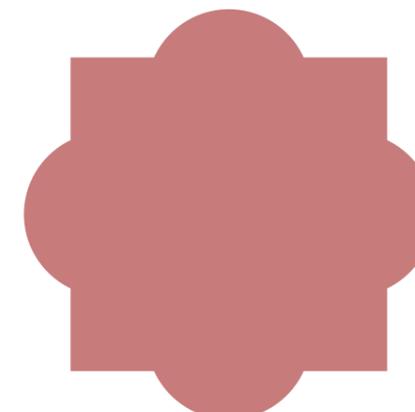
The objective is to reach an offset target of 60% by 2025. In 2021, the Group reached at an offset target of around 40%.

S.M.A.R.T. TARGET IMPACT AREA GENDER EQUALITY:

The target to be achieved is 35% of women in roles of responsibility by 2023. In 2021, 31% of women in the Group held positions of responsibility and 51% of the workforce were women.

**2021 Consolidated Non-Financial Statement**  
**4.3 Monitoring ESG and reputational risks**  
**8.3 Diversity & Inclusion**  
**9.1.1 Energy and emissions**

**Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis. Target monitoring and progress reporting will be carried out simultaneously and included in the NFS.**



**Principle 3: Clients 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.

<p>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.</p>	<p>In pursuing a sustainable development plan, the Group is committed to supporting local businesses by establishing dialogue with its Customers and Communities. The analysis of the local areas in which the Bank operates has enabled it to enhance its features through specific products aimed at supporting local economies. The Group's dense network, acting as a point of reference for local small businesses, makes it possible to listen closely to customer requirements. In 2021, the activities in support of communities were still strongly affected by the pandemic. The Group therefore focused on supporting families and businesses, and helping whoever was facing economic and financial hardship as a result of the COVID-19 emergency, providing them with information, initiatives and dedicated services. The culture of risk and legality is widespread in all levels of the organisational structure. In this respect, the adoption of the 231 Organisation Model, the Anti-Corruption Policy and an internal whistleblowing system are valid tools for raising awareness and preventing cases of corruption.</p>	<p><b>2021 Consolidated Non-Financial Statement</b> <b>6. Human rights and combating corruption</b> <b>7. Relations with Customers and Communities</b></p>
<p>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.</p>	<p>The main activities aimed at supporting the Group's ongoing sustainable development are as follows:</p> <ul style="list-style-type: none"> <li>- expansion of its commercial offer by selecting investment products and financial instruments that truly adhere to Sustainability criteria, avoiding the introduction of financial products and instruments that perhaps claim to pursue sustainability goals but do not actually do so (greenwashing);</li> <li>- significant results were achieved in terms of credit policies with the launch of portfolio analysis projects as a basis for incorporating ESG criteria into credit granting and management procedures, also leveraging the experience of MPS Capital Services;</li> <li>- the incorporation of ESG criteria into the definition of credit policies will make it possible to identify and offer differentiated financing solutions;</li> <li>- in November and December 2021, Banca MPS, in collaboration with J.P. Morgan Asset Management and the Italian daily newspaper Corriere della Sera, organised the road show "Journey through Italy of the NRRP and transition", travelling through the various regions of Italy and dedicated to SMEs and microbusinesses to explain the contents of the National Recovery and Resilience Plan in which ESG investments are of particular importance.</li> </ul>	<p><b>2021 Consolidated Non-Financial Statement</b> <b>7.1. Support for people and local areas</b> <b>7.2 Sustainable finance</b></p> <p><b>Disclosure on sustainability in the financial services sector</b></p>

**Principle 4: Stakeholders**  
We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

<p>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.</p>	<p>As a result of the listening and sharing activities carried out with management and staff, the following stakeholders of relevance to the Group were identified: customers, shareholders, employees, institutions, sector associations, academics, suppliers, analysts, investors and media representatives. Regarding the 2021 materiality matrix, the prioritisation of material topics detailed in the 2020 matrix following a broad stakeholder engagement process, was reviewed. In 2020, extensive consultation with our stakeholders (including employees) was carried out to update the topics deemed relevant (Materiality Matrix). A questionnaire was submitted to the stakeholders to identify their perception of the relevance of each topic, regarded as the significance of the impact - whether positive or negative - that the Group can generate on the economy, environment and/or society, and on the effectiveness of the controls identified by the Group.</p>	<p><b>2021 Consolidated Non-Financial Statement</b> <b>5.1 Stakeholder mapping and materiality analysis method</b></p>
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**Principle 5: Governance & Culture**  
We will implement our commitment to these Principles through effective governance and a culture of responsible banking

