

MONTE DEI PASCHI DI SIENA

BANK SINCE 1472

Banca MPS Green, Social and
Sustainability Bond Framework

June 2024



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1. MPS Group at a glance

Banca Monte dei Paschi di Siena S.p.A. (“**Banca MPS**”, “**BMPS**”, “**Monte dei Paschi**”, “**Montepaschi Group**”, “the **Group**” or “the **Bank**”), founded in 1472 in Siena, Italy, is considered the world’s oldest bank still in operation. The history of Monte dei Paschi is firmly rooted in its surrounding areas.

As at the date of this Framework, the Ministry of Economy and Finance is BMPS’s majority shareholder. Banca MPS is the Parent Company of the **Montepaschi Group** – one of the major Italian banking groups with significant market shares in the business areas in which it operates 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 delivered through investment products of independent third parties.

With 16,737 employees¹, the Group operates across Italy and integrates the traditional retail and commercial banking services offered through fully-owned branches with a digital service system enhanced by a network of highly skilled financial advisors working at Widiba Bank.

The Group’s main subsidiaries are:

- **Banca Monte dei Paschi di Siena** which operates in different segments of the banking and financial industry, with activities ranging from traditional banking to special purpose loans, asset management, bancassurance and investment banking. The Bank is in charge of the direction, coordination and control over the Group’s companies, as part of more general guidelines set out by the Board of Directors and in compliance with the rules provided by the Bank of Italy
- **Monte Paschi Fiduciaria** which aims to satisfy the needs of individuals and legal entities requesting 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
- **WIDIBA (Wise Dialog Bank)** which is the Group’s bank that integrates a self-service offer with the skills of MPS’s financial advisor network

¹ As of 31/12/2023

2. Sustainability at MPS Group

Sustainable development and social justice have always been part of the Group's *raison d'être*. Following the launch of the new Business Plan 2022-2026, "A clear and simple commercial bank", the strategy of Monte dei Paschi is even further shaped by sustainability.

Within its Business Plan, the Bank defined specific actions and objectives across all pillars of sustainability. Some of the Bank's ESG goals and highlights include:

- Positively contribution to the environment through a reduction of direct emissions (-60% vs. 2017 – Scope 1)
- The decarbonisation and the transition of sectors showing high transition risk and the achievement of the financed emissions reduction objectives by 2030 for NZBA high-priority sectors
- The support of customers in their own sustainable journey through the achievement of a 20% share of ESG lending out of total new lending
- The issuance of new green and social bonds for a total of € 2.5bn throughout the Plan, and broadening of the ESG investment product offers pursuing a 40% share of ESG AuM out of the overall UCITS AuM
- The adoption of ESG-based credit rating systems for the assessment of counterparty risk and credit policies that support the transition and adequate management of climate risks
- Further progress on the Diversity & Inclusion Program, with the objective to achieve 40% of women in roles of responsibility, the adoption of internal rules on inclusion and pre-certification of gender equality
- Enhancement of human capital through smart working policies and further wealth initiatives as well as the promotion of an ESG culture through ESG training and awareness programs for all employees
- To continuously be active in the areas where the Bank operates by promoting initiatives to support local communities, culture and the enhancement of the artistic heritage, financial education and job orientation
- To include ESG KPIs in the performance management system, in the activity management processes, in the risk management, investment management and reporting processes
- To strengthen the Bank's ESG rating positioning
- To strengthen the commercial offering to support companies' transition strategies

The Group has supported the UN Global Compact and its 10 principles since 2002, with the aim of promoting sustainable growth in the interests of all stakeholders.

Moreover, in 2019, MPS was among the first signatories of the Principles for Responsible Banking (PRB) of UNEP's Finance Initiative, and formally agreed to align its business strategy to the UN Sustainable Development Goals (UN SDGs) and the Paris Agreement.

Finally, during 2022, Monte dei Paschi joined the Net-Zero Banking Alliance (NZBA) – the industry-led and UN-convened group of banks which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050. In August 2023,

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Banca MPS published targets² to reduce financed emissions by 2030 in three of the most GHG-intensive sectors of its lending portfolio, in line with the commitments undertaken by joining the NZBA.

From a 2022 baseline, Banca MPS aims to achieve the following goals, defined within the Net Zero 2050 scenario released by the Network for Greening the Financial System (NGFS):

- for the Power Generation and Distribution sector, a 77% reduction in financed emissions (Scopes 1 and 2) starting from a baseline of 196,000 tons of CO₂-equivalent (CO₂e)
- for the Oil & Gas sector, a 40% reduction in financed emissions (Scopes 1, 2 and 3) starting from a baseline of 656,000 tons of CO₂e
- for the Iron & Steel sector, a 29% reduction in financed emissions (Scopes 1 and 2) starting from a baseline of 1,067,000 tons of CO₂e

Among the Diversity & Inclusion initiatives, since 2015 the Group has been a member of Valore D, the first corporate association promoting gender balance and an inclusive culture to foster companies and country growth. In 2017, MPS was a signatory of the Valore D "Manifesto for Female Empowerment", a nine-point programme for gender equality at work.

Moreover, the Group has adhered to the Italian Banking Association's "Women in Banking" Charter to promote inclusion and equal opportunities.

Currently, MPS has a proactive and effective dialogue with ESG rating agencies aimed at improving its ESG practices and disclosures and meeting investors' expectations and requirements.

a. Sustainability Governance

Montepaschi Group has strengthened its sustainability governance in line with the evolving regulatory and global context in which the sustainability values increasingly guide the company's activities and strategies towards the development of business models and policies that create long-term value. In this way, the Bank supports its customers in their transition towards a more sustainable economy and contributes to the creation of a fairer and more inclusive society.

By shareholders' resolution of 15 September 2022, an explicit reference to sustainability was introduced directly into the By-Laws, confirming Montepaschi Group's broad commitment to a model of sustainable development and the projects that the Group intends to implement in the coming years. This significant amendment to the By-Laws has confirmed and reiterated the duty entrusted to the Board of Directors to define the strategic guidelines, integrated with environmental, social and governance sustainability profiles.

The responsibilities of each corporate function, according to four guidelines (strategy, actions and policies, risk factor management, monitoring and reporting), are outlined

² [Press Release - Banca MPS – ENG \(gruppompis.it\)](#)

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in the document "Group Directive on Sustainability and ESG". The Directive defines the organisational model adopted by the Group in the field of Sustainability. It also identifies the areas of commitment on which the development of the Group's sustainable business model is based, which are defined consistently with the Code of Ethics, external regulations, international guidelines and the standards and initiatives to which the Group has voluntarily adhered in the area of Sustainability.

