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 Euronext Milan regulated market organised and managed by Borsa Italiana S.p.A.. As of June 2018, the MPS share has been included in the basket of the FTSE Italia Mid Cap Index.

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 the applicable regulations, establish and manage complementary pension funds, and carry out any other transaction instrumental for, or in any case, connected to the achievement of the company purpose.

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Our Vision

1.1 Letter to stakeholders
1.2 Executive Summary: the Group’s strategy and results
1.3 MPS Group’s contribution to the Agenda 2030
1.4 Sustainability Rating and Indexes
1.5 Participation in national and international programmes and association membership
1.1 Letter to stakeholders

In an ever-changing world, the ability to innovate while staying true to our roots and constantly striving to guide all our stakeholders towards a model of Sustainable Development is a highly complex but necessary commitment.

The social and economic challenges posed by more than two years of pandemic, the growing humanitarian crises, the ongoing war in Ukraine and double-digit inflation have made 2022 a particularly difficult year for the central role played by banks in supporting the real economy and local communities.

The Montepaschi Group strives to place its sustainable vocation at the heart of its business, fully aware that Sustainable Development creates social and economic value.

The Group believes in this commitment and intends to ensure that it is fully realised: an objective confirmed in the 2022-26 Business Plan, which will guide the Group’s actions over the coming years.

Based on the Group’s role as a "Clear and Simple Commercial Bank", the Business Plan combines the strong identity and long-standing heritage of the Montepaschi Group with innovation and simplification, opting to place the Group’s expertise at the service of all stakeholders and to steer growth towards an increasingly sustainable development model. Doing what is sustainably right for our Customers will continue to be our guiding principle.

The Business Plan sets out specific actions and goals for each of the pillars of sustainability: from the gradual reduction of direct emissions to the definition of decarbonisation targets for the financing and investment portfolio, through to the adoption of supportive credit and commercial policies. Other key commitments undertaken to actively support the ecological and sustainable transition include the issuance of Green and Social Bonds during the Plan period and the increase in ESG financing and investments through the gradual expansion of a product offering that interprets the real needs of each individual customer.

An even more ambitious goal is to strengthen the Bank’s role as a point of reference and promoter of change in the areas in which it operates, drawing on a product offering targeted at households and businesses. An important example of the impetus that can come from our broad focus on ESG issues is our support for the primary sector, organised through a network of specialised Agrifood Centres spread throughout the country, which are effective in guiding companies along growth paths linked to Sustainability, Innovation and Quality.
The Montepaschi Group strives to place its sustainable vocation at the heart of its business, fully aware that Sustainable Development delivers social and economic value.

Furthermore, in 2022 the Montepaschi Group continued with its commitment to supporting the development of a low-emission, sustainable real economy by following two main lines of development:

• outward initiatives, with a gradual increase in new disbursements in favour of ESG initiatives (13% of total new disbursements), a rise in the proportion of AUM invested in ESG products (47% of total assets) and more support for companies wishing to take advantage of the opportunities offered by the NRRP;

• a new internal approach and responsible behaviour that seek to limit environmental impact by reducing direct emissions by 61% compared to 2017, continuing to use 100% renewable energy and continuing on the path of fully integrating sustainability and ESG criteria into its business strategy and processes.

Recognising that the context in which we operate is constantly changing and that the challenges ahead require our full commitment, we must be prepared to support a process of transition and adjustment.

In terms of governance, in addition to the controls already in place, an important amendment to the By-Laws was finalised in 2022. The amendment entrusts the Board of Directors with the definition of the Group’s strategic guidelines, integrated with environmental, social and governance sustainability profiles, the publication of the ‘Sustainability and ESG Policy’ and the definition of the Sustainability Plan.

The dissemination of an ESG Culture through awareness-raising and training programmes has achieved significant results in the area of Diversity & Inclusion, with 36% of positions of responsibility held by women and the adoption of the ‘Rules on Inclusion’ for the entire corporate population.

The Group’s employees are the cornerstone of our ambitious project. We would like to thank them for being at our customers’ side every day and for being the main supporters of our journey towards sustainable profitability.

We hope that this document reflects the dedication and professionalism of our people and the Montepaschi Group’s deep commitment - strengthened by the support of its customers and its close ties with the local area – to writing a new chapter in the Group’s history, one that will be marked by renewed Sustainability.
1.2 Executive summary: the Group's strategy and results

**Sustainable development** and **social equity** have always been a key feature of MPS Group's actions and, in recent years, have also determined its strategic direction, in line with the latest market and stakeholder sensitivities.

The Group has embarked on a process to incorporate **ESG** aspects into its **corporate strategy**. The aim is to create value in a new context geared towards sustainable growth by leveraging financial, human, social, relational and environmental capital.

The first phase of this process was conducted internally: in fact, the Group sought to build a corporate environment based on promoting a culture of sustainability, consolidating an inclusive environment, enhancing the value of its people, reducing the environmental impact of its daily activities, and developing a structured and solid governance of sustainability and the management of the related financial and non-financial risks.

Sustainability has, at the same time, evolved into a shared global commitment, driven by the initiatives of international organisations, UN member states, regulators and **Supervisory Authorities**, and confirmed by the growing interest of investors and savers, guiding companies' decisions on investments and production systems. This evolution also confirms the active role of the banking system in allocating capital to support the transition.

In 2019, the MPS Group – one of the first signatories of the **UN Principles for Responsible Banking (PRB)** - formally committed to aligning its strategy with the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement, setting in motion a process of major change in the Group's business model aimed at developing and integrating the external dimension of Sustainability.

By joining the **Net-Zero Banking Alliance (NZBA)** in 2022, it extended its commitment to accelerate the transition to zero emissions (net-zero) by 2050 by setting decarbonisation targets for its financing and investment portfolio and implementing supporting policies and processes.

The Group has defined its strategic ESG priorities (the ESG Pillars), which will guide its activities and policies, including the drafting of a Sustainability Policy and the identification of ESG roles and responsibilities within the Bank.

The **2022-2026 Business Plan** defines the Group's strategic direction, which aims to create value by making a positive contribution to the country's economic and social development, and marks a new step in the process of integrating sustainability principles within the corporate strategy.
The Plan sets out practical actions and goals across all sustainability pillars. ESG goals that will enable the Group to better respond to the risks that will arise in the coming years and to make a tangible contribution to the creation of sustainable value.

The Plan will allow the Group to strengthen its path towards a sustainable development model and achieve a distinctive market position in the management of ESG issues: it will support its Customers in the green transition process and contribute to the creation of a more sustainable, equitable and inclusive society.

The definition of the Sustainability Plan and the launch of the ESG Programme, a project focused on implementing the actions identified for each ESG priority of the four ESG Framework areas - Strategy & Governance, Business Model, Risk & Regulation and Reporting & Communication - mark a further step in our integration process and will give effect to the Group’s commitment to sustainable transition.

The ESG Programme includes initiatives that must be implemented by 2024 and are designed to fully integrate ESG criteria into strategic and management processes, support the development of sustainable models, promote a low-carbon economy and protect and develop the skills of resources. This will be achieved by promoting ESG culture and training, and by fostering the development of the activities planned for each ESG Framework area.
Our commitment to support sustainable development and ecological transition, summarised in the strategic goals of the Business Plan, will guide our activities.

These commitments and goals for each ESG pillar and for each material topic were identified through impact materiality assessment and are described in the document. A summary of the main activities, the results achieved in 2022 and the contribution to the SDGs (Sustainable Development Goals) is provided below.
OUR MAIN GOALS (2022-2026)

- Membership of the *Net Zero Banking Alliance* (>=50% exposure covered by Net Zero from December 2024)
- EUR 1.5 billion in Green and Social Bonds
- 40% AuM invested in ESG products
- 20% New medium-long term ESG loans out of total new loans
- 60% reduction of Scope 1 emissions (vs. 2017)
- 100% percentage of electricity purchased from renewable sources
- >90% Adoption of digital signature and >70% Digitalised communications
- Coverage of the MPS Orienta programme throughout the country
- 100% presence of ESG items in the assessment of all corporate population
- Promotion of ESG culture through ESG training and awareness-raising programmes for all employees
- 40% of women in positions of responsibility
- Drafting of an Anti-harassment Policy and Gender Equality Certification
- Achieving goals related to programmes such as PRB
- Full integration of ESG criteria in strategic, management and risk management processes
- Improving ESG KPI monitoring through the automation and construction of special dashboards
- Acquisition of at least another "general" ESG rating
- Entry of ESG criteria in the variable remuneration
- 14.2% CET1 Ratio Fully Loaded in 2024 and 15.4% nel 2026
- EUR 705 million earnings in 2024 / EUR 909 million in 2026
- around EUR 420 million within 2024 / EUR 610 million within 2026 of commercial revenues
Sustainable Finance and Climate Change - Sustainable Finance