<p>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.</p>	<p>The Board of Directors pays close attention to Sustainability topics that are becoming more and more strategically important, with the aim of defining an integrated corporate strategy that pursues not only financial, economic and capital objectives, but also human, social, relational and environmental goals.</p> <p>The Risk and Sustainability Committee supports the Board of Directors in the preliminary phase with advisory and investigative functions in relation to sustainability assessments and decisions.</p> <p>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.</p> <p>In view of the strategic importance, a special Staff Unit was established known as the "<b>Sustainability and ESG Staff Unit</b>", reporting directly to the Chief, with the specific task of defining and monitoring the Sustainability strategy, managing the relevant issues and coordinating the drafting of the Non-Financial Statement.</p> <p>The BoD also decided to establish an <b>ESG and Sustainability session of the Management Committee</b> to promote and manage the strategy on sustainability topics, consistent with the contents of the Business Plan and the Sustainability Plan.</p>	<p><b>2021 Consolidated Non-Financial Statement</b> <b>3.2 Sustainability Governance</b></p>
<p>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.</p>	<p>The Montepaschi Group pays great attention to all its people in every area of their career path in the company, with full respect for the enhancement of diversity and the protection of workers' health and safety.</p>	<p><b>2021 Consolidated Non-Financial Statement</b> <b>8. Personnel policies</b> <b>8.1 Protection of human resources</b> <b>8.2 Human resource development</b> <b>8.3 Diversity &amp; Inclusion</b></p>
<p>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:</p> <ul style="list-style-type: none"> <li>a) target-setting and actions to achieve targets set</li> <li>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</li> </ul>	<p>As mentioned above, all Sustainability topics, including PRB commitments, are monitored by the ESG Sustainability Staff, which reports to the ESG Session of the Steering Committee, then to the Risk and Sustainability Committee and, lastly, to the Board of Directors.</p>	<p><b>2021 Consolidated Non-Financial Statement</b> <b>3.2 Sustainability Governance</b></p>

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

**The Group is provided with a well-structured governance model designed to implement initiatives and measures aimed at fostering commitment towards sustainable and responsible business activities.**



**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.

**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.

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.

We have supported the UN Global Compact and its 10 principles since 2002 and we were among the first signatories of the UNEP FI Principles for Responsible Banking in 2019. In pursuing our commitments, we have taken part in international round tables with over 180 signatory banks to define common standards and benchmarks. New tools were implemented to improve the potential of the banking and financial sector to steer informed choices, thus facilitating the huge investments required to achieve the 17 goals of the UN 2030 Agenda.

According to the EU rules on Sustainability-related disclosure in the financial services sector and the Taxonomy Regulation, the Bank takes sustainability factors into account in its investment process. For the analysis of its product catalogue, the Bank uses information from companies whose products and financial instruments it places, information provided by external companies specialised in the analysis of products and financial instruments (info-providers), and any certifications obtained from individual products or financial instruments.

The Group also draws up an annual Consolidated Non-Financial Statement in accordance with GRI

Standards and Italian and European laws on Sustainability reporting.

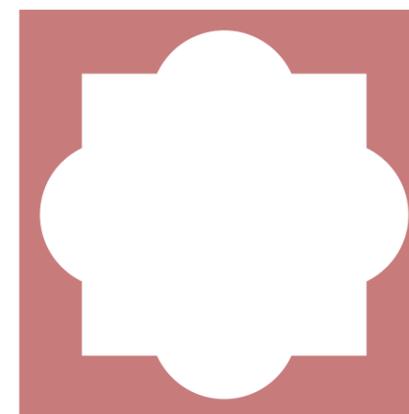
Lastly, the Group has joined the Net Zero Bank Alliance to reinforce the commitments already undertaken with the PRBs and actively contribute to reducing its indirect emissions and helping its customers move towards a sustainable transition.

**2021 Consolidated Non-Financial Statement**  
**Letter to stakeholders**  
**3.3 Participation in national and international programmes and association membership**  
**5.3 MPS Group's contribution to the Agenda 2030**

**Sustainability-related disclosure in the financial services sector**

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

In its annual Non-Financial Statement, the Group reports on all the commitments it has undertaken with regard to the progress in implementing the Principles for Responsible Banking. We are involved in initiatives and working groups on responsible banking topics at national and international level.



11

**GRI**  
**CONTENT INDEX**

GRI 102-55

The following table illustrates the correlation between GRI Standards and the Principles for Responsible Banking based on indications provided by UNEP FI and the SDGs, as recommended by the SGD Compass.

GRI STANDARD	DISCLOSURES	PAGE NUMBERS	OMISSIONS	SDGs	PRBs
<b>GENERAL DISCLOSURES</b>					
<b>GRI 102: General disclosures (2016 version)</b>	<b>ORGANIZATION PROFILE</b>				
	102-1 Name of the organization	P. 14			1
	102-2 Activities, brands, products, and services	P. 14			1
	102-3 Location of headquarters	P. 14			1
	102-4 Location of operations	P. 14			1
	102-5 Ownership and legal form	P. 14			
	102-6 Markets served	P. 34-36			1
	102-7 Scale of the organization	PP. 30, 31, 33-35, 145			1
	102-8 Information on employees and other workers	PP. 145, 146	The Group does not report figures for employees by geographic area	5-8-10	
	102-9 Supply chain	PP. 87-89		8-12	
	102-10 Significant changes to the organization and its supply chain	PP. 9-10, 87-89		8-12	
	102-11 Precautionary principle or approach	PP. 43-57			
	102-12 External initiatives	P. 27		16-17	
	102-13 Membership of associations	P. 27		17	
<b>Strategy</b>					
	102-14 Statement from senior decision-maker	PP. 4, 5			1
<b>Ethics and integrity</b>					
	102-16 Values, principles, standards, and norms of behaviour	PP. 71-76		16	5
<b>Governance</b>					
	102-18 Governance structure	PP. 15-20			5
	102-19 Delegating authority	PP. 24, 25			5
	102-21 Consulting stakeholders on economic, environmental, and social topics	PP. 60, 61		16	
	102-22 Composition of the highest governance body and its committees	PP. 15-20		5-16	5
	102-23 Chair of the highest governance body	P. 19		16	