The **Board of Directors** (BoD) is in charge of:

- defining and approving sustainability strategies and policies as well as overseeing their application
- ensuring the application of Montepaschi Group's risk management framework including specific ESG risks approving the sustainability materiality assessment in order to identify the materials, risks and opportunities to be reported

The **Risk and Sustainability Committee** supports the BoD in overseeing sustainability issues with investigative, propositional, and advisory functions in relation to sustainability assessments and decisions and monitors the Group's ESG positioning. It also defines the strategic guidelines and policies for the governance of ESG risks. Its specific tasks include:

- supervising sustainability topics related to the business model and dynamics with stakeholders
- assessing ESG guidelines and macro-objectives and proposing annual goals and targets to be achieved, monitoring their implementation over time
- overseeing the evolution of sustainability in line with international guidelines and principles, monitoring performance and receiving quarterly updates on the progress of the sustainability plan
- examining the sustainability reporting and sustainability materiality assessment

The **Chief Executive Officer** (CEO) is entrusted with implementing the sustainability activities and the related BoD resolutions as well as ensuring the achievement of the goals defined in the sustainability strategy.

The ad-hoc **ESG Session of the Steering Committee** supports the CEO and provides strategic and transversal guidance through controversy resolution in the phase of strategy implementation and monitoring.

The **Chief Financial Officer** (CFO), responsible for the Sustainability Function, and Sustainability Office submit ESG strategy proposals by collecting and integrating input from all relevant corporate functions. They also ensure that all Group ESG initiatives are consistently implemented, assessing their positioning in relation to national and international best practices. Lastly, they promote the dissemination of ESG culture and propose initiatives to be developed. They are responsible for coordinating non-financial disclosure and reporting activities resulting from the adherence to sustainability principles and standards.

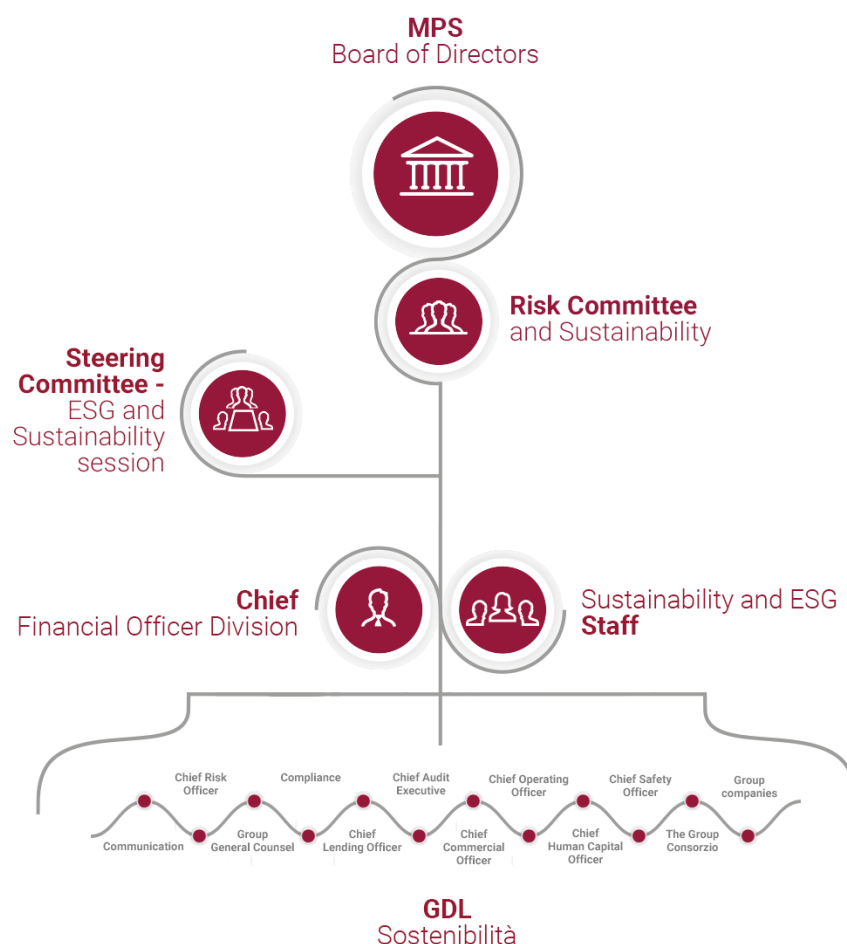
The permanent **Sustainability Working Group** consists of representatives from all the corporate divisions and the subsidiaries. The Sustainability Working Group is engaged in implementing all the relevant sustainability policies identified within the industrial plan as well as monitoring and reporting on the results achieved, also for the purpose of drawing up the Group's Non-Financial Statement.

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The **Chief Compliance Executive** informs the BoD, on the back of ECB, EBA and ESMA guidelines on ESG risks, aiming at guaranteeing the Group's compliance with national and European regulations. In addition, the Chief Compliance Executive supports corporate functions in the integration of ESG factors in their activities and services, as well as the measurement/assessment of their impact on corporate processes and procedures. The Chief Compliance Executive also assesses the potential impact of sustainability regulatory changes on the Group's activities and compliance framework.

The **Chief Audit Executive** assesses the adequacy of internal monitoring and supervisory systems to manage sustainability matters and ESG risk factors.




The **Chief Risk Officer** (CRO) is responsible for integrating ESG risk factors into risk management frameworks, determining methods for measuring ESG risk impact – with a particular focus on climate and environmental risks – and defining the Group's Risk Appetite (RAS and RAF). The CRO independently assesses and monitors climate-related risks, requesting where necessary further mitigation actions to those identified by the business functions. The CRO also handles reporting and relations with supervisory authorities regarding climate and environmental risk management issues.



b. MPS Group's contribution to the UN 2030 Agenda

The [SDG Compass](#) is a tool developed by the UN Global Compact, GRI and the World Business Council for Sustainable Development that has been employed by the Group to examine and measure its contribution towards the UN Sustainable Development Goals.

The 13 UN SDGs identified are associated with the Material Topics considered most relevant for the MPS Group and its stakeholders. The Group considers its contribution to achieving these goals as a priority commitment.