**OUR COMMITMENT**

*Our strategy emphasises the vital importance of financial instruments in fostering sustainable and inclusive development models for businesses and our community. For this reason, sustainable financing plays a key role in the 2022-2026 Business Plan, a role that is confirmed by the many initiatives that have been devised and are currently being developed.*

**MAIN GOALS AND HIGHLIGHTS**

### Introduction of a new ESG questionnaire for business Customers

- ESG profile collected for around 20% of counterparties during the year

### Membership of the NET-ZERO BANKING ALLIANCE

- Alignment target for at least 3 sectors and introduction of Transition Policy in July 2023

### Green Products and Services

**EUR 485 million**

FINANCED, OF WHICH

- EUR 241 million disbursed for energy efficiency
- Cooperation under the SACE Green guarantee instrument New Deal, for a value of EUR 60 million
- Sustainability Linked Loans & Project Finance Green disbursed for a value of EUR 187 million

### Support to People and Businesses

around EUR 11 billion

- EUR 47.3 million for female entrepreneurship
- EUR 42 million for Temporary Crisis Framework
- EUR 8.2 billion for liquidity decree

**Key:**  A = Actual  E = Expected
Sustainable Finance and Climate Change - Direct Environmental Impact

**OUR COMMITMENT**

Reducing direct environmental impact by reducing Scope 1 and 2 emissions and maintaining 100% renewable energy are some of the environmental goals of our Plan, which is increasingly focused on process digitalisation and on the fight against climate change.

**MAIN GOALS AND HIGHLIGHTS**

- **14001 certification** (Environmental Management System) held for over 20 years.
- Since 2012, **100% of the Group’s electricity** is from renewable sources (Scope 2, market-based equal to 0 t. CO₂ eq.)
- Increasing awareness towards the use of paper, with **100% recycled paper** for internal use and **75% environmentally friendly paper** for external use.
- **~61% reduction of scope 1 emissions** (vs. 2017)
- **~60% reduction of scope 2 emissions** (Location-Based, vs. 2017)
- **-30% electricity consumption**
  - Since 2017, we have reduced our electricity consumption by approximately 30%, thanks to the activation of energy efficiency projects.
- New savings are expected as a result of the energy management project and the measurement and verification (M&V) plan.
- **120001 certification** (Environmental Management System) held for over 20 years.
- Since 2012, **100% of the Group’s electricity** is from renewable sources (Scope 2, market-based equal to 0 t. CO₂ eq.)
- Increasing awareness towards the use of paper, with **100% recycled paper** for internal use and **75% environmentally friendly paper** for external use.
- **~61% reduction of scope 1 emissions** (vs. 2017)
- **~60% reduction of scope 2 emissions** (Location-Based, vs. 2017)
- **-30% electricity consumption**
  - Since 2017, we have reduced our electricity consumption by approximately 30%, thanks to the activation of energy efficiency projects.
- New savings are expected as a result of the energy management project and the measurement and verification (M&V) plan.

**Key:** A = Actual, E = Expected
Our Community – Customer relations and digitalisation

**OUR COMMITMENT**

Our Business model places households and small and medium-sized enterprises at the core of our priorities and is based on a broad and diversified regional presence. We respond to the challenges that digitalisation and IT security pose for our network through continuous innovation and by carefully listening to our customers: only then, can we respond responsibly and promptly to the demands and needs of the community.

**MAIN GOALS AND HIGHLIGHTS**

- **87%** transactions through digital banking
- **81%** customers with digital signature
- **49%** digitalised communications to customers

**PLANNED IN 2022-2024**

**EUR 14.8 million**

for strengthening the security measures to protect the Bank's technological developments and the digitalisation of services and relations with Customers.

**NRRP INITIATIVES**

**EUR 1.1 billion**

**EUR 700 million** of which

**TO THE AGRIFOOD SECTOR**

**15 Agrifood centres** throughout the country supporting Customers in the Agricultural sector with upgrading, energy efficiency and machinery modernisation goals.

**BANCA WIDIBA**

- **34** points in the Net Promoter Score 2022
- **76.2%** in the Customer Satisfaction 2022 Indicator
- **8.5/10** in the Customer Effort Score 2022 Indicator

The Bank has a Customers listening system: 'Measuring Customer Advocacy' programme

**OF WHICH**

- **EUR 1.1 billion**
- **EUR 14.8 million**
- **EUR 700 million**
Art, culture and the community benefiting from them are all aspects that our Group has promoted since its inception. Through constant dialogue with the community and local areas, the MPS Group seeks to share its artistic heritage and knowledge and to promote financial education so that informed choices can be made.

MAIN GOALS AND HIGHLIGHTS

**FINANCIAL EDUCATION**

- 100 meetings/webinars
  - ‘FLASH MERCATI’

**CAREER GUIDANCE**

- MPS ORIENTA
  - 82 INTERNSHIPS
- MPS SCUOLA/LAVORO
  - 6 SCHOOLS
  - IN 5 REGIONS
  - 300 STUDENTS INVOLVED FOR 5,000 PROJECT HOURS

**LOCAL EVENTS**

- Face-to-face initiatives resumed

**ARTISTIC HERITAGE**

- 29,767 works
  - FOR A VALUE OF AROUND EUR 120 million

- 8 LOANS
  - with 87 WORKS loaned to museums and foundations

- 2 RESTORATIONS
  - of works of art
  - 33 new frames
  - 30 consultations of archival materials

Support for cultural initiatives thanks to the relations held with local authorities
Our People – Development and Protection of Human Resources

OUR COMMITMENT
As a Group, we firmly believe that developing, enhancing and protecting our people is essential to support the economic and sustainable growth of our business. Promoting work-life balance, improving the employee welfare system and implementing structured training programmes are an intrinsic part of our DNA.

MAIN GOALS AND HIGHLIGHTS

16,827 employees
AT THE END OF 2022

BENEFIT
Including programmes on supplementary pension schemes, culture and leisure promotion, income support and parenthood support

DIGITAL APPROACH
2022 saw the consolidation of the digital approach as a way of working

4.3/5
Satisfaction level of new colleagues entering the Company

SMART WORKING GUARANTEED

MPS SOLIDALE TO ADDRESS SERIOUS NEEDS OF FAMILY MEMBERS

PROGRAMMES FOR ACCESS TO SPORTS ACTIVITIES FOR EMPLOYEES AND FAMILY MEMBERS

AGreements for enrolments in university programmes

MPS TRAINING AND DEVELOPMENT PROGRAMMES

MPS ACADEMY

MPS SVILUPPA

6 TRAINING COURSES
on specific ESG topics

1 AWARENESS RAISING INITIATIVE
on sustainability topics

+ 68 ADDITIONAL COACHING projects
(+120% COMPARED TO 2021)

2,000 RE-SKILLING PROJECTS
to foster internal mobility and the growth of employees

12 MEETINGS WITH THE CEO
(of which 8 face-to-face) to foster dialogue with colleagues
Our People – Diversity & Inclusion

OUR COMMITMENT

The diversity of our people is a true asset: we believe that it is only by freely expressing differences, enhancing the individuality of each colleague and promoting inclusiveness that we can continually improve the environment in which we work and contribute to innovation, change and the sustainable well-being of our customers.

MAIN GOALS AND HIGHLIGHTS

- **53% WOMEN**
- **47% MEN**

+78 new hires

- **35 years** AVERAGE AGE
- **56% WOMEN**

**PRB goal 35% AS AT 2023**

**DOCUMENT**

Rules on Inclusion

% of roles of responsibility held by women

<table>
<thead>
<tr>
<th></th>
<th>2022A</th>
<th>2026E</th>
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<tr>
<td>~36</td>
<td>~40</td>
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**PARTNERSHIP WITH VALORE D**

**PARTICIPATION IN THE D&I IN FINANCE PROJECT**

**D&I ACTIVITY**

- Training paths for women holding managerial positions
- Digital Academy Paths
- Young Talent Path
- Anti-harassment course
- Plural Management Project (400 managers)
- Women Leadership Program (443 managers)
- Disability Lab meetings

**Key:** A = Actual  E = Expected
Our integrity - Sustainability Governance

Our Group's Sustainability Governance has been strengthened in line with changes in the global regulatory framework. Sustainability values increasingly guide our business activities and strategies, enabling us to develop a business model and policies that create long-term value for the company, the community and the environment.