GRI STANDARD	DISCLOSURES	PAGE NUMBERS	OMISSIONS	SDGs	PRBs
	102-24 Nominating and selecting the highest governance body	P. 17		16	
	102-26 Role of highest governance body in setting purpose, values, and strategy	P. 24			5
	102-28 Evaluating the highest governance body's performance	P. 21			
	102-29 Identifying and managing economic, environmental, and social impacts	PP. 24, 25		16	
	102-30 Effectiveness of risk management processes	PP. 45, 46			
	102-32 Highest governance body's role in sustainability reporting	P. 24			
	102-35 Remuneration policies	PP. 159, 160		5-8-10	5
	102-36 Process for determining remuneration	P. 159		5-8-10	
	102-37 Stakeholders' involvement in remuneration	P. 160		16	
<b>Stakeholder Engagement</b>					
	102-40 List of stakeholder groups	P. 60			4
	102-41 Collective bargaining agreements	P. 161		3-5-8-10	4
	102-42 Identifying and selecting stakeholders	PP. 60, 61			4
	102-43 Approach to stakeholder engagement	P. 61			4
	102-44 Key topics and concerns raised	P. 63			4
<b>Reporting practices</b>					
	102-45 Entities included in the consolidated financial statements	PP. 9, 10, 11			
	102-46 Defining report content and topic boundaries	PP. 60-63			
	102-47 List of material topics	P. 63			
	102-48 Restatements of information	P. 187			
	102-49 Changes in reporting	P. 8			
	102-50 Reporting period	P. 8			
	102-51 Date of most recent report	Published in 2021			
	102-53 Contact point for questions regarding the report	P. 8			
	102-54 Claims of reporting in accordance with the GRI Standards	P. 8			
	102-55 GRI content index	PP. 198-205			
	102-56 External assurance	PP. 8, 210			



GRI STANDARD	DISCLOSURES	PAGE NUMBERS	OMISSIONS	SDGs	PRBs
<b>MATERIAL TOPICS</b>					
<b>Integrity in business conduct and the fight against corruption</b>					
GRI specific disclosures: Anti-corruption					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 70-86			
	103-3 Evaluation of the management approach	PP. 78, 79, 88			
GRI 205: Anti-corruption (2016 version)	205-2 Communication and training about anti-corruption policies and procedures	PP. 78, 79, 88		16	
	205-3 Confirmed incidents of corruption and actions taken	P. 79		16	
GRI specific disclosures: Tax					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 85, 86			
	103-3 Evaluation of the management approach	P. 86			
GRI 207: Tax (2019 version)	207-1 Approach to tax	P. 85		16	
	207-2 Tax governance, control and risk management	P. 85		16	
	207-3 Stakeholder engagement and management of concerns related to tax	P. 85		16	
	207-4 Country-by-country reporting	P. 86		16	
<b>Digitalisation and IT security</b>					
GRI specific disclosures: Customer privacy					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 121-128			
	103-3 Evaluation of the management approach	P. 128			
GRI 418: Customer privacy (2016 version)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P. 128		16	
<b>Quality in customer relations</b>					
GRI specific disclosures: Marketing and labelling					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 117-119			
	103-3 Evaluation of the management approach	P. 118			

GRI STANDARD	DISCLOSURES	PAGE NUMBERS	OMISSIONS	SDGs	PRBs
GRI 417: Marketing and labelling (2016 version)	417-2 Incidents of non-compliance concerning product and service information and labelling	P. 118		16	
	417-3 Incidents of non-compliance concerning marketing communications	P. 118		16	
<b>GRI specific disclosures: Local Communities</b>					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 119, 120, 129-139			
	103-3 Evaluation of the management approach	PP. 119, 120, 129-139			
Sector specific indicator - G4	FS14: Initiatives to improve access to financial services for disadvantaged people	PP. 119, 120, 129-139		8-9-10	
<b>Support for people and local areas</b>					
GRI specific disclosures: Product portfolio					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 92-101			
	103-3 Evaluation of the management approach	PP. 92-105			
Sector specific indicator - G4	FS1: Policies with specific environmental and social components applied to business lines	PP. 92-105		3-8-9-10-13	
Sector specific indicator - G4	FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	PP. 93, 94, 99, 103		1-8-9-10	
<b>Protection of human resources</b>					
GRI specific disclosures: Employment					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 144-149			
	103-3 Evaluation of the management approach	PP. 146-148			
GRI 401: Employment (2016 version)	401-1 New employee hires and employee turnover	PP. 146, 147	The Group does not report figures for employees by geographic area	5-8-10	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P. 147		3-5-8-10	
	401-3 Parental leave	P. 148		5-8-10	
GRI specific disclosures: Labour/management relations					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 142-149			
	103-3 Evaluation of the management approach	PP. 142-149			