UN SDGs	Material Topics	MPS Group's Main Initiatives
 <p>End poverty in all its forms everywhere</p>	<p>Sustainable finance</p> <p>Support for people and local areas</p>	<p>Sustainable products with social value (Target 1.4)</p> <p>During 2023, the MPS Group continued to develop ad hoc products, in order to bring certain groups closer to the financial world and support the economic recovery of some vulnerable and underdeveloped areas. For example, in order to increase productivity and competitiveness of companies located in national disadvantaged territories, the MPS Group continued to support companies located in national disadvantaged territories thanks to an agreement between the Bank and the European Investment Fund.</p> <p>Accessibility to financial services (Target 1.4)</p> <p>The Group plays a fundamental role in ensuring accessibility to financial services to all segments of population: 100% of ATM are accessible to people with functional limitations and different forms of disability. Furthermore, the Group uses assistive technologies to ensure that websites and apps are readable through Screen Reader and rotor integrated into smartphones.</p>
 <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p>Support for people and local areas</p> <p>Protection of human resources</p>	<p>Partnership with AXA (Target 3.8)</p> <p>The initiative linked to the partnership with AXA, meant to meet the new healthcare needs arisen during the Covid-19 pandemic, was carried on until May 2023. MPS issued a "Healthcare Card" to all its clients with an insurance policy in place and activated several ad hoc services for clients with a 360 Assistance guarantee.</p> <p>Work health and safety (Target 3.d)</p> <p>Information and training activities on work health and safety are highly relevant for the Group. That is why in 2023 the MPS Group delivered a significant number of training courses on this topic through training and refresher courses in e-learning mode administered to all resources and the training or refresher courses for over 3,500 emergency workers.</p>
 <p>Ensure inclusive and quality education for all and promote lifelong learning</p>	<p>Support for the community</p> <p>Human resources development</p>	<p>Financial education (Target 4.4)</p> <p>The Group has carried on its commitment to financial education through events and projects starting from October (financial education month). With the sixth edition of #OttobreEduFin, various activities were carried out to promote financial, insurance and social security culture. Through 24 events organized by financial advisors throughout Italy, the Group took the opportunity to strengthen customer awareness by addressing issues such as the inclusion of women in the world of work, corporate welfare and asset management. At the same</p>

time, the #MpsEdu initiative, which constitutes a sort of "financial dictionary", continued to find space on social media, informing the less experienced on the meaning of words and concepts such as "Price Cap" and "Grid Parity".

Human resources development (Target 4.3) and education on sustainability (Target 4.7)

In 2023, ESG training was characterized by the integration of dynamic and personalized training programs within MPS Academy platform. The programs were personalized on the basis of the position held and of the skill gap analysis results and were accompanied by an initiative to raise awareness involving 16,000 employees, through a Learning card issuing, and by courses on finance and sustainable investment.



Achieve gender equality and empower all women and girls

Diversity & Inclusion

Diversity (Target 5.5)

In 2023, the Group obtained the Gender Equality Certification, based on the UNI/PdR 125:2022 reference standard, and published the new "Policy on gender equality" and "Rules on contrast and prevention of gender harassment in workplace". Roles of responsibility held by women in 2023 stood at 37% (with an increase of 1.1% with respect to 2022), in line with the target of 40% to be reached by 2026. In addition to the strengthening of the partnership with Valore D and ABI (Carta delle Donne) with the aim of building programs and moments of inclusion, in 2023 several initiatives dedicated to D&I were carried out:

- The course to combat harassment, aimed at all staff and attended by 12,609 people;
- The continuation of the Plural Management Project (344 participants in 2023);
- The Women Leadership Program continued (511 participating managers), evolving into the Growth Together Laboratory;
- During the Disability Lab meetings, topics such as "the words" of disability, "working with" and prejudices about disability were discussed;
- Inclusion Week took place in March: virtual classrooms involving all Group employees on a voluntary basis. At the end, a Guide dedicated to inclusive language was published for internal use



Ensure access to affordable, reliable, sustainable and modern energy for all

Sustainable finance

Direct environmental impacts

Sustainable products with environmental features (Target 7.2)

During 2023, a series of products, aimed at supporting green and sustainable transformation projects for businesses and individuals, were issued. These include mortgages for the purchase of certified in energy class A and B properties for residential use (€56 million disbursed in ecobonuses and €176 million in Sustainability Linked Loans).

Use of renewable energy (Target 7.2) and energy efficiency (Target 7.3)

Since 2012, 100% of the Group's electricity comes from renewable sources. Furthermore, compared to 2017, Scope 1 and 2 emissions have been reduced by approximately 70% and 33% respectively.



Promote inclusive and sustainable economic growth, employment

Support for people and local areas

Support for the community

Protection of human resources

PNRR initiatives (Target 8.3) with a focus on agriculture and tourism (Target 8.9)

MPS Group launched initiatives to support the local economic recovery in line with the National Recovery and Resiliency Plan (PNRR). The Group focuses on specific sectors (agriculture and tourism) with its network of specialized Agrifood centers, distributed throughout Italy, and financing products reserved for the tourism sector.

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and decent work for all

Performance and capital strength

Support to youth employment (Target 8.6)

The MPS Orienta program initiatives focus on career guidance, and transversal skill development in order to support young people seeking jobs. During 2023, these initiatives were carried on, involving both high school and university students. The "MPS Ti Orienta" project was also launched, which offers a free career orientation service for children of employees, children of customers and adult customers.

Protection of Human Resources (Target 8.5 and 8.8)

Responsibly managing collaborators and ensuring they have adequate remuneration policies is essential for the MPS Group in order to safeguard their health and guarantee their psychophysical well-being. In 2023, the digital approach as a way of working was consolidated and the modes of listening by managers and executives, as well as by the CEO, were strengthened.



Build resilient infrastructure, promote sustainable industrialisation and foster innovation

Sustainable finance

Support for people and local areas

Initiatives for sustainable and inclusive industrialization (Target 9.2) and infrastructure modernization (Target 9.4)

Promoting sustainable and inclusive development models for businesses and contributing to the development of a low-emission economy are some of the main objectives included in the MPS Group's 2022-2026 Business Plan. During 2023, the administration of the ESG questionnaire, which aimed at identifying and evaluating the profile and level of sustainability of customers resulting in a better credit and ESG risk assessment of counterparties, was carried on. Furthermore, during 2023, the offer of products with environmental purposes became specialized with the aforementioned Sustainability Linked Loans, green finance products, but also with the renewal of the SACE Green New Deal guarantee instrument, dedicated to projects aimed at supporting a sustainable transformation.

Relationships with small enterprises (Target 9.3)

Within the initiatives promoted by the Group and in line with the provisions of the PNRR, some are aimed at supporting SMEs in the path of economic growth and digital innovation. Among the main initiatives:

- Support to the agriculture sector through 15 Agrifood Centers and financing under the "Contratti di Filiera" scheme bringing the value paid to the sector to €777 million



Reduce inequality

Diversity & Inclusion

Inclusion promotion (Target 10.2) and Gender Pay Gap reduction (Target 10.4)

The Group commits to making employees aware of diversity and inclusion and promotes a constant dialogue around this topic. A more diverse and inclusive bank can enhance the quality of its services, improve corporate climate and the well-being of employees. Furthermore, in compliance with the provisions of the PNRR, in 2023 the Group obtained the Certification for Gender Equality. As far as the reduction of the Gender Pay Gap is concerned, a portion of the Bank's resources has been allocated to mitigating this disparity.