### Main Goals and Highlights

**Responsibility of Sustainability Functions and Role**

<table>
<thead>
<tr>
<th>Strategic Lines</th>
<th>Direction and Orientation</th>
<th>Implementation and Performance</th>
<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>Group Chief Executive Officer</td>
<td>All Group corporate functions</td>
<td>Chief Risk Officer</td>
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<tr>
<td>Risk and Sustainability Committee</td>
<td>Steering Committee - ESG Session</td>
<td></td>
<td>Chief Compliance Executive</td>
</tr>
<tr>
<td></td>
<td>Chief Financial Officer / ESG Strategy</td>
<td></td>
<td>Chief Audit Executive</td>
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- Explicit reference to sustainability directly in the Bank's By-Laws
- Specific directive on Group Sustainability Strategy and Management

**ESG Strategic Goals Defined and ESG Programmes Launched on 8 Project Areas**

- 29 modules and 70 resources involved

**Expected Rating**

<table>
<thead>
<tr>
<th>2021</th>
<th>2022</th>
<th>Long Term Expected Rating</th>
</tr>
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<tbody>
<tr>
<td>EE POSITIVE OUTLOOK</td>
<td>EE STABLE OUTLOOK</td>
<td>EE+</td>
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1. Our Vision
2. Our Identity
3. Our Approach
4. Measurement
5. The Group’s commitment

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Sustainability Governance

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Our integrity - Economic Performance and Integrity of Corporate Conduct

OUR COMMITMENT

The financial soundness of our business and the corporate integrity that underpins our processes are two closely related aspects of key importance to the Group: indeed, they are necessary to foster the stability of employees and the economic and financial system, and to improve our customers’ confidence.

MAIN GOALS AND HIGHLIGHTS

- **% CET1 Ratio Fully Loaded**: ~15.6 in 2022A and ~15.4 in 2026 E
- **Growth in total revenues equal to 3.6% YoY**
- **Share capital increase**: EUR 2.5 billion
- **IV Quarter: Net Profit**
  - EUR 156 million
- **EUR 2.32 billion** Economic value distributed to contract staff and employees
- **Ongoing training on anti-corruption, whistleblowing and 231 Management Model**
- **99% of employees** received specific training
- **The BoD approved an update to the Group’s 231 Model**
- **The Code of Ethics was also updated**
- **No cases of corruption were found**

Key: A = Actual  E = Expected
Our integrity - Responsible Supply Chain Management

**OUR COMMITMENT**

We believe that working with suppliers who comply with environmental and social criteria is crucial for generating a positive impact in these areas: as clients we lay special emphasis on ESG criteria, incorporating them into our qualification and selection processes.

**MAIN GOALS AND HIGHLIGHTS**

Compliance with the economic solidity requirements, as well as predefined competitiveness and quality and the possession of the Ethical code

Certain certifications are also required, such as:

- OHSAS 18001: 70%
- ISO 14001:2015: 31%
- SA8000: 25%
- ISO 9001:2015: 10%

All suppliers are informed about the Group’s anti-corruption policies and procedures. 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 referred to in Contracts and in General Purchase Conditions.

In 2022, **100% of new suppliers** were assessed using environmental and social criteria

Interruption of some supplier relationships as a consequence of the Russia-Ukraine conflict
1.3 MPS Group’s contribution to the Agenda 2030

The Group used the SDG Compass, the tool developed by UN Global Compact, GRI and the World Business Council for Sustainable Development, to examine the contribution it could make to achieving the sustainable development goals.

The SDGs identified were associated with the material topics of the MPS Group and its stakeholders, and 13 Sustainable Development Goals were selected. The Group considers its contribution to achieving these goals as a priority commitment.

<table>
<thead>
<tr>
<th>SDGs</th>
<th>MATERIAL TOPICS</th>
<th>MPS GROUP’S MAIN INITIATIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> NO POVERTY</td>
<td><strong>Ending poverty in all its forms everywhere</strong></td>
<td><strong>Sustainable finance</strong></td>
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<td></td>
<td></td>
<td>During 2022, the MPS Group continued to support target customers through specific products designed to bring groups closer to the world of finance and help economic recovery in certain areas. For example, a Female Entrepreneurship project was launched and the disbursement of the Resto al Sud loan continued.</td>
</tr>
<tr>
<td></td>
<td><strong>Customer relations and strong link to the local area</strong></td>
<td><strong>Accessibility of financial services (Target 1.4)</strong></td>
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<td>The Group plays a major role in guaranteeing the accessibility of financial services to all segments of the population: 100% of ATMs are accessible to people with functional limitations and various forms of disability.</td>
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<tr>
<td><strong>3</strong> GOOD HEALTH AND WELL-BEING</td>
<td><strong>Ensure healthy lives and promote well-being for all at all ages</strong></td>
<td><strong>Customer relations and strong link to the local area</strong></td>
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<td><strong>Partnership with AXA (Target 3.8)</strong></td>
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<td>The initiative associated with the partnership with AXA to meet the needs arising during the pandemic, was extended throughout 2022 until May 2023. A free Health Card was donated to all customers with at least one active policy, while a number of specific services related to the Covid-19 pandemic were set up for all customers with a 360 Assistance guarantee.</td>
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<td></td>
<td><strong>Protection of human resources</strong></td>
<td><strong>Occupational health and safety (Target 3.4)</strong></td>
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<td>Information and training activities on occupational health and safety are of particular importance to the Group; for this reason, a significant number of training activities were carried out on this topic in 2022.</td>
</tr>
<tr>
<td>SDGs</td>
<td>MATERIAL TOPICS</td>
<td>MPS GROUP’S MAIN INITIATIVES</td>
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</table>
| 4    | Quality Education | **Culture and Community**  
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all  
Financial education (Target 4.4)  
The year 2022 featured deteriorating stock and bond markets which led to increasing the Group’s oversight and the level of financial education of the community in which it operates. In this context, initiatives aimed at both Private and Family Managers and Customers continued: for example, 26 events were held for Customers to share the consequences of the Ukrainian conflict on markets and assets.  
**Development of human resources (Target 4.3) and education on sustainability topics (Target 4.7)**  
Transversal training for employees continued. More than 700,000 hours of training were delivered in 2022, with an average of 44 hours per employee, through the MPS Academy platform which may be accessed by all personnel. Furthermore, 6 training courses and 1 awareness-raising course were organised in 2022 aimed at disseminating ESG principles in the Group. |
| 5    | Gender Equality   | **Sustainable finance**  
Achieve gender equality and empower all women and girls  
Support for female entrepreneurship (Target 5.a)  
Services to support female entrepreneurship were developed in 2022 aimed at supporting projects, enterprises and cooperatives led by women. Total financing disbursed amounted to EUR 47.3 million  
**Diversity (Target 5.5)**  
In 2022, the percentage of leadership roles held by women increased (35.9%) and the ‘Rules on Inclusion’ document was published, the first regulatory document on this issue. Furthermore, in order to check the application of the principles contained in the regulatory document, an initial set of indicators on D&I issues was identified.  
In addition to strengthening partnerships with Valore D and ABI (Women in Banking Charter), a number of D&I initiatives were carried out in 2022 to create paths and ideas for inclusion:  
• Plural Management Project (over 400 participants);  
• Women Leadership Program (443 managers);  
• Disability Lab meetings;  
• Anti-harassment course. |
| 7    | Affordable and Clean Energy | **Sustainable finance**  
Ensure access to affordable, reliable, sustainable and modern energy  
Sustainable products with environmental purposes (Target 7.2)  
A range of products were provided during 2022 aimed at supporting green and sustainable transformation projects for companies and individuals. Among these, EUR 40 million were disbursed for renewable energy projects, EUR 241 million for Ecobonus, and EUR 146 million for sustainable linked loans to support the redevelopment of companies and improve their energy efficiency.  
**Direct environmental impact**  
Use of electricity from renewable sources (Target 7.2) and energy efficiency (Target 7.3)  
For several years, 100% of Group electricity has come from renewable sources. Furthermore, the carbon offsetting of natural gas consumption and energy efficiency initiatives continued in 2022 with the implementation of the Network Energy Management Platform. |
NRRP-related initiatives (Target 8.3), with agri-food sector and tourism (Target 8.9) 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 National Recovery and Resilience Plan (NRRP). The Group pays particular attention to certain sectors (e.g. agrifood and tourism), in order to boost national recovery following the Covid-19 pandemic and the Ukrainian conflict.

Promotion of youth employment (Target 8.6) The MPS Orienta programme initiatives focus on career guidance, the development of soft skills, supporting young people in job seeking and, in general, relations with schools and universities. These initiatives continued in 2022 involving - thanks to the ‘school-work’ project - more than 300 students from 6 schools in difficult and/or disadvantaged areas and 82 undergraduates with paid internships.