GRI STANDARD	DISCLOSURES	PAGE NUMBERS	OMISSIONS	SDGs	PRBs
GRI 402: Labour/ Management Relations (2016 version)	402-1 Minimum notice periods regarding operational changes	P. 144		8-10	
GRI specific disclosures: Occupational health and safety					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 142, 143, 149-156			
	103-3 Evaluation of the management approach	PP. 142, 143, 150-155			
GRI 403: Occupational Health and Safety (2018 version)	403-1 Occupational health and safety management system	PP. 150, 151		8	
	403-2 Hazard identification, risk assessment, and incident investigation	PP. 151, 152		3-8	
	403-3 Occupational health services	PP. 152-154		3-8	
	403-4 Worker participation, consultation, and communication on occupational health and safety	P. 154		3-8	
	403-5 Worker training on occupational health and safety	PP. 155, 156		3-8	
	403-6 Promotion of worker health	PP. 142, 143, 150-153		3-8	
	403-8 Workers covered by an occupational health and safety management system	P. 155		3-8	
	403-9 Work-related injuries	P. 156	Part of the disclosure is not available, as the data relating to non-employees is not monitored, given the absence of an obligation to collect such information in compliance with current legislation.	3-8	
<b>Human resource development</b>					
GRI specific disclosures: Training and education					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 162-168			
	103-3 Evaluation of the management approach	PP. 164-166, 168			
GRI 404: Training and Education (2016 version)	404-1 Average hours of training per year per employee	P. 168		4-8	
	404-2 Programs for upgrading employee skills and transition assistance programs	PP. 164-166		4-8	
	404-3 Percentage of employees receiving regular performance and career development reviews	P. 168		4-8-10	

GRI STANDARD	DISCLOSURES	PAGE NUMBERS	OMISSIONS	SDGs	PRBs
<b>Diversity</b>					
GRI specific disclosures: Diversity and equal opportunities					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 169-176			
	103-3 Evaluation of the management approach	PP. 171-173			
GRI 405: Diversity and Equal Opportunity (2016 version)	405-1 Diversity of governance bodies and employees	PP. 22, 171-173		5-8-10	
	405-2 Ratio of basic salary and remuneration of women to men	P. 173		5-8	
<b>Direct environmental impact</b>					
GRI specific disclosures: Materials					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 185-186			
	103-3 Evaluation of the management approach	P. 186			
GRI 301: Materials (2016 version)	301-1 Materials used by weight or volume	P. 186	There is no information available to distinguish the renewable and non-renewable materials used	12	
GRI specific disclosures: Energy					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 176-185			
	103-3 Evaluation of the management approach	PP. 179, 181-183			
GRI 302: Energy (2016 version)	302-1 Energy consumption within the organization	PP. 181-183		7-12-13	
	302-3 Energy intensity	P. 179		7-11-12	
GRI specific disclosures: Emissions					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 176-185			
	103-3 Evaluation of the management approach	PP. 183, 184			
GRI 305: Emissions (2016 version)	305-1 Direct (Scope 1) GHG emissions	P. 183		11-12-13	
	305-2 Energy indirect (Scope 2) GHG emissions	P. 184		11-12-13	
	305-3 Other indirect (Scope 3) GHG emissions	P. 184		11-12-13	
	305-4 GHG emissions intensity	P. 184		11-12-13	