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Make cities inclusive, safe, resilient and sustainable

Support for the community

Culture of the local area (Target 11.4)

MPS Group has an historical commitment towards its community and surrounding area. In 2023 the MPS Group carried on its historic commitment with some initiatives including:

- The "Banca Aperta" initiative aims to share and promotes the artistic and architectural heritage of the Group's headquarters;
- Support to "Wine&Siena" festival, which was part of a set of initiatives in the agriculture sector;
- Support to "Festivaletteratura" in partnership with Fondazione BAM from Mantova



Ensure sustainable consumption and production patterns

Direct environmental impacts

Sustainable development of the supply chain

Impact reduction and waste management (Target 12.2 and 12.5)

The Group commits to advance with energy efficiency in its facilities and to reduce its direct environmental impact by procuring more renewable energy. Regarding waste management, the Group commits to differentiate, collect and dispose the waste produced by its activity (paper, toners and dangerous materials) and, in some cases, to recover and recycle materials (regenerated toners). Since 2003, MPS Bank has adopted an Environmental Management System aligned with UNI EN ISO 14001 and properly certified.

Suppliers' qualification according to ESG criteria (Target 12.6)

The MPS Group commits to implement a supply chain management that follows environmental and social sustainability principles by building relationships with suppliers which comply with human rights and employees' wellbeing. In 2023, 100% of new suppliers (114) were assessed based on their environmental and social credentials.



Take urgent action to combat climate change and its impacts

Sustainable finance

Environmental commitment (Target 13.1 and 13.2)

MPS joined the Net-Zero Banking Alliance (NZBA), the initiative promoted by the United Nations aimed at accelerating the global sustainable transition of the real economy and achieve the net-zero emissions goal by 2050. In August 2023, the intermediate objectives for the reduction of financed emissions in the sectors with the highest emission intensity of the Bank's portfolio were published.



Promote just, peaceful and inclusive societies

Business integrity and fight against corruption

Sustainable development of the supply chain

Management of the banking activity through ethics and integrity principles (Target 16.5)

The model and organizational structure of the MPS Group provide that all company organizational structures have the responsibility of basing their behavior on principles of ethics and risk culture, promote a corporate culture based on ethics, responsibility and legality, and comply with the Code of Ethics, the Principles for Responsible Banking and the principles promoted by the United Nations Global Compact. In terms of regulatory compliance and the fight against corruption, the Group implements all the activities necessary to maintain high standards of Governance, Integrity & Compliance. In particular, in 2023 the Group began updating the organization and management model pursuant to Legislative Decree 231/01 and continued to carry out training courses on the subject of administrative responsibility of entities constantly accessible via the intranet to all of the company population. Furthermore, the Group has shared with all stakeholders (including suppliers) the principles on which the Code of Ethics is based.



Revitalize the global partnership for sustainable development

All

Partnerships for the goals (Target 17.14)

The Group has joined several national and international initiatives and programs to foster the integration of Sustainability in all bank's businesses and create long-term value for all stakeholders.

UN Global Compact

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 Programme promotes a sustainable global economy, respectful of human rights, work, 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 United Nations 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 bank's business areas seeking to create long-term value for all stakeholders.

Net-Zero Banking Alliance

UNEP-FI initiative aimed at reducing CO₂ 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. Valore D is the first business association in Italy committed to promoting gender balance and inclusive culture. In 2017, MPS 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.

c. Responsible Finance

The MPS Group, aims to actively contribute to the ongoing economic and social transformation through the development and promotion of products with environmental and social features.

The main products with environmental features are:

- **SACE Green New Deal:** In 2021, the Group started a partnership with SACE (the Italian export Credit Agency), named SACE Green New Deal, enhancing

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green financing through loans which are guaranteed by SACE for up to 80% of the notional amount;

- **Sustainability-Linked Loans:** In 2022, the Corporate and Investment Banking Division structured its first pool financing labelled as Sustainability-Linked Loan;
- **Ecobonus:** In 2022 and 2023, the Group offered a smart solution to clients willing to finance energy efficiency interventions in their residential buildings. MPS acted as tax credit assignee, a role which was assigned by the "Decreto Rilancio". Moreover, MPS offers the opportunity to set up "bridge" financing in order to obtain immediate liquidity even before the Ecobonus tax credit accrues.
- **Green Loan:** any type of loan aimed exclusively at financing or refinancing, in whole or in part, new and/or existing "green projects" (based on the Loan Market Association's (LMA) Sustainable Lending Glossary of Terms)
- **Financing for renewable energy:** loan aimed to support the financial needs related to the construction of plants for the production of energy from renewable sources:
 1. Photovoltaic systems
 2. wind and ocean-powered installations
 3. hydroelectric plants;
 4. plants fuelled by biomass from products and by-products of biological origin
 5. biogas-fuelled plants
 6. geothermal power plants
- **Taxonomy Aligned Loan:** particular type of Green Loan aligned with the technical screening requirements established by the EU Taxonomy
- **MPS restart:** loan aimed to support renovation interventions of retail client aimed at the energy requalification of existing residential buildings,
- **Mortgage for the purchase of residential Green properties:** During 2023, an offer was activated for the purchase of energy-efficient properties, in order to facilitate customers in the purchase of residential properties (first and second home) in energy class A or B.

The main products with social features, which support certain target populations, are:

- **CONSAP mortgages:** CONSAP mortgages are medium-to-long-term mortgages which are guaranteed by the Italian state and finance any purchase and/or energy efficiency renovation of residential buildings. There are specific eligibility criteria, and two different categories of guarantee, namely:
 - up to **50% LTV:**
 - Young couples in which at least one person is under 35;
 - Single-parent families with juveniles;
 - Tenants of buildings owned by Autonomous Institutes for social housing;

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- Under-35 people with atypical job contracts;
 - up to **80 LTV%**
 - people belonging to the aforementioned category (i.e. in line with the four specific eligibility criteria or the 50% guarantee) with a total income not greater than € 40,000.00 under the ISEE scheme
- **EIF loans – SME Initiative:** short, medium and long-term financing dedicated to SMEs which are incorporated in Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardegna and Sicilia. Loans offered under this scheme present favourable financing conditions courtesy of the agreement between Montepaschi group and the European Investment Fund within the SME Initiative
- **Consumer finance E.BI.TEMP:** The E.BI.TEMP loan is a personal loan provided to workers assisted by the National Bilateral Entity for Temporary Job (E.Bi.Temp.). The interest-free loan addresses the “Individuals” based in Italy and aims at satisfying consumer finance or personal needs. It has an amount between € 500 and 5,000 with a reimbursement plan of 6-42 months and it is guaranteed by E.Bi.Temp. for the whole amount
- **Measures against usury:** To prevent and combat exploitation, the Bank offers loans in convention with *Fondazione Toscana per la Prevenzione dell'Usura Onlus* and *Adiconsum*;
- **Resto al Sud:** The Group offers products to enterprises based in Southern Italy:
 - *MPS Resto al Sud* is an economic incentive aimed at fostering the creation of new enterprises in Southern Italy, in areas affected by the earthquake and on minor islands in Northern and Central Italy. The Italian Minister for Territorial Cohesion and Southern Italy supports the initiative, whilst Invitalia is in charge of the administrative procedures. This incentive covers up to 100% of the costs incurred, with a maximum amount of €50,000
 - *Sudleasing* is an initiative addressed to enterprises in Southern Italy that purchase capital goods. The financing presents dedicated terms and conditions and includes a free “all risks” insurance policy on located goods for one year
- **Support to enterprises and people for the Covid-19 crisis:** Banca Montepaschi provided financial support to people who faced economic and financial difficulties due to the Covid-19 crisis. The Bank played an active role in managing government measures and finding specific solutions to client needs. For example, the Bank adapted to Art. 13 of the Liquidity Decree by updating products and related information, and adhered to SACE Art. 1 to ensure access to SACE's guarantee loans for its clientele. Moreover, the Bank confirmed the suspension of commercial covenants linked to all financing;
- **Natural disasters:** Banca MPS granted several subsidized loans in partnership with CDP to support individuals and families affected by natural disasters. Moreover, after the earthquakes in Emilia Romagna in 2012 and in the central Italy in 2016, BMPS granted ad hoc subsidized loans to local citizens who were impacted by these extreme events