Protection of human resources (Targets 8.5 and 8.8) Managing employees responsibly is of prime importance to the MPS Group in order to safeguard their health, guarantee their excellent physical and mental well-being and ensure adequate remuneration policies. In 2022, the digital approach to work was strengthened and the listening initiatives for executive managers and middle managers, as well as the CEO himself, were strengthened.

Initiatives to foster sustainable and inclusive industrialisation (Target 9.2) and infrastructure modernisation (Target 9.4) Promoting sustainable and inclusive business development models and contributing to the development of a low-emission economy are some of the main goals included in the MPS Group’s 2022-2026 Business Plan.

An additional counterparty assessment element was defined in the Group’s lending strategies: the ESG questionnaire, aimed at identifying the Customer’s ESG profile.

Furthermore, a range of products with environmental purposes were disbursed in 2022, including loans for green projects aimed at reducing environmental impact, the SACE Green New Deal (to finance projects designed to initiate sustainable transformation), Sustainability Linked Loans and the so-called ‘Building Bonuses’, which promote subsidised energy efficiency work.

Relations with small manufacturers (Target 9.3) Among the initiatives promoted by the Group and in line with the provisions of the NRRP, of prominent interest are those aimed at supporting SMES in their path of economic growth and digital innovation. These initiatives include:

- Support for the agrifood sector, through 15 Agrifood Centres and loans managed through ‘Chain Contracts’, bringing the value disbursed to the sector to EUR 695 million;
- Facile 4.0, a facility designed to support investments in production processes with a focus on digital transformation and innovation.
<table>
<thead>
<tr>
<th>SDGs</th>
<th>MATERIAL TOPICS</th>
<th>MPS GROUP’S MAIN INITIATIVES</th>
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<tbody>
<tr>
<td>10</td>
<td>Diversity &amp; Inclusion</td>
<td><strong>Promoting inclusion (Target 10.2) and reducing Gender Pay Gap (Target 10.4)</strong>&lt;br&gt;The Group is committed to promoting awareness of the fact that a more inclusive company can bring benefits to the quality of the service it provides, to the corporate climate and the wellbeing of its employees, also and especially through ongoing dialogue aimed at improving inclusiveness.</td>
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<td>11</td>
<td>Culture and Community</td>
<td><strong>Culture of the local area (Target 11.4)</strong>&lt;br&gt;In 2022, the MPS Group continued its longstanding commitment towards communities and local areas. In addition, in-person initiatives were resumed to shorten social distance with its stakeholders. The main initiatives include:&lt;br&gt;• The ‘Banca Aperta’ initiative, which was suspended during Covid-19 and has now been resumed, seeking to share the artistic and architectural heritage of the Bank’s historic Headquarters;&lt;br&gt;• Support for the Wine&amp;Siena event, part of a number of initiatives aimed at the agrifood sector and supply chain;&lt;br&gt;• Support for Festivaletteratura, in partnership with the BAM Foundation of Mantua.</td>
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<td>12</td>
<td>Direct environmental impact</td>
<td><strong>Impact reduction and waste management (Target 12.2 and 12.5)</strong>&lt;br&gt;The Group strives to continually improve the energy efficiency of its premises, thereby reducing its direct environmental impact, and to use electricity from renewable sources. With regard to waste management, the Group collects and disposes of the waste it produces (paper, cardboard, toner and hazardous materials) and in some cases recovers and reuses materials (regenerated toner). In 2003, Banca MPS decided to adopt a specifically certified Environmental Management System compliant with UNI EN ISO 14001 standard.</td>
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<td></td>
<td>Responsible supply chain management</td>
<td><strong>Qualification of suppliers according to ESG criteria (Target 12.6)</strong>&lt;br&gt;The MPS Group undertakes to implement supply chain management practices aimed at achieving social and environmental sustainability principles, through the development of relationships with suppliers based on the respect for human and labour rights. In 2022, 100% of new suppliers (72) were assessed according to environmental and social criteria.</td>
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<td>SDGs</td>
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<td>13</td>
<td>Climate action</td>
<td><strong>Sustainable Finance</strong></td>
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<td>Commitment to the environment (Targets 13.1 and 13.2)</td>
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<td>The Monte dei Paschi Group joined the Net-Zero Banking Alliance (NZBA) 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.</td>
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<td><strong>Integrity in business conduct and the fight against corruption</strong></td>
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<td>Management of the banking business according to principles of ethics and integrity (Target 16.5)</td>
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<td>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 Code of Ethics. With regard to regulatory compliance and the fight against corruption, the Group implements all activities required to maintain high standards of Governance, Integrity &amp; Compliance. Specifically, in 2022, the Group updated its prevention model pursuant to Legislative Decree 231/01 and continued to deliver 231 training courses that were permanently accessible through the intranet to all company staff. In addition, the Group has shared the principles on which the Code of Ethics is based with all stakeholders (including suppliers).</td>
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<td></td>
<td></td>
<td><strong>Responsible supply chain management</strong></td>
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<td><strong>PARTNERSHIPS FOR THE GOALS (Target 17.14)</strong></td>
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<td>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.</td>
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<td><strong>UN GLOBAL COMPACT</strong></td>
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<td>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.</td>
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<td><strong>UNEP FINANCE INITIATIVE</strong></td>
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<td></td>
<td>The United Nations Environment Programme promotes a sustainable global economy, respectful of human rights, labour rights, environmental protection and the fight against corruption.</td>
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</table>
**PRINCIPLES FOR RESPONSIBLE BANKING - UNEP FI**

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.

**NET-ZERO BANKING ALLIANCE**

UNEP-FI initiative to reduce 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.

**VALUE D**

The Group has been a member of Value 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.
1.4 Sustainability Rating and Indexes

The Parent Company's Sustainability Function, with the help of the other corporate Functions, started a proactive interaction process with rating agencies, in order to strengthen its sustainability strategy, better communicate the results achieved, and implement any ideas and recommendations aimed at improving the Bank's ESG profile and transparency. Expanding this process by involving more agencies is one of the goals for 2023. The most significant achievements this year are confirmed in the rating improvements below.

- From EE- to EE in 2022, the Bank has been rated EE+ with positive Outlook. Banca MPS made further implementations in the area of Sustainability Governance and risk management in relation to ESG issues.
- Included in the SE Italian Banks Index and the SE European Banks Index.
- With a score of 38.66, the Bank is in Decile Rank 4, with a high level of transparency. Assessment in line with its main competitors.
- The score has significantly improved compared to 2021 (from D to C-).

- The overall score of 3.3 is in the average range.
- Score above average for Governance (4.6), average score for Social (3).
1.5 Participation in national and international programmes and association membership

As a demonstration of its commitment, the MPS Group took part in international sustainable development initiatives, which it later consolidated by additionally participating in international and national initiatives on combating climate change and reducing the gender gap in line with its strategic ESG goals.

**Sustainable Development**

**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.

**Principles for responsible banking UNEP FI**
In 2019, Banca Monte dei Paschi di Siena has adopted the Principles for Responsible Banking of UNEP’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.

**Action to combat climate change**

**Net-Zero Banking Alliance**
UNEP-FI initiative to reduce 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 Monte dei Paschi joined the Alliance in January 2022.

**Gender equality**

**Value D**
The Group has been a member of Value 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.

**ReFlex Project**
Banca Monte dei Paschi 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.
Our identity

2.1 The Group overview
2.2 Governance Model and Organisational Structure
2.3 Governance of Sustainability and ESG Risks
2.4 Risk management and protection
2.1 The Group overview

Banca Monte dei Paschi di Siena is considered the oldest bank in the world still in business. It was founded in 1472 in Siena. The history of the bank is strongly connected to the local area, the people who live there and the surrounding environment.

Banca Monte dei Paschi di Siena (hereinafter “BMPS” or “Banca MPS”) is presently the parent company of one of Italy’s leading banking groups (the Montepaschi Group, hereinafter “Group” or “MPS Group”), with significant market shares in all business areas in which it operates.

The Group operates throughout Italy and abroad (with a number of representative offices) and combines traditional service offering models, aimed at retail and commercial banking Customers, through its network of branches and specialist centres, with an innovative system of digital and self-service services, enriched by the skills of the network of financial advisors with Banca Widiba.

The Group is also active in all main business areas: 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.