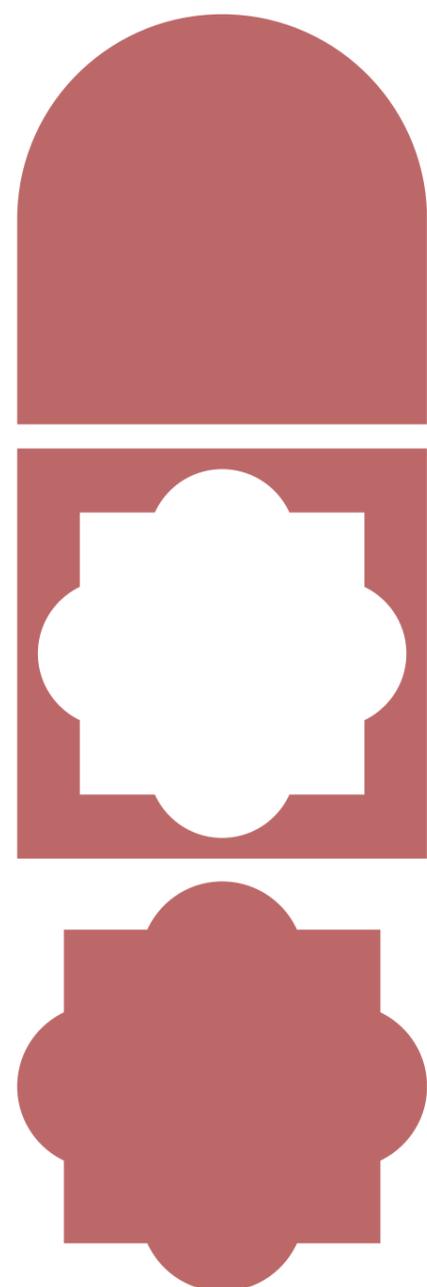


GRI STANDARD	DISCLOSURES	PAGE NUMBERS	OMISSIONS	SDGs	PRBs
GRI specific disclosures: Waste					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 185, 186			
	103-3 Evaluation of the management approach	PP. 185, 186			
GRI 306: Waste (2020 version)	306-1 Waste generation and significant waste-related impacts	P. 185			
	306-2 Management of significant waste-related impacts	P. 185			
	306-3 Waste generated	P. 186	The data in the format required by the new Reporting Standard (revised in 2020 by the Global Reporting Initiative) can be represented from 2021.	11-12-13	
<b>Sustainable finance</b>					
GRI specific disclosures: Product portfolio					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 106-116			
	103-3 Evaluation of the management approach	PP. 106-116			
Sector specific indicator - G4	FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	PP. 115, 116		3-8-9	
<b>Support for the community</b>					
GRI specific disclosures: Economic performance					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 37-39, 129-139			
	103-3 Evaluation of the management approach	PP. 38, 39			
GRI 201: Economic performance (2016 version)	201-1 Direct economic value generated and distributed	PP. 38, 39		8	
GRI specific disclosures: Marketing and labelling					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 117-119			
	103-3 Evaluation of the management approach	P. 118			
Sector specific indicator - G4	FS16: Initiatives to enhance financial literacy by type of beneficiary	PP. 137-139		4-8-9	

GRI STANDARD	DISCLOSURES	PAGE NUMBERS	OMISSIONS	SDGs	PRBs
<b>Responsible supply chain management</b>					
GRI specific disclosures: Supplier environmental assessment					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 87-89			
	103-3 Evaluation of the management approach	P. 89			
GRI 308: Supplier Environmental Assessment (2016 version)	308-1 New suppliers that were screened using environmental criteria	P. 89		8-12-16	
GRI specific disclosures: Occupational health and safety					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 87-89			
	103-3 Evaluation of the management approach	P. 89			
GRI 403: Occupational Health and Safety (2016 version)	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 88		3-8	
GRI specific disclosures: Supplier social assessment					
GRI 103: Management Approach (2016 version)	103-1 Explanation of the material topic and its boundary	P. 63			
	103-2 The management approach and its components	PP. 87-89			
	103-3 Evaluation of the management approach	P. 89			
GRI 414: Supplier Social Assessment (2016 version)	414-1 New suppliers that were screened using social criteria	P. 89		8-12-16	



# CERTIFICATES



## Supervisory activities of the Board of Statutory Auditors on non-financial information (Legislative Decree no. 254/16)

Having noted the provisions of Legislative Decree no. 254/2016, in implementation of Directive 2014/95/EU as regards disclosure of non-financial information, and of Consob Regulation no. 20267 of 18 January 2018 implementing the Decree, in exercising its duties the Board of Statutory Auditors monitored compliance with the provisions on drafting of the Non-Financial Statement (hereinafter NFS or Statement), formulated using an autonomous reporting method as envisaged in the aforementioned reference regulations.

The NFS, referring to the period 1 January-31 December 2021, includes data from the previous two years for comparative purposes, as required by the aforementioned Legislative Decree no. 254/16, to enable a broader understanding of the Group's business performance. The Statement has a significant reporting scope, since it corresponds - unless otherwise specified - to the scope of consolidation adopted for drafting the Consolidated Financial Statements (excluding only entities that are not significant in terms of size and not representative of the Group's sustainability performance).

The NFS reports on topics deemed relevant, as described in the materiality matrix updated in 2021 and approved by the Board of Directors at its meeting of 17 December 2021, on the basis of the Sustainability Reporting Standards adopted by the Global Reporting Initiative (GRI), the main globally accepted reference standards for reporting a company's sustainability performance, first published in 2016 by the Global Sustainability Standards Board. The process for updating the materiality analysis, in line with the independence and impartiality requirements envisaged by the main reference standards on sustainability, was carried out by a third-party company specialised in sustainability issues. During the 2021 reporting process, the methods for calculating certain GRI indicators, such as those pertaining to "Human Resource Development" and "Diversity & Inclusion", were reviewed.

The Board of Statutory Auditors notes that the NFS also complies with ESMA's Public Statement of 29 October 2021, reported by Consob in Newsletter no. 39 of 8 November 2021, on material issues to be prioritised for the purpose of drafting the 2021 Financial Statements of listed companies in the European Economic Area, as is Banca MPS. In particular:

- ECB Guidelines on climate-related and environmental risks, such as (i) description of Sustainability Governance and role of the BoD; (ii) risk management - description of the process for identifying, assessing and managing climate-related/environmental risks; (iii) metrics used for risk assessment and description of goals;
- Art. 8 of the EU Taxonomy Regulation, regarding the percentage of eligible economic activities and related identification method which, though effective from 1 January 2022, was already adopted in the 2021 reporting;
- ESMA recommendations for 2021 reporting: Covid impacts; climate-related/environmental risk management; percentage of eligible economic activities.

The Board of Statutory Auditors acknowledges the path undertaken by the Group aimed at further incorporating various sustainability-related topics into the Group's business strategies, with initiatives supporting the real economy, based on sustainable lending - through the gradual structuring of policies and products capable of fostering the transition of companies towards sustainable development models - and on the offer of ESG investment services promoting environmental, social and sustainable goals. In 2021, the Group's net inflows in Funds and SICAVs were mainly from ESG-compliant products based on the Sustainable Finance Disclosure Regulation (SFDR).