- **Female entrepreneurship:** In 2022, the Bank launched several initiatives to support female entrepreneurship, in particular:
 - Individual firms run by women
 - Private corporations with at least 60% of female partners
 - Public companies with at least 2/3 of female managers in the Board of directors or under-36 owners who are interested in the contribution of the *Fondo Impresa Donna e Oltre*
 - Newly established enterprises that support female entrepreneurship
- **Temporary Crisis Framework:** In order to support the liquidity profile of corporates based in Italy which have been affected by the Russia-Ukraine conflict and to limit the adverse economic impacts of the crisis, the Bank updated its financing products guaranteed by Medio Credito Centrale (MCC), including the related terms and conditions. The Bank started granting new medium/long-term unsecured financing, guaranteed by MCC, under the "Aid in the form of loan guarantees"
- **Supportitalia:** SACE S.p.A. was authorized to release guarantees to banks, national and international financial institutions, and other Italian credit entities for any financing loan granted to the enterprises mentioned above, until 31 December 2022. The Bank launched the following commercial initiatives in coordination with SACE:
 - *Fast Track Energia:* the initiative addresses clients with high energy consumption who receive a tax credit aimed at limiting the effects of increasing energy and natural gas prices
 - *Sviluppo Estero:* this initiative addresses enterprises with direct exports in Ukraine, Russia and Belarus which are affected by the war. It helps them to remain competitive in the international markets
- **Social Loan:** any type of loan aimed exclusively at financing or refinancing, in whole or in part, new and / or existing projects with social purposes (based on the LMA's Sustainable Lending Glossary of Terms)

d. Integration of Environmental & Social risks in credit process

At the end of February 2024, the Board of Directors of MPS Group approved a new ESG lending framework, setting out guidelines for the integration of ESG factors into the Group's lending activities, the offering of investment services and funding activities.

Regarding the credit process, the Group has introduced a series of new guidelines, providing for:

- Specific due diligence and exclusion criteria for economic sectors with high social impact (related to armaments, tobacco and gambling)
- Differentiated decarbonization strategy to support the transition and decarbonization of sectors with a high environmental impact, which in turn are divided into sectors with a high emission intensity (so-called "emission-intensive sectors" under the NZBA) and other relevant climate and environment sectors;

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- More restrictive assessment criteria and/or exclusion criteria, in addition to the strategic transition support actions, for projects and counterparts in emission-intensive sectors (in particular “Coal Mining”, “Production, Marketing and Distribution of Electricity” and “Oil and Gas”)

In this context, the Group's credit assessment process:

- Fully integrates the financial profile evaluation, based on prospective solvency criteria, with the sustainability profile assessment
- Defines general exclusion criteria based on minimum sustainability criteria (general screening criteria)

The integration of ESG factors into Monte dei Paschi's credit procedures and standards, as well as the monitoring of those criteria, makes it possible to:

- Ensure a smooth credit disbursement process which is consistent with sustainability principles and the Group's decarbonization and transition support strategy
- Monitor the pursuit of the decarbonization strategy and its exposure to ESG-related risks
- Guide the government and mitigate the impact of climate and environmental risks and other ESG risk factors on the Group
- Ensure consistency with the Risk Appetite Framework and the Group's ESG strategic objectives

For this purpose, the Group has developed tools aimed at assessing the sustainability and ESG risk profile:

- Of its clients, through the collection of information related to the counterparty's ESG profile carried out both through an ESG questionnaire and Open Data sources or specialized providers
- Regarding the businesses financed, by identifying the purposes of the operations through the acquisition of sustainability documents and certifications

General Screening Criteria

As noted above, the Group has introduced General Screening Criteria that apply to all counterparties and projects, in order to assess their compliance with minimum sustainability criteria, identified by the Group as essential.

In this sense, the MPS Group therefore undertakes not to disburse loans to counterparties and projects for which, during the assessment phase, elements should emerge that attest to a negative impact on:

- World Heritage Sites (UNESCO)
- Wetlands according to the Ramsar Convention
- Protected or sensitive areas for the preservation of biodiversity (IUCN Category I-VI Areas)

The Group also undertakes not to finance companies and projects if, during the evaluation phase, evidence emerges of legal proceedings relating to:

- Violation of human rights, and health and safety standards
- Violation of fundamental labor rights and standards on child and forced labor

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- Financial and non-financial reporting fraud, money laundering, corruption, or terrorist financing.

ESG Integration in Investment Services Offering

With regard to its offering of investment services, the MPS Group commits to:

- Integrate sustainability factors, sustainability risks and sustainability preferences for the purposes of profiling customers, the products offered, and the related assessment of adequacy and reporting of portfolios in its processes, also in line with regulatory developments
- Progressively implement the offer of investment and insurance products with ESG characteristics, with the aim of creating positive impacts in terms of environmental, social and governance sustainability, for the benefit of its customers and society as a whole

3. MPS Group Green, Social and Sustainability Bond Framework

a. Overview and Rationale

BMPS's Green, Social and Sustainability Bond Framework (the "**Framework**") is designed to align the Bank's funding with its overall strategy, reflecting its current and future sustainability commitments and ambitions – including those outlined in its 2022-26 Industrial Plan – as well as the breadth of assets the Bank originates. It aims to become the reference document for all future green, social and sustainability debt instruments ("**Sustainable Debt Instruments**") issued by MPS Group.

Sustainable Debt Instruments issued under this Framework will seek to facilitate the funding of assets with positive environmental or social benefits that directly contribute to the UN SDGs, the goals of the Paris Climate Agreement, the EU's 'Fit for 55' package and the European Green Deal, more generally. They may be issued in a variety of formats (including covered bonds, senior bonds, subordinated bonds and securitizations) through both public and private placements.

The Framework is compliant with the International Capital Market Association's ("**ICMA**") Green Bond Principles 2021 (2022 appendix) ("**GBP**")³, the 2023 edition of the Social Bond Principles ("**SBP**")⁴ as well as the 2021 edition of the Sustainability Bond Guidelines ("**SBG**")⁵. As such, the Framework consists of the following components:

1. Use of Proceeds
2. Asset Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External Verification

Future Updates

To the extent that ICMA's GBP, SBP or SBG, and/or the EU Taxonomy are updated in the future, BMPS may amend this Framework so that it remains aligned with market practice and sustainable finance policies and legislation.