BMPS adheres to the Italian and supranational legislative provisions relating to issuers of securities listed on a regulated market and, as a bank, is subject to the applicable legislative, regulatory and supervisory provisions for banks and banking groups. As of 6 March 2023, the parties owning ordinary shares are the Ministry of Economy and Finance - MEF: 64.23% (ref. Corporate Governance Report 2022).
### Company Assets

<table>
<thead>
<tr>
<th>Company</th>
<th>Assets</th>
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<tbody>
<tr>
<td>Banca Monte dei Paschi di Siena (BMPS) 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.</td>
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<td>Monte Paschi Fiduciaria (MPSF) 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.</td>
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<td>MPS Capital Services, Banca per le Imprese, (MPSCS) 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.</td>
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<td>MPS Leasing &amp; Factoring (MPSL&amp;F) is the Group’s Bank specialised in developing an offer of integrated leasing and factoring packages for businesses, artisans and professionals.</td>
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<tr>
<td>Widiba (Wise-Dialog-BAnking) is the Group’s Bank that integrates a self-service offer with the competencies of MPS’s financial advisor network.</td>
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<tr>
<td>Monte Paschi Banque SA is the Group’s Bank that supports commercial trade and investments by Italian companies abroad.</td>
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Intragroup transactions primarily regard the **financial support** from the Parent Company to other companies, **structured finance transactions**, outsourcing services relative to the auxiliary activities provided by the Parent Company.

In addition to the above, there are companies operating in the viticulture (MPS Tenimenti Poggio Bonelli and Chigi Saracini Società Agricola S.p.a) and agrifood (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).

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 in the Yearly Financial Report to the Separate Financial Statements of the Parent Company.
2.2 Governance Model and Organisational Structure

The Montepaschi Group is a financial, credit, insurance, integrated and multi-market entity, with an organisational model based on three pillars:

- A central management and operational coordinating structure represented by the Banking Group Parent Company, which also performs operating activities on behalf of the commercial network;
- A production structure, consisting of the product companies, focused on the development of specialised financial instruments to be offered to the market;
- A distribution structure, consisting of the business units of Banca Monte dei Paschi di Siena and Banca Widiba, with the network of Financial Promoters.

BMPS, as Parent Company of the Montepaschi Group, has direction, governance and unitary control functions over the banking, financial and instrumental companies controlled by it, through Group management and coordination activities.

During 2022, the Group’s organisational model was revised, in keeping with the Plan’s objectives, with the dual aim of simplifying the number of organisational levels and improving commercial operating processes. The revision also involved the Commercial Network on which several rationalisation measures were implemented to reduce organisational complexity without compromising the service levels provided and the effectiveness of operating processes.

At the end of 2022, the Group’s organisational structure was as follows:
In the period January-July 2022, the Chief Commercial Officer was divided into 3 Chief Commercial Officers (Chief Commercial Officer Retail, Chief Commercial Officer Corporate and Private and Chief Commercial Officer Large Corporate & Investment Banking) for a more effective focus of the commercial chains on the objectives and results to be achieved on the corresponding reference markets.

In November 2022, the organisational structure of the network structures was revised, which led to establishing 14 Regional Retail Departments, 14 Regional Business and Private Departments, 14 Regional Retail Credit Departments and 14 Regional Business Credit Departments, which replaced the previous Regional Commercial Areas and Regional Departments.

As a result of the organisational review of the flow structures and in line with the specialisations by Market, adjustments were made to the General Management structures applicable to:
- Chief Commercial Officer Retail
- Chief Commercial Officer Corporate and Private
- Chief Lending Officer
- Chief Operating Officer.

In December 2022, the Group Operating Consortium was incorporated into Banca MPS through the establishment of two Level 1 structures (Information Technology and Information Security) reporting directly to the Chief Operating Officer.

The following organisational interventions were also carried out on the Network:
- moving Small Business Customers to Branches or Corporate Centres;
- transformation of Corporate Centres into Business Centres;
- moving the Operational Support Line from the Branch to the Value Line;
- transformation of around 500 Branches from the Paschi Valore organisational model to the Commercial Module model.

With respect to Network processes, actions are under way to improve the quality of work, free up more time to be dedicated to sales activities and increase Customer service quality, while reducing response/service provision times by streamlining "administrative" activities and document management costs, with a strong orientation towards increasing process digitalisation.

**Governance model**

The governance system adopted by the Montepaschi Group has the objective of ensuring the clear distinction of roles and responsibilities, the clear balance of powers, the effectiveness of corporate risk oversight and controls, and of promoting
corporate social responsibility and sustainability. In addition to applicable legal and regulatory references, the corporate governance system specifically refers to the Corporate Governance Code issued by Borsa Italiana.

The composition, appointment process, functioning and competences of the Board of Directors and other corporate bodies are detailed in the 'Report on Corporate Governance and Ownership Structure', published annually and available using the following QR Code.

In this context, the MPS Group’s administration and control system includes a traditional structure, composed of the Board of Directors, the Board of Statutory Auditors, the Shareholders’ Meeting, the Chief Executive Officer (who, at the moment, also holds the position of General Manager) and four internal committees:

- Appointments Committee
- Remuneration Committee
- Risk and Sustainability Committee
- Related-Party Transactions Committee

Shareholders’ Meeting
The Board of Directors appoints and dismisses the members of the Board of Directors and of the Board of Statutory Auditors, establishes their compensation and responsibilities, appoints the independent auditors, and approves the financial statements and the allocation of profits, remuneration and incentive policies, certain extraordinary transactions, share capital increases and amendments to the By-Laws (without prejudice to the Board’s capacity to resolve upon changes to the By-Laws required by regulatory provisions and for the deliberation of merger transactions in the cases set out in Articles 2505 and 2505-bis of the Italian Civil Code).

Independent Auditors
The audit of the statutory accounts is entrusted to the Independent Auditors.

Board of Directors
The Administrative Body that defines the strategies and strategically important transactions for the Bank and the Group, monitoring their implementation. It leads the Bank and the MPS Group by pursuing its Sustainable Success.

The Board operates with the support of its own committees which are entrusted with specific matters:

- Risk and Sustainability Committee
- Appointments Committee
- Remuneration Committee
- Related-Party Transactions Committee

Board of Statutory Auditors
Control Body tasked with the functions of ‘audit committee’ pursuant to Directive 2006/43/EC. Oversees compliance with laws, regulations and the By-Laws, proper administration, the adequacy of the company’s organisational, control and administrative-accounting systems, independent audit activities, the manner of actual enforcement of the corporate governance rules prescribed by the Code and the adequacy of the instructions issued by the Bank to subsidiaries in accordance with Article 114, Par. 2 of the Consolidated Law on Finance.
The Board of Directors in office as at 31 December 2022 is composed of 15 members. It was appointed by the Shareholders’ Meeting on 18 May 2020 and will hold office until the date of the Shareholders’ Meeting called to approve the financial statements as at 31 December 2022. All Board members in office are non-executive directors - with the exception of the CEO/CEO - and meet the eligibility requirements established by applicable regulations in force. The presence of eleven independent directors out of fifteen, 74% of the Board of Directors, pursuant to Article 15 of the Articles of Association, ensures effective monitoring of management and adequate constitution of the internal board committees.

1) Note that on 7 February 2022 the Bank’s Board of Directors resolved upon:
- 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 all related powers, while the latter remains in office as a member of the Bank’s Board of Directors;
- the co-optation pursuant to article 2386 of the Italian Civil Code, of Mr Luigi Lovaglio, following the resignation of the Director Olga Cuccurullo, on 4 February 2022, and his appointment as Chief Executive Officer and General Manager of the Bank.
- The Shareholders’ Meeting of BMPS held on 12 April 2022 also resolved on:
  1. the revocation of Director Mr Guido Bastianini;
  2. the appointment to role of Director, at the proposal by the Board of Directors, of Mr Luigi Lovaglio, already co-opted as director and appointed as Chief Executive Officer and General Manager by the Board on 7 February 2022;
  3. the appointment to role of Director, at the proposal of the majority shareholder Ministry of Economy and Finance (“MEF”), of Mr Stefano Di Stefano, for integration of the Board of Directors following the revocation of the Director referred to in the previous resolution.
On renewal of the entire Board of Directors, or on co-opting following the early termination of office of directors, the Board 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.

Performs the functions set out in the Corporate Governance Code for Listed Companies, the Supervisory Provisions issued by the Bank of Italy, and the Bank’s By-Laws. More specifically, the Committee supports the Board of Directors in the following processes:

- appointment of directors, proposing candidates for the office of director in the event of co-opting;
- self-assessment of corporate bodies;
- checking of requirements of corporate officers;
- definition of succession plans;
- appointment of members of the Executive Committee, if established, and of the Chief Executive Officer.

Performs the functions set out in the Corporate Governance Code, in supervisory regulations and in the provisions of laws, regulations, the By-Laws and corporate governance rules in force. In particular, the Committee performs the duties provided for by regulations in force, with functions of support to the body with strategic supervision powers (e.g. the Board of Directors) in issues involving governance and management of risks and the internal control system, sustainability, and for the approval of periodic financial and non-financial reports.