To further strengthen the governance of sustainability issues, in addition to special controls already in place, such as the Board's consolidated Risk and Sustainability Committee, specific ESG and Sustainability sessions were planned within the Steering Committee to ensure strategic and transversal guidance while supporting consistent and effective implementation of all the Group's ESG initiatives. A new Sustainability and ESG Staff Unit was created which reports directly to the CFO and (i) proposes sustainability goals; (ii) assesses the consistency of the Group's ESG projects and (iii) coordinates and monitors the Sustainability Plan.

In February 2022, the strengthening of governance also led to Standard Ethics Ltd.'s decision to raise the corporate rating of Banca MPS from the previous "EE-" ("Adequate") to "EE" ("Strong"), with a long term expected rating of EE+. Both the process of strengthening corporate governance, with the achievement of gender balance on the Board and in sustainability governance, and the improved integration of ESG risks into the Bank's management were positively assessed.

The Board of Statutory Auditors also notes that, with regard to climate-related and environmental risks, the Montepaschi Group began a multi-year programme of activities in 2021 for the (i) gradual incorporation into traditional risks and into the risk management framework; (ii) development of the business model with a view to financing the sustainable transition of companies in key supply chains; (iii) definition of ESG strategies and policies, consistent with the Group's distinctive values. This programme, which also responds to a request from the ECB at the start of 2021 to perform a self-assessment and draw up an adjustment plan to ensure gradual compliance in relation to climate-related risk management, was sent to the Authority in May 2021 and is currently being supplemented, also in light of the feedback received in the meantime from the Regulator.

In January 2022, as a contribution to the topic of environmental sustainability, the Montepaschi Group became a member of the Net-Zero Banking Alliance, an international alliance promoted by the United Nations, which aims to accelerate the sustainable transition of the real economy towards the net-zero target by 2050. This alliance - joined by 103 banks - recognises the key role played by financial institutions in supporting the global transition of the real economy towards the common goal, including own emissions (energy consumption) and financed emissions.

In a specific working session, the Board of Statutory Auditors also met the Function responsible for drafting the NFS. They jointly reviewed the documentation made available, supplemented by the results of the compliance controls assigned at this Board's request to the Compliance Function. Overall, this verification allowed a "Compliant" opinion to be expressed, since the Statement is in line with the drafting requirements envisaged in Legislative Decree no. 254 of 30 December 2016, Consob Resolution No. 20267 of 18 January 2018, Regulation 2020/852/EU, Delegated Regulation 2021/2139/EU and Delegated Regulation 2021/2178/EU.

The NFS underwent limited assurance by the independent auditors PricewaterhouseCoopers SpA, according to the principles established by the standard ISAE 3000 (Revised). The audit procedures implemented and their results listed in the "Independent Auditors' report on the consolidated non-financial statement pursuant to art. 3 of Legislative Decree 254/2016 and art. 5 of Consob Regulation 20267", were submitted to the Board of Statutory Auditors at the meetings of 1 March 2022 and 17 March 2022, respectively.

The Board of Statutory Auditors has also noted from the aforementioned Report issued by PwC that the Group's NFS for the year ending 31 December 2021 was, in all significant aspects, drawn up in compliance with reference regulations.

The conclusions of the Independent Auditors on the Monte dei Paschi Group's NFS do not extend to the information in NFS paragraph "The EU taxonomy of environmentally sustainable activities", required by Article 8 of European Regulation 2020/852.

The Independent Auditors draw attention to the Directors' description in the NFS paragraph "Interrelationship between financial and non-financial information", where the Directors indicate a significant uncertainty that could give rise to significant doubts on the Group's ability to continue operating as a going concern. Having taken into account the status of actions taken and after assessing the significant uncertainty linked to recapitalisation of the Parent Company Banca Monte dei Paschi di Siena S.p.A., the Directors are of the opinion that the Group will continue to operate as a going concern in the foreseeable future and, therefore, drafted the Consolidated Financial Statements and the NFS on the basis of going concern assumptions. The Independent Auditors' conclusions do not report any irregularities in relation to this aspect.

Lastly, PwC draws attention to a number of areas for improvement in the process, preliminary to the definition of a structured system of internal controls, related primarily to management aspects regarding the collection and processing of detailed information and data, including of an environmental/climate-related nature, from the counterparties in the Group's various portfolios.

Based on the information acquired and as required by art. 3, para. 7 of Legislative Decree no. 254/16, the Board of Statutory Auditors certifies that no elements of non-compliance and/or violation of related regulatory provisions emerged in the performance of its assigned duties. The 2021 Consolidated Non-Financial Statement was approved by the Board of Directors on 2 March 2022.

Rome, 18 March 2022.

The BOARD OF STATUTORY AUDITORS

Enrico Ciai  
Chairman



**BANCA MONTE DEI PASCHI DI SIENA SPA**

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND ARTICLE 5 OF CONSOB REGULATION NO. 20267 OF JANUARY 2018**

**YEAR ENDED 31 DECEMBER 2021**



## ***Independent auditor's report on the consolidated non-financial statement***

*pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation no. 20267*

To the Board of Directors of Banca Monte dei Paschi di Siena SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Banca Monte dei Paschi di Siena SpA and its subsidiaries (the "Group") for the year ended 31 December 2021 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 02 March 2021 (the "NFS").

Our review does not extend to the information set out in the paragraph "7.2.1 The EU Taxonomy of environmentally sustainable activities" of the NFS, required by article 8 of European Regulation 2020/852.