More generally, this Framework may be subsequently updated as BMPS's sustainable financing needs change, new products and services are launched, and/or the sustainable finance market evolves.

³ [ICMA Green Bond Principles \(June 2021, with June 2022 Appendix 1\)](#)

⁴ [ICMA Social Bond Principles \(June 2023\)](#)

⁵ [ICMA Sustainability Bond Guidelines \(June 2021\)](#)

b. Use of Proceeds

The proceeds of each Sustainable Debt Instrument are intended to be used to finance and/or refinance Eligible Green Assets and Eligible Social Assets (together, "**Eligible Assets**"). Eligible assets may include mortgages, term loans, revolving credit facilities, investments and other financial assets⁶. Only drawn amounts will be eligible for (re)financing under this Framework. In addition, non-performing loans will not be eligible for allocation of the proceeds of green, social and sustainability debt instruments issued under this Framework.

Eligible Green Assets

An amount equivalent to the net proceeds of BMPS's green debt instruments will be used exclusively to finance and/or refinance, in whole or in part, Eligible Green Assets.

Eligible Green Assets seek to make a substantial contribution to the selected UN SDGs and two of the EU's six environmental objectives.

Green Buildings⁷

EU Environmental Objective
Climate Change Mitigation

EU Taxonomy Activity⁸

Construction of new buildings (7.1)
Renovation of existing buildings (7.2)
Acquisition and ownership of buildings (7.7)

- New or existing residential or commercial buildings built before 31 Dec 2020: (a) with an Energy Performance Certificate (EPC) class A, or (b) which belong to the top 15% of the local or regional building stock based on Primary Energy Demand (PED)⁹
- New or existing residential or commercial buildings built after 31 Dec 2020 with PED at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements¹⁰
- Renovation projects resulting in a reduction in PED of at least 30% and validated through an EPC



7.3



11.3

Environmental benefits

To achieve energy savings and reduce GHG emissions through the construction of energy efficient buildings and building renovations



13.2

Renewable Energy

EU Environmental Objective
Climate Change Mitigation

EU Taxonomy Activity

Construction, acquisition, development, and maintenance of facilities generating and/or distributing energy from renewable sources:

- Wind energy: onshore and offshore wind
- Solar energy: solar photovoltaic (PV) and concentrated solar power (CSP)



7.1, 7.2


⁶ Such as finance and operating leases

⁷ BMPS will appoint an independent external technical advisor to develop a methodology for identifying the top 15% most energy efficient buildings and defining NZEB-10 according to the EU Taxonomy's Substantial Contribution Criteria for Climate Change Mitigation. The technical report will be available on MPS's website at the time of the green or sustainability issuance.

⁸ Throughout this section, mapping to the EU Taxonomy activity is only based on substantial contribution to Climate Change Mitigation

⁹ In compliance with the EU Taxonomy Substantial Contribution Criteria, '7.7. Acquisition and ownership of buildings.' Large non-residential buildings will not be included within the eligible asset portfolio

¹⁰ In compliance with the EU Taxonomy Substantial Contribution Criteria, '7.1. Construction of new buildings.' Buildings larger than 5,000 m² will not be included within the eligible asset portfolio.

<p>Manufacture of renewable energy technologies (3.1)</p> <p>Electricity generation using solar photovoltaic technology (4.1)</p> <p>Electricity generation using concentrated solar power (CSP) technology (4.2)</p> <p>Electricity generation from wind power (4.3)</p> <p>Electricity generation from hydropower (4.5)</p> <p>Electricity generation from geothermal energy (4.6)</p> <p>Electricity generation from bioenergy (4.8)</p> <p>Transmission and distribution of electricity (4.9)</p> <p>Storage of electricity (4.10)</p>	<ul style="list-style-type: none"> Hydropower: hydropower meeting one of the following criteria, i) run-of-river plant without an artificial reservoir, ii) power density >5W/m² or iii) lifecycle emissions <100gCO₂e/kWh Bioenergy: biomass, biogas or bioliquids¹¹ facilities operating above 80% of GHG emissions-reduction in relation to the relative fossil fuel comparator Geothermal energy: geothermal power plants and geothermal heating/cooling systems (limited to direct emissions of ≤100g CO₂e/kWh) Electricity transmission and distribution infrastructure (limited to infrastructure with an average grid emission factor below the threshold value of 100 gCO₂e/kWh over a rolling five-year average period) Direct connections, or expansion of existing direct connections of renewable energy sources Battery Electric Storage Systems 	 <p>13.2</p>
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Environmental benefits

To reduce GHG emissions through increasing renewable energy production

Energy Efficiency

EU Environmental Objective

Climate Change Mitigation

EU Taxonomy Activity

Manufacture of energy efficiency equipment for buildings (3.5)

Transmission and distribution of electricity (4.9)

District heating/cooling distribution (4.15)

Installation, maintenance and repair of energy efficiency equipment (7.3)

Infrastructure, technology and services that contribute towards reduced energy usage and/or increased energy efficiency:

- Energy efficient equipment (HVAC systems, LED lighting, sensing equipment)
- Efficient district heating and cooling¹²
- Smart grids and/or smart meters



7.3



9.4



13.2

Environmental benefits

To achieve energy savings and GHG emissions reduction by fostering energy-efficient infrastructures

Clean Transportation¹³

EU Environmental Objective

Climate Change Mitigation

EU Taxonomy Activity

- Zero tailpipe CO₂ emissions freight and passenger rail and road transport
- Zero tailpipe CO₂ emissions passenger cars and commercial vehicles





9.1

¹¹ Only biomass/biofuels using certified sustainable feedstocks are eligible. Excludes use of virgin food/feed crops, and palm oil/palm oil waste




¹² Systems using at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of such energy and heat in line with Directive 2012/27/EU

¹³ Only projects fully complying with the relevant EU Taxonomy Technical Screening Criteria for Climate Change Mitigation (activities 3.3, 6.1, 6.2, 6.3, 6.5, 6.6, 6.14, 6.15, 7.4) are eligible under this Framework

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<p>Manufacture of low carbon technologies for transport (3.3)</p> <p>Passenger interurban rail transport (6.1)</p> <p>Freight rail transport (6.2)</p> <p>Urban and suburban transport, road passenger transport (6.3)</p> <p>Transport by motorbikes, passenger cars and light commercial vehicles (6.5)</p> <p>Freight transport services by road (6.6)</p> <p>Infrastructure for rail transport (6.14)</p> <p>Infrastructure enabling low-carbon road transport and public transport, (6.15)</p> <p>Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (7.4)</p>	<ul style="list-style-type: none"> Hybrid vehicles (passenger cars and commercial vehicles) with an emissions threshold of 50 gCO₂/km (until 31 December 2025) Infrastructure enabling low-carbon road transport and public transport (e.g. EV charging stations) 	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  <p>11.2</p>
		<p>13 CLIMATE ACTION</p>  <p>13.2</p>
<p>Environmental benefits</p> <p>To achieve GHG and pollutant emissions reduction by promoting the development of low carbon transport</p>		