Performs support functions as regards transactions with related parties and associated parties.
With regard to **gender balance within the BoD**, the gender composition is in line with primary and supervisory regulations, as shown in the chart alongside. The **Board of Statutory Auditors** consists of three standing auditors (2 of whom are men and one woman) and 2 alternate auditors (one man and one woman), all above the age of 50.

With respect to the composition of the Board of Directors, the board committees and the Board of Statutory Auditors in terms of gender diversity, age and managerial and professional skills, it should be noted that, as a listed Bank, the specific provisions in this regard prescribed by the relevant laws and regulations\(^2\), as well as the principles and recommendations set out in the Corporate Governance Code to which the Bank adheres, are applicable to BMPS. Lastly, the Articles of Association of Banca MPS contain specific provisions on gender diversity (art. 15 and art. 25), calling for compliance with applicable regulations both upon appointment and during the term of office.

From a practical viewpoint, the application of diversity criteria\(^3\) for a highly effective composition of the governing bodies ensures:

- **gender balance** ensuring levels of representation in line with those required by law;
- **diverse age range of directors**, from a minimum of 48 years to a maximum of 72 years, and an average age of 60 years with only one Director under the age of 50\(^4\);
- that the **suitability requirements for the office of director have been met** (training, professional experience, independence of judgement, 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 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.

The Board of Directors’ collective composition is **highly diversified in terms of the education, expertise, and professional experience of its members**, in line with the guidelines on efficient qualitative and quantitative composition defined by the BoD in office at the time of the appointment of the BoD in 2022. In order to continue to increase the expertise of the governing body in respect of sustainable development, a Board Induction **meeting was held** on 21 January 2022 on sustainability, sustainability reporting and climate risk management.

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- **gender balance** ensuring levels of representation in line with those required by law;
- **diverse age range of directors**, from a minimum of 48 years to a maximum of 72 years, and an average age of 60 years with only one Director under the age of 50\(^4\);
- that the **suitability requirements for the office of director have been met** (training, professional experience, independence of judgement, 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 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.

With regard to **gender balance within the BoD**, the gender composition is in line with primary and supervisory regulations, as shown in the chart alongside. The **Board of Statutory Auditors** consists of three standing auditors (2 of whom are men and one woman) and 2 alternate auditors (one man and one woman), all above the age of 50.

With respect to the composition of the Board of Directors, the board committees and the Board of Statutory Auditors in terms of gender diversity, age and managerial and professional skills, it should be noted that, as a listed Bank, the specific provisions in this regard prescribed by the relevant laws and regulations\(^2\), as well as the principles and recommendations set out in the Corporate Governance Code to which the Bank adheres, are applicable to BMPS. Lastly, the Articles of Association of Banca MPS contain specific provisions on gender diversity (art. 15 and art. 25), calling for compliance with applicable regulations both upon appointment and during the term of office.

From a practical viewpoint, the application of diversity criteria\(^3\) for a highly effective composition of the governing bodies ensures:

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2.2.1 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, 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, transparency, sustainability and gender neutrality.

Governance and remuneration determination process

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”).

The Remuneration Committee, established within the Bank’s Board of Directors and composed of five non-executive directors, the majority of whom are independent, is responsible for expressing an independent opinion on remuneration policies and practices and for submitting proposals to the Board of Directors regarding the remuneration and financial treatment of the figures whose remuneration structure, according to the By-Laws, falls within the exclusive responsibility of the Board of Directors.

In determining remuneration, the Bank takes into consideration, in a neutral gender manner, the weighting of the position and the relative benchmarking, as well as the following aspects: skills and commitment; location of service and relative cost of living; level of formal education; scarcity of personnel available in the job market for specialised positions; nature of the employment agreement; duration of professional experience; professional certifications.

In compliance with supervisory provisions, the remuneration structure of top management and Group personnel 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, in compliance with the Bank’s By-Laws and Corporate Governance Code. 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.

With regard to variable remuneration, for the sake of completeness, it should be noted that no variable incentive schemes were set up in 2022 for the Group’s banking employees. As of 2023, the Group has envisaged the use of ESG targets to determine variable remuneration, as better described in the remuneration report published on the corporate website.
Remuneration of Directors and Statutory Auditors

For the term of office for financial years 2020 - 2021 - 2022, the Ordinary Shareholders’ Meeting elected the Board of Directors and the Board of Statutory Auditors and approved their gross annual compensation, to the extent due pro tempore, for the position of Director, Chairperson of the Board of Directors, Standing Auditor and Chairperson of the Board of Statutory Auditors of the Bank.

For the 2020-2022 term of office, the remuneration of Directors who have not been delegated with any powers, will envisage a gross fixed annual component, with the option, for the Board of Directors, to approve further gross fixed annual remuneration for the members of the committees within the Board of Directors and/or remuneration for specific positions.

With reference to the non-executive Directors and the members of the Board of Statutory Auditors, the principle that there be no connection with the economic results achieved by the Group and that no incentive plans of any nature are to be assigned to them, as approved by the Shareholders’ Meeting, is confirmed.

Furthermore, for members of the Bank’s Board of Directors and Board of Statutory Auditors, in line with the provisions in force for employees, an insurance policy has been taken out to cover professional accidents and healthcare and, for 2022, provide specific coverage for Covid-19.

For the sake of completeness, note that the members of the Board of Directors and the Board of Statutory Auditors of the Bank and the subsidiaries are also beneficiaries of a ‘Directors & Officers Liability’ (D&O) insurance policy, which covers the third-party liability (excluding wilful misconduct) of directors, statutory auditors and executive managers resulting from illegal acts performed by the same while performing their duties.

In 2022, the ratio between the highest annual total remuneration (RTA) and the median annual total remuneration of remaining staff was 10.7.

The ratio between the respective increase percentages was -24.7% since the highest annual total remuneration increased by 1.6%, due to the salary cap adjustment in 2022, whereas the median annual total remuneration of remaining staff dropped by 6.5% due to measures such as voluntary redundancy/solidarity fund, which affected resources with greater length of service/remuneration.

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 remuneration policies for 2022 were approved by the Shareholders’ Meeting held on 12 April 2022 (the Meeting was attended by 69.24% of the share capital).

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Pursuant to art. 2389 paragraph 3 of the Italian Civil Code

RTA (Total Annual Salary) includes, in addition to the items included in the RAL (Gross Annual Salary) indemnities related to the employee’s role/position and agreements regarding the permanence/stability/non-competition of the employee’s employment contract. All items additional to the RAL and included in the RTA may be cancelled if the conditions based on which they were assigned change.

Average employee salary in 2022 multiplied by ten. For more details, see the remuneration report published on the corporate website.

The position of the person receiving the highest remuneration is held by the CEO.
2.3 Governance of Sustainability and ESG Risks

Montepaschi Group's sustainability governance has been strengthened in line with the evolving regulatory and global context, in which the values of sustainability increasingly guide the company’s activities and strategies towards the development of business models and policies that are capable of creating long-term value, supporting its Customers in the transition towards a more sustainable economy and contributing 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 function, according to four guidelines (strategy, actions and policies, risk factor management, monitoring and reporting), are outlined in the document "Group Directive on Sustainability and ESG". The Directive defines the organisational model adopted by the Group in the field of Sustainability and ESG. 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, Italian and international guidelines and the standards and initiatives to which the Group has voluntarily adhered in the area of Sustainability and ESG.

During 2022, sustainability topics were considered 13 times in the Risk and Sustainability Committee and 18 times in the Board of Directors.
The Risk and Sustainability Committee supports the Board of Directors in overseeing sustainability issues with investigative, propositional and advisory functions in relation to sustainability assessments and decisions, and monitors the Group’s positioning in the ESG sphere. Specifically, the Committee’s specific tasks include:

- supervising sustainability topics related to the business model and to 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 on the basis of relevant international guidelines and principles, monitoring performance and receiving quarterly updates on the progress of the sustainability plan;
- examining the Non-Financial Statement and confirming the Materiality Analysis.

The Risk and Sustainability Committee also defines the strategic guidelines and policies for the governance of ESG risks with particular reference to the effects of climate and environmental risks on the business model and corporate strategy. It assesses, monitors and ensures that these risks are correctly identified, as well as appropriately measured, managed and monitored. Specifically, with regard to this area, it helps the Board of Directors to ensure that the Group’s entire risk management framework includes monitoring ESG risk factors and integrating them into all existing risk assessment, management, monitoring, control and reporting processes, as well as into the definition of the Group’s Risk Appetite and the Capital Adequacy and Liquidity Assessment process.
The Chief Financial Officer, as Head of Sustainability and ESG, and the Sustainability and ESG Staff Unit, which reports to the CFO, submit ESG strategy proposals, collecting and integrating input from all relevant corporate functions. The CFO and the Sustainability Staff Unit 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.