### ***Responsibilities of the Directors and the Board of Statutory Auditors for the NFS***

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016, and updated versions (the "GRI Standards") as indicated in the paragraph "Methodological note" of the NFS, identified by them as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law,

### ***PricewaterhouseCoopers SpA***

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compliance with the Decree.

### **Auditor's Independence and Quality Control**

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

### **Auditor's responsibilities**

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
  - a. business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
  - b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;



- c. key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of Banca Monte dei Paschi SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for the following companies Banca Monte dei Paschi di Siena SpA, MPS Capital Services SpA and Wise Dialog Bank SpA - Widiba, which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.



**Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Banca Monte dei Paschi di Siena Group for the year ended 31 December 2021 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusions on the NFS of Banca Monte dei Paschi di Siena Group do not extend to the information set out in the paragraph “7.2.1 The EU Taxonomy of environmentally sustainable activities” of the NSF, required by article 8 of European Regulation 2020/852.

**Emphasis of Matter**

With regards to the information reported in paragraph "Interconnections between financial and non-financial information" of the NFS, in which the Directors address the significant concern regarding the Group's ability to continue to operate as a going concern. The Directors, taking into account the state of actions put in place and having considered the material uncertainty regarding the strengthening of the capital of the Parent Company, believe that the Group has reason to expect continue as a going concern in the foreseeable future. Accordingly, they have prepared the consolidated financial statements and the NFS assuming the continuity of the business. Our opinion is not qualified with regard to this matter.

Florence, 18 March 2022

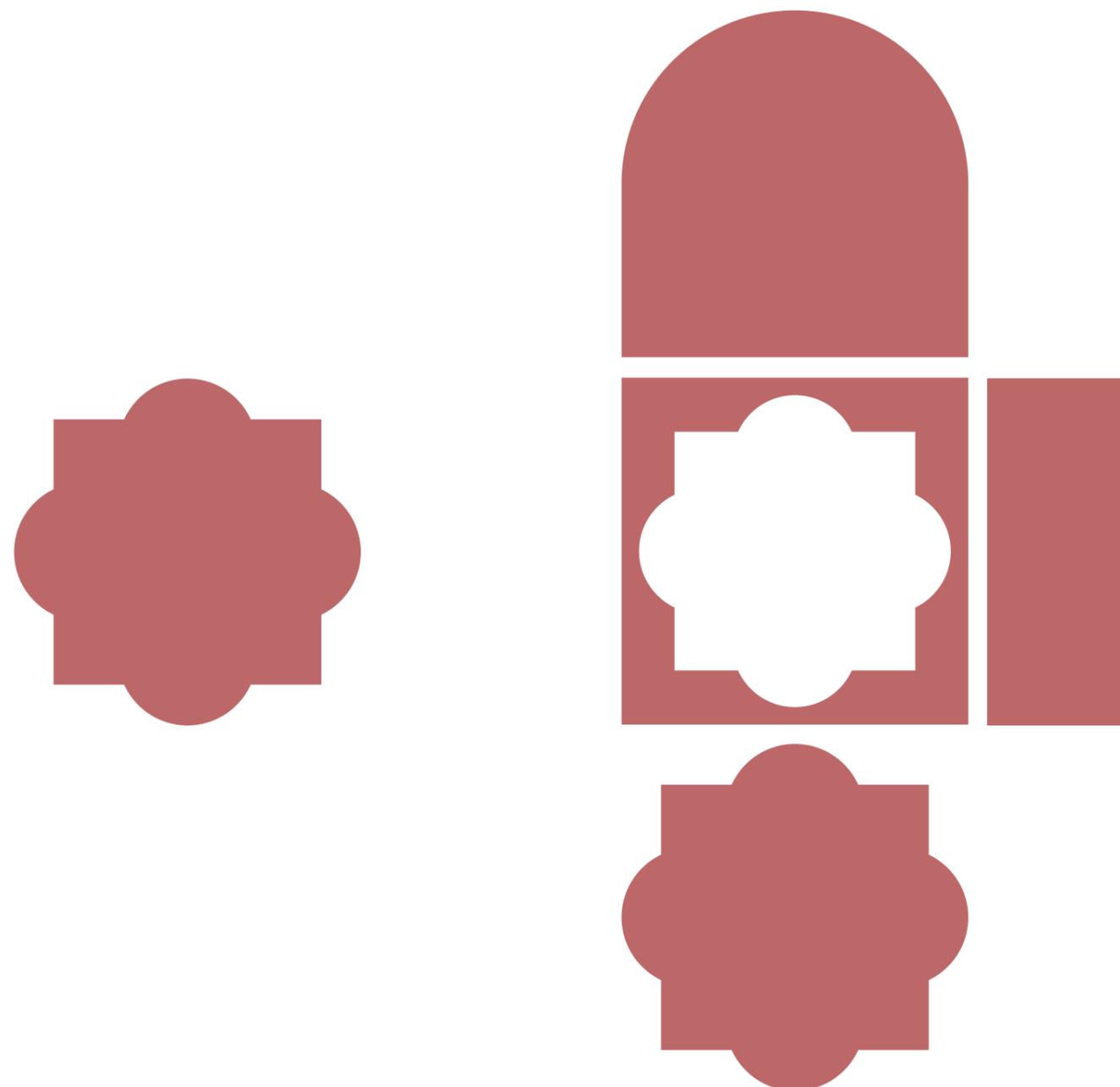
PricewaterhouseCoopers SpA

*Signed by*

Lorenzo Pini Prato  
(Partner)

Paolo Bersani  
(Authorised signatory)

*This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2021 translation*



Some of the images reproduced herein are details of 15<sup>th</sup> to 19<sup>th</sup> century artworks from the collections of Banca Monte dei Paschi di Siena.