Sustainable Agriculture

<p>EU Environmental Objective</p> <p>Climate Change Mitigation</p> <p>Protection and Restoration of Biodiversity and Ecosystems</p>	<ul style="list-style-type: none"> Financing of certified sustainable agriculture (e.g. EU Organic, AIAB)^{14,15} Financing the acquisition and installation of on-site renewable energy generation systems in the agriculture sector 	
<p>EU Taxonomy Activity</p> <p>-</p>		<p>2 ZERO HUNGER</p>  <p>2.4</p>
<p>Environmental benefits</p> <p>To promote sustainable food production systems and implement resilient agricultural practices that increase productivity and production, while maintaining ecosystems able to strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality</p>		<p>7 AFFORDABLE AND CLEAN ENERGY</p>  <p>7.2</p>
		<p>15 LIFE ON LAND</p>  <p>15.3</p>

¹⁴ Excludes loans exclusively for livestock farming

¹⁵ At least 90% of turnover derived from certified organic business

Eligible Social Assets

An amount equivalent to the net proceeds of BMPS's Social Debt Instruments will be used exclusively to finance and/or refinance, in whole or in part, Eligible Social Assets.

Eligible Social Assets seek to positively contribute to the selected UN SDGs and create positive social impacts, specifically (i) creating and preserving decent jobs; (ii) equal employment opportunities for women; (iii) supporting local communities; (iv) social protection and inclusion of all; and (v) improving access to good-quality housing to reduce social vulnerabilities.

Employment Generation

Target Population

SMEs in economically underperforming regions
SMEs affected by natural disasters and/or socioeconomic crises

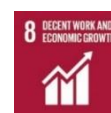
- Financing of SMEs¹⁶ in response to natural disasters (e.g. earthquakes) and other health emergencies (e.g. Covid-19 pandemic crisis – includes loans granted with the Government Guarantee¹⁷)
- Financing SMEs located in areas with a GDP per capita below national average and ranking in the worst 30% in terms of unemployment rate¹⁸

Social Objective

Creating and preserving decent jobs

Social Benefits

To achieve a wider availability of job opportunities and economic growth for the target populations by supporting the generation of employment opportunities



8.3

Socioeconomic Advancement and Empowerment

Target Population

Female Entrepreneurs
Vulnerable populations that include youth, unemployed, elderly, undereducated, disabled individuals and migrants

- Loans granted to SMEs and Microenterprises led by female entrepreneurs¹⁹
- Financing related to the Third Sector (associations, NGOs, Social Enterprises, Social Cooperatives, Foundations etc.) with positive social impacts in the following sectors:
 - Healthcare
 - Education
 - Art and cultural activities
 - Welfare & Solidarity
 - Environmental protection



1.3

Social Objective

Equal employment opportunities for women
Supporting local communities
Social protection and inclusion of all



5.5

Social Benefits

Widening the availability of job opportunities and economic growth for the target population



10.2

¹⁶ SMEs definition according to EU: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

¹⁷ When related to the Covid-19 crisis, these financings fall under Government's SME guarantee scheme, as per Law Decree no. 23 of 8 April 2020 (the "Decreto Liquidità") and Law no. 27 of 24 April 2020, the "Decreto Cura Italia")

¹⁸ According to data as per ISTAT Istituto Nazionale di Statistica

¹⁹ IFC Definition of Women-owned enterprises

Access to Essential Services – Financial Services

Target Population

First-time home buyers

Social Objective

Enabling financial empowerment and economic inclusion

Social Benefits

Supporting the target population by widening the availability of financing

- Financing or refinancing of mortgages under the 80% Public Guarantee of the First Home Mortgage Guarantee Fund ("Fondo Prima casa") administered by CONSAP (Concessionaria Servizi Assicurativi Pubblici):
 - Loans to first-time buyers with ISEE (Equivalent Economic Situation Indicator) of <€40K/yr, for applicants who are i) young people below the age of 36, or ii) single-parent families with minor children. For these mortgages, a controlled rate of the loan is envisaged



1.2



10.2

Affordable Housing

Target Population

Low-income individuals and households

Social Objective

Improving access to good-quality housing to reduce social vulnerabilities

Social Benefits

To achieve increased availability and accessibility of affordable housing

- Financing related to the construction, renovation or upgrade of social housing in Italy (as defined by national law and regulations and administered by local authorities)²⁰



1.4



11.1

Exclusions

The MPS Group has introduced restrictive exclusion criteria to be applied during its credit assessment processes. For sectors identify as high-emitting, according to the NZBA (namely Coal Mining; Power Generation, and Oil & Gas), the Group intends to apply more restrictive criteria in granting loans to projects and counterparties, as outlined in its internal ESG Lending Framework.

In addition, with regard to this Framework, the net proceeds of BMPS's Sustainable Debt Instruments will not knowingly be used to finance or refinance any asset or investment related to:

- fossil fuels
- nuclear energy
- weapons
- alcohol
- gambling
- adult entertainment
- tobacco

Furthermore, businesses with significant involvement in environmental controversies or social incidents such as breach of sanctions, human rights, labour rights, corruption, money laundering will also be excluded under this Framework.

²⁰ In Italy, access to social housing is defined by national law and regulations (Ministerial Decree of 04.22.2008, Ministry for Infrastructures' Decree 3904, Law No. 431/1998, and the Law 167/1962). Eligibility criteria is determined based on income requirements set out by local authorities

c. Process for Asset Evaluation and Selection

BMPS's ESG Funding Team is responsible for the process of selecting and evaluating Eligible Assets to be included in the Eligible Asset Portfolio, with input from subject matter experts including senior representatives from Treasury, Finance, the Credit department, the ESG and Sustainability Staff Unit, Business, Credit, Legal, and all relevant business areas involved in the origination of the Eligible Assets. This therefore ensures that the technical and sustainability characteristics of projects underlying the Eligible Assets are fully considered.

With respect to the Framework, the ESG Funding Team's responsibilities include:

- Evaluating and confirming the provisional Eligible Assets for inclusion in the Eligible Asset Portfolio, in line with the Use of Proceeds section defined above
- Monitoring, at least annually, the Eligible Asset Portfolio to ensure continued compliance with the eligibility criteria and removing any assets which are subject to a material ESG controversy
- Evaluating and validating the annual allocation and impact reports
- Overseeing any future updates of the Framework including the addition of new eligible categories, the alignment of the eligibility criteria with regulations and best market practices
- Overseeing the temporary use of unallocated proceeds
- Engaging with auditors and external Second Party Opinion providers
- Taking measures to ensure Eligible Assets are available for substitution in the event of potential shortfalls

With regards to general ESG risk management, all Eligible Assets are subject to the Bank's regular credit processes, which includes an assessment of ESG factors (see ESG Lending Framework), as well as other relevant sustainability policies, including the Group Sustainability and ESG Policy and the Code of Ethics. Furthermore, BMPS will also ensure, on a best-effort basis, that all Eligible Assets comply with relevant international, national and local laws and regulations.