This Working Group was created to foster dialogue with corporate structures and gather useful information for reporting on the policies implemented and the results achieved, also for the purpose of drawing up the Non-Financial Statement, by preparing the contributions of all Group functions involved and supporting the implementation of the initiatives identified.

The Chief Compliance Executive advises the BoD in accordance with the ECB, EBA and ESMA Guidelines on ESG risks, on the measures to be taken to ensure that the Group complies with external national and European regulations. Furthermore, it continually supports the Corporate Functions, helping them to monitor the integration of ESG factors in the activities and services delivered by the Bank, as well as to measure/assess their impact on business processes and procedures and to assess the impact that any changes in laws and regulations on Sustainability may have on the Group's activities and compliance framework.

The Chief Audit Executive assesses the adequacy of the system of internal controls and overights in place to manage Sustainability issues and ESG risk factors.

The Chief Risk Officer 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). He independently assesses and monitors climate-related risks, requesting, where necessary, further mitigation actions to those identified by the Business Functions. He also handles reporting and relations with supervisory authorities regarding climate and environmental risk management issues.
All Group Corporate Functions implement initiatives within their own sphere of competence which are included in the Sustainability Plan. They also promote the integration of ESG elements in processes, procedures and information systems, seeking to achieve the defined Sustainability strategies and report the results achieved.

In addition, they monitor the risks associated with their sustainability and ESG activities (e.g. reputational risks, greenwashing, malpractice, etc.) and involve the Sustainability and ESG staff unit in initiatives and requests.

For the purpose of achieving the strategic goals defined in the Business Plan, which include any requests from the regulator and the Supervisory Authorities, and adherence to any commitments it has voluntarily signed up to, acting in a coordinated and structured manner, the Group drafted the Sustainability Plan at the end of 2022 and identified all the ESG initiatives considered as priority with the relevant deliverables, deadlines and ownership.

These initiatives were mainly included in the ESG Programme, which has a specific project structure with sponsorship by the Chief Financial Officer and Chief Risk Officer. The ESG Programme is divided into eight separate project areas covering the five pillars of the ESG Framework that the Group intends to develop (Strategy, Governance, Business Model, Risk & Regulation and Reporting & Communication). The Board of Directors, the Risk and Sustainability Committee and the Steering Committee are periodically informed about the progress of the activities during the specific ESG Session.

The ESG Programme is governed by a Steering Committee, composed of the Bank’s top-level functions, which is responsible for monitoring the progress of the Programme, managing and resolving cross-functional critical issues and decisions regarding possible escalation needs to the CEO. During the ESG Session of the Steering Committee, the CEO manages and addresses the significant critical issues reported by the Steering Committee and updates the ESG Programme if necessary.

Group risk appetite governance requires monitoring activities (Risk Appetite Monitoring) that include analysing the Bank’s risk/return trends in order to promptly detect signs of any critical issues, initiate escalation procedures in the event of critical issues and implement the necessary corrective actions.

Risk Appetite Monitoring is based on:

- a specific reporting system based on metrics consistent with the KRIs approved in the RAS;
- an ongoing monitoring system of the operational management limits assigned to the Legal Entities/Business Units, consistent with the KRIs defined in the RAS;
- communication/escalation/authorisation procedures in the event that RAF thresholds are exceeded at various levels.

In cases where critical elements are detected in the KRI monitoring phase, the Chief Risk Officer initiates pre-established escalation procedures, on an ordinary basis, as part of the Risk Management Committee’s activities. In extraordinary urgent and serious cases, the Chief Risk Officer Department has the right to refer the matter directly to the Risk Management Committee, or directly to the Chief Executive Officer and the Board of Directors.
2.4 Risk management and protection

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 on the assumption, management, hedging, monitoring and control of risks are defined by the Parent Company’s Board of Directors: the Board 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.

More specifically, the BoD defines and approves:

- **The Risk Appetite Framework** (RAF) for the entire Group, which seeks to ensure ongoing consistency between the Group’s actual risk profile and the risk appetite approved ex-ante by the BoD, taking into account any tolerance thresholds and within the maximum allowable limits.

- **The “Group Risk Appetite Statement”** (RAS), an essential phase for defining the Group’s risk strategy (risk objectives are identified and indicators described).

The risk governance system adopted by the Group is characterised by a clear-cut distinction of roles and responsibilities of the different functions at first, second and third level of control.

- the CEO/General Manager is responsible for ensuring compliance with risk policies and procedures;
- the Director in charge of the internal control and risk management system, appointed in compliance with the Corporate Governance Code for listed companies, is responsible for creating and maintaining an effective system of internal control and risk management.

The **Risk and Sustainability Committee** contributes decisively to defining the strategic guidelines and risk governance policies, enabling the Group’s main risks to be correctly identified and adequately measured, managed and monitored.
The Committee is in charge of assessing the adequacy of:

- the Risk Appetite Framework, helping to define the risk objectives (‘risk appetite’) and the tolerance threshold (‘risk tolerance’);
- the internal control and risk management system in relation to the risk profile assumed;
- the work plan prepared by the Internal Audit Function, and its approval.

The Chief Risk Officer (CRO) Department performs activities related to Risk Control, Anti-Money Laundering and counter-terrorist financing (AML) and 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.

This Department therefore has the following tasks:

- to ensure the necessary reporting flows to the Group’s Top Management and Governance bodies;
- to guarantee proper and adequate control activities for the Group Companies that have outsourced the analogous corporate function;
- to perform the anti-money laundering duties, according to the definition under the supervisory regulations, and the internal validation of risk management models.

In particular, within the Chief Risk Officer Department, the structure of the risk control function is assigned to a single Risk Management organizational unit, which includes 6 second-level organizational units (Risk Integration and Reporting, Credit Risks, Rating), Operational Risks, Market Risks and Wealth Risk Management, Liquidity Risks and ALM).

The Board of Directors appoints and removes the Parent Company’s Chief Risk Officer, upon proposal by the Risk and Sustainability Committee, with the assistance of the Appointments Committee, having consulted the Board of Statutory Auditors. The remuneration of the Parent Company’s Chief Risk Officer is determined and approved by the Board of Directors upon proposal by the Remuneration Committee, having heard the opinion of the Risk and Sustainability Committee.

The risk management system enhances the Group's risk culture and empowers all Organisational Units.

**Risk Culture**

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. During 2022, topics such as sustainability for banks and at MPS, integration of ESG elements in the adequacy model for investment services, privacy violation and conduct risk were addressed and provided on average to over 10 thousand employees. E-learning training activities were also carried out by managers who directly deal with the main banking risks in order to spread knowledge to the rest of staff on topics such as ESG factors and the Risk management perspective, and the Climate Stress Test ECB 2022, with the participation of over 500 members of staff within the Group’s control functions.
2.4.1 Management of ESG risk factors

The ESG topics regarded as material by the Group, in line with the ‘Impact materiality’ approach adopted, have been traced back to the ‘material topics’. Based on the developments to which these issues have been recently subject and their integration into the Group’s strategy and processes, the analysis of the related risks has also been extended and developed.

ESG risk analysis is carried out by analysing the multiple ‘transmission channels’ through which these risks could emerge. They are identified and monitored according to the impacts they could generate, as transversal drivers and with different levels of relevance, on traditional financial risks (credit, operational, market and liquidity) already known and addressed in the Group’s risk management framework.

For each material (or ESG) topic - which involves the Bank’s business model according to the activity carried out and relevant value chain, and drives its value proposition and related evolution strategies - the main positive, negative, current or potential impacts generated also in accordance with the Impact Materiality have been identified, together with the main vulnerabilities to which the Group may be exposed.

These vulnerabilities are due to the failure to achieve the goals set and to adequately handle these issues, and to the negative repercussions on the ecosystem of reference and more generally on the communities with which the bank interacts (risks generated).

In the ‘Our Approach’ section, for each ‘material topic’, a description is given of the approach followed by the Group to generate a positive impact in terms of sustainable development and fight against climate change, the main policies adopted, and evidence of related risk analyses.

With regard to risk analysis, the following are described: potential vulnerabilities, the nature of the risk (generated/ suffered; financial and non-financial), internal and external impacts, traditional risk areas that may be impacted, the management and/or protection measures implemented, and the main actions taken and results achieved during 2022.

On the basis of the transmission mechanisms of the ESG risk factors, a description is given of the potential financial impact, i.e. an impact that immediately turns into an expected or unexpected potential loss, or a non-financial risk, i.e. one that does not have an immediate financial impact, but may then turn into that type of risk and have a highly significant impact, (e.g. reputational, business, strategic risk). For climate-related risks, details are also given according to the transmission channel of physical and transitional risk.