List of works:

- Unknown fifteenth century Siennese painter, *The Virgin and Child with four musician angels*, tempera on wood, tempera on wood, 15th century, Banca Monte dei Paschi di Siena collection.
- Luigi Mussini, *The Chess Game*, oil on canvas, 1882-1883, Banca Monte dei Paschi di Siena collection
- Antonio Ugolini, *Summer*, oil on canvas, 1707, Banca Monte dei Paschi di Siena collection.
- Antonio Ugolini, *Spring*, oil on canvas, 1707, Banca Monte dei Paschi di Siena collection.
- Antonio Ugolini, *Autumn*, oil on canvas, 1707, Banca Monte dei Paschi di Siena collection.
- Antonio Ugolini, *Winter*, oil on canvas, 1707, Banca Monte dei Paschi di Siena collection.
- Francesco Morandini, *Presentation of Christ in the temple*, oil on panel, 15th century, ex Banca Toscana collection.
- Francesco Rustici, *Prudence and Wisdom*, oil on canvas, around 1620, Banca Monte dei Paschi di Siena collection.
- Mariotto by Andrea da Volterra, *The child Moses prefers coal to the crown*, tempera on wood, 1490-1500, Chigi Saracini collection.
- Pietro di Domenico, *The Virgin and Child between Saint John the Baptist and Saint Jerome*, tempera on wood, around 1490, Banca Monte dei Paschi di Siena collection.
- Sebastiano Conca, *Miracle of San Toribio da Lima*, oil on canvas, 18th century, Chigi Saracini collection.
- Vincenzo Rustici, *Healing of the blind man*, tempera on canvas, 1580-1600, Chigi Saracini collection.
- Deifobo Burbarini, *Angels with the symbols of the cardinal Virtues*, oil on canvas, 1650-1670, Chigi Saracini collection.

This document was drafted under the supervision of the Chief Financial Officer Department. The work was coordinated by Maria Elena Aggravi, Fabrizio Bianchi, Maria Costante, Silvia Machetti, Sabrina Miniati, Stefano Naldini, Federico Pacciani.

The different contributions were collected by the members of the Sustainability Workgroup:

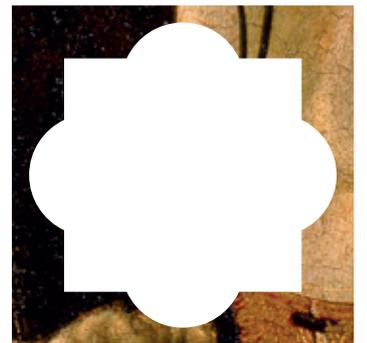
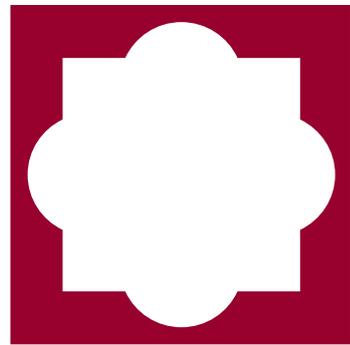
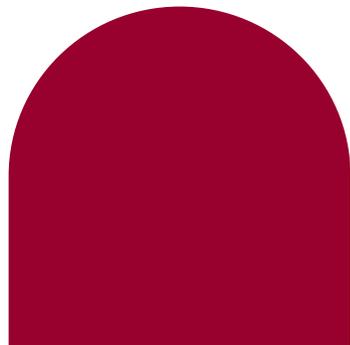
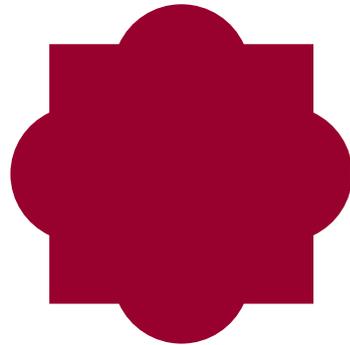
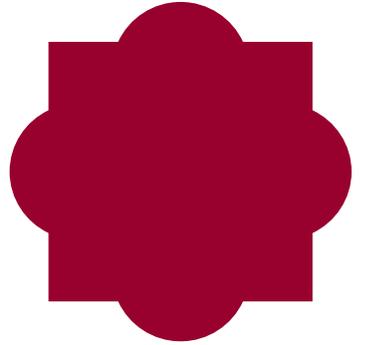
Andrea Amato, Chief Financial Officer Division  
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Sandro Bellini, Group Operating Consortium  
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Graphics overseen by Stefano Calzoni, Laura Doretto, Paolo Graziani and Carlo Lisi from the Communications Staff Unit. We would also like to thank all the Group's units and colleagues involved in drafting this document for their valuable contributions.

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DI SIENA**  
BANCA DAL 1472