Eligible Green or Social Assets may be originated by any of the Group's entities. The respective legal entity of the Group will perform the preliminary selection activity on any asset originated which is potentially eligible according to this Framework and provide such relevant information to the ESG Funding Team.

EU Taxonomy Assessment

BMPS intends to screen specific projects / assets for alignment with the EU Taxonomy requirements (including the project's contribution to at least one of the EU's environmental objectives, fulfilment of the technical screening criteria, and compliance with minimum social safeguards) on a best-efforts basis.

Furthermore, BMPS may also lend to corporate customers under the SACE Green Guarantee Programme. For these loans, SACE conducts an extensive assessment of the ESG risk for each counterparty and requires that the specific investment projects are aligned with the EU Taxonomy criteria.²¹ As such, BMPS will consider these loans to be EU Taxonomy-aligned, subject to available information.

²¹ <https://www.sace.it/en/about-us/our-commitment/sace-for-the-green-new-deal>

Other inputs, such as technical reports from third-party consultants, may also be relied upon to determine the EU Taxonomy-eligibility or alignment.

d. Management of Proceeds

The net proceeds of BMPS's Sustainable Debt Instruments will be tracked and managed on internal systems by BMPS's Treasury department using a bond-by-bond approach. BMPS intends to apply a three-year look period to any Eligible Assets selected for a Sustainable Debt Instrument.

Only eligible green assets can be allocated to BMPS's green debt instruments and only eligible social assets can be allocated to BMPS's social debt instruments. If BMPS was to issue sustainability debt instruments, the net proceeds would be allocated to both eligible green assets eligible social assets.

A revolving and substitution policy will be followed to maintain the relationship between the Eligible Asset Portfolio and the outstanding Sustainable Debt Instruments, therefore as soon as reasonably practical:

- Amortized, prepaid or redeemed Eligible Assets will be replaced
- Loans or investments no longer meeting the Eligibility Criteria will be removed from the Eligible Asset Portfolio and replaced
- The Eligible Asset Portfolio will be re-balanced and updated to ensure only drawn amounts are reflected

The above policy will be used to refresh the balance of the Eligible Asset Portfolio on an annual basis. ESG Funding Team will monitor to ensure that the total amount of the Eligible Asset Portfolio is greater than the outstanding amount of the Sustainable Debt Instruments. Furthermore, they will ensure that the amount of the eligible green assets sub-portfolio exceeds the amount of any green debt instruments outstanding, and that the amount of the eligible social assets sub-portfolio exceeds the amount of any social debt instruments outstanding.

Pending the full allocation of the proceeds or in the unlikely case of insufficient Eligible Assets, BMPS will temporarily hold any unallocated funds in the Group's Treasury investment portfolio, in accordance with its liquidity policy and, and, to the extent possible, invest in green, social and sustainability debt instruments.

e. Reporting

BMPS will publish an annual report on its website, detailing both the allocation of the net proceeds of the Sustainable Debt Instruments issued, as well as the associated environmental and social impacts of each Sustainable Debt Instrument.

The report will be published within one year from the first borrowing date of each sustainable debt issuance and annually thereafter. Reporting will be made on an aggregated basis rather than on an individual asset basis. BMPS will also report on any material developments of its Eligible Asset Portfolio on an ad hoc basis. This reporting obligation will no longer apply once all green, social and sustainability debt instruments have matured.

Allocation Reporting

BMPS will include the following information in its allocation reporting on a best effort basis:

- the total amount and breakdown of Sustainable Debt Instruments outstanding;
- the total amount of allocated and the balance of unallocated proceeds, if any;
- the total amount allocated to each Use of Proceeds category;
- a breakdown of the Eligible Green and Social Asset Portfolios by industry and geographies, if relevant;
- the share of financing vs. refinancing;
- a breakdown of the vintage of loans in the Eligible Green and Social Asset Portfolios;
- a mapping of the underlying assets to the relevant UN SDGs;
- the proportion of the Eligible Green Asset portfolio that is EU Taxonomy-eligible and/or EU Taxonomy-aligned.

Impact Reporting

BMPS also intends to report on the environmental and social impacts of the eligible assets financed/refinanced, where sufficient data enables this. Potential impact indicators will cover both qualitative and quantitative metrics, where possible, including:

Environmental impact indicators:

Eligible project category	Impact reporting metrics
Green Buildings	<ul style="list-style-type: none"> • Estimated annual GHG emissions avoided (tCO₂e) • Total installed renewable energy capacity (MW)
Renewable energy	<ul style="list-style-type: none"> • Estimated annual renewable energy generation (MWh/yr) • Estimated annual GHG emissions avoided (tCO₂e)
Energy efficiency	<ul style="list-style-type: none"> • Estimated energy savings (MWh) • # smart meters installed
Clean Transportation	<ul style="list-style-type: none"> • Number of zero-emission vehicles financed • # electric vehicle charge points installed
Sustainable Agriculture	<ul style="list-style-type: none"> • Area under sustainable agriculture certification (hectares) • Ecologically sustainable agricultural production per hectare (tons)

Social impact indicators:

Eligible project category	Impact reporting metrics
Employment Generation	<ul style="list-style-type: none"> # loans granted to SMEs, with statistical overlay of the number of people employed by borrowers / SMEs
Socioeconomic Advancement and Empowerment	<ul style="list-style-type: none"> # loans granted to non-profit organizations and, when available, estimated number of beneficiaries of non-profit organizations # loans extended to female businesses
Access to Essential Services – Financial Services	<ul style="list-style-type: none"> # of loans provided to first-time buyers
Affordable Housing	<ul style="list-style-type: none"> # loans provided to social housing projects and, when available, estimated number of beneficiaries of social housing schemes

f. External Review

Second Party Opinion (pre-issuance)

BMPS has obtained an independent Second Party Opinion (SPO) to confirm the validity of the Framework and its alignment with ICMA's GBP, SBP, and SBG. The SPO also includes an assessment of the compliance of the Eligible Green Assets with the EU Taxonomy substantial contribution criteria for Climate Change Mitigation on a best efforts basis.

The SPO is publicly available on BMPS's website

<https://gruppomps.it/static/upload/mps/mps---final-framework-spo.pdf>

External Verification (post-issuance)

BMPS may request external verification from an independent third party on the allocation of the net proceeds from the Sustainable Debt Instruments issued under this Framework on an annual basis until full allocation, or in the event of significant changes in the allocation of proceeds.

The post-issuance external verification report will be made publicly available on BMPS' website.