With reference to the Group’s Environmental sphere, consistently with the six environmental goals identified by the EU Taxonomy (Regulation 852/2020), the Group divides risk factors into risk factors that are climate related and are linked to the climate change mitigation and adaptation goals, and risk factors that are not climate-related and are linked to the other four EU Taxonomy goals (use of water and marine resources; circular economy, waste treatment, reduction, recycling; pollution prevention and control; protection of...
biodiversity and eco-systems). Non-climate related risks are linked to multiple environmental issues, which are expected to be the subject of future regulations.

With reference to climate change or climate related risks (C&E risks), consistently with developments in regulatory legislation and emerging good practices, the Group focuses particularly on the identification and integration process, since environmental risk is the risk that is receiving the strictest attention by both stakeholders and the market, due to the tangible impacts that climate change is already showing on the social and economic environment.

With regard to C&E risks, according to the guidelines already expressed in November 2020 by the ECB (Guide on Climate-related and Environmental Risks - Supervisory Expectations relating to Risk Management and Disclosure), please refer to the section on Sustainable Finance and Climate Change. The relevant table provides indication of the transmission channel for physical and transition risks.

The risk analysis approach implemented, supported also by quantitative evidence, led to identifying as material the risks of C&E accidents affecting the areas of Credit and Operational Risks (including in a broad sense also the reputational risks), in continuity with what had already emerged from the first qualitative analyses carried out in 2021.

Credit risks, on the basis of the risk exposure conceivable based on the possible transmission channels, were also found to be ‘very high’ (transition risk) and ‘high’ (physical risk), depending on the potential exposure associated with each C&E risk factor.

For the other ESG risk factors, the potential risks mostly stem from ‘direct’ impacts on operational risks and ‘indirect’ impacts on reputational risks, the majority of which already are treated generically as such, before being explicitly identified as ESG.

With regard to operational risks, the possibility of incurring losses due to penalties or disputes regarding labour or environmental impact issues are potential risks that have always been considered in the Group’s management and mitigation actions, although not explicitly ‘labelled’ as ESG risks.

Another transmission mechanism with regard to Social risk, is the ‘indirect’ one regarding the Bank’s reputation due to the damage to its image as a result of any controversial conduct towards the internal community and outside the corporate perimeter.

Please refer to the section Our Approach - Sustainable Finance and Climate Change for a description of the management of climate risks, identified as material. Instead, a description is given below of the approach followed for the management of Reputational risk related to ESG factors, also identified as material.

With reference to risks related to climate change or climate-related (C&E risks), the Group pays particular attention to the identification and integration process.
Management of reputational risk related to ESG factors

Starting from 2020, the framework has been integrated into the Group Risk Appetite Framework. Specific indicators have been included, which are monitored on a quarterly basis and help “measure” the strength of relations with the main stakeholders (Customers, Employees, Institutions/Communities, Regulators, Shareholders/Investors). Escalation mechanisms are also envisaged if the established thresholds are exceeded.

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. The framework integrates the development of organisational and communication safeguards to mitigate reputational risk.

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 risks and implementing suitable organisational safeguards.

The framework 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 also 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.

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.

Starting in 31 December 2022, an additional component was included in the reputational risk indicator, subject to RAS monitoring, which takes into account the reputational impacts linked to ESG factors. This component takes into account how the MPS Group’s attention to ESG issues is perceived outside the Group, according to the sustainability ratings expressed by independent agencies on the Group and the volume of exposure towards sectors subject to transition risk and linked to controversial activities.
3. Materiality Assessment and Stakeholder Engagement
3.2 Sustainable finance and Climate change
3.3 Our Community
3.4 Our People
3.5 Our integrity
Ever since it was founded, the MPS Group has enhanced its relationship with the local area, the environment and the people who live there. This is why it has developed a **structured and well-defined approach to sustainability issues** over the centuries, as clearly shown below:
- **2003**: First UNI EN ISO 14001 certification (MPS CS since 2002)
- **2006**: Foundation of Microcredito di Solidarietà in which the Bank holds a share (40%)
- **2008**: Publication of the Code of Ethics and the Occupational Health and Safety Policy. First OHSAS 18001 certification
- **2012**: 100% use of energy from renewable sources for consumption
- **2017**: Consolidated Non-Financial Statement – first publication pursuant to Legislative Decree 254/2016
- **2019**: First signatories of the Principles for Responsible Banking (PRB) that promote the alignment of financial institutions with sustainability principles
- **2020**: The BoD renames the Internal Risk Committee as the Risk and Sustainability Committee, assigning specific sustainability functions. Publication of the first ESG rating of Standard Ethics
- **2021**: Creation of the unit responsible for incorporating sustainability into the Group’s ‘Sustainability and ESG’ strategy, with the Sustainability Function falling under the responsibility of the CFO
- **2022**: The Bank joins the Net-Zero Banking Alliance promoted by the United Nations. Publication of the Sustainability Guidelines and the Policy on Dialogue with Shareholders and Investors, available on the Bank’s website. ESG goals entered in the Group Business Plan and start of the ESG Programme
Over the past years, the Materiality assessment process has become increasingly important given its ability to influence the Bank’s strategic decisions.

3.1 Materiality assessment and stakeholder engagement

The Materiality Analysis process is aimed at identifying the most relevant topics to be reported in the NFS. Over the past years, this process has become increasingly important given its ability to influence the Group’s strategic decisions, resulting in a methodological change which will be developed over two phases: the first phase concerns the transition from single materiality to impact materiality, which will be adopted until 2023, while the second will regard the transition to double materiality starting from 2024.

The Materiality Analysis process adopted in the first years of application of Legislative Decree 254/2016 by companies, was structured according to a 'single materiality' approach. In line with standards and market achievements, the process envisaged determining the relevance of the topics (identified on the basis of strategic information) for the company with the involvement of management and for stakeholders on the basis of engagement activities with main internal and external stakeholders.

In 2021, the Global Reporting Initiative published a new Standard (Standard 3 - Material Topics) that redefines the materiality process and introduces the concept of Impact Materiality to be adopted for the 2022 Non-Financial Statement.

As a result, the Montepaschi Group updated its Materiality Analysis process according to the impact materiality approach, in line with the new GRI Standards 2021, which requires assessing the positive and negative, actual and potential impacts that the company generates on society, the economy and the surrounding environment through the conduct of its business and business relations.

Identifying potentially relevant topics and related impacts

Identifying stakeholders and experts to be involved

Involving stakeholders and broadening the range of impacts with the evidence gathered

Analysing the results achieved, prioritising the most significant impacts and identifying the material topics.

GRI 2-29  GRI 3-1  GRI 3-2  GRI 3-3
Identification of topics
The identification of potentially relevant topics and their impacts started from an analysis that took into account the Group’s new 2022-2026 Business Plan and the main priorities and developments in the regulatory and global context on ESG topics, including feedback received from ESG rating agencies.

This led to updating the potentially relevant topics to the Group, which were grouped under the Group’s four Sustainability pillars described in the Internal Sustainability and ESG Guidelines (Sustainable Finance and Climate Change, Our Community, Our People, Our Integrity). The potentially material topics by pillar and area of Legislative Decree 254/2016 are reported below: Compared to the previous year, the topic “Sustainable Finance” was renamed as “Sustainable Finance and Climate Change”, to highlight the connection between the two topics that summarise the risks and opportunities related to sustainable development and climate change.

![Diagram of potentially relevant topics]

- **ENVIRONMENTAL**
  - Quality in Customer relations
  - Digitalisation and IT security
  - Support for people and Local Areas
  - Support for the community
  - Sustainable finance and Climate Change
  - Direct environmental impact

- **SOCIAL**
  - Quality in Customer relations
  - Digitalisation and IT security
  - Support for people and Local Areas
  - Support for the community
  - Human resource development
  - Diversity & Inclusion
  - Responsible supply chain management

- **PERSONNEL**
  - Integrity in business conduct and the fight against corruption

- **ANTI-CORRUPTION**
  - Integrity in business conduct and the fight against corruption

- **HUMAN RIGHTS**
  - Integrity in business conduct and the fight against corruption

**KEY TO GMPS’S SUSTAINABILITY PILLARS:**
- Sustainable finance and Climate Change
- Our Community
- Our People
- Our Integrity
Identification of stakeholders

The identification of priority stakeholder categories for the MPS Group, i.e. stakeholders whose interests could or are positively or negatively affected by the Bank’s activities, was carried out based on the following drivers:

- The characteristics of the business, the business context and the sustainability strategy/initiatives launched;
- The main global sustainability trends and developments.

Compared to previous years, there is an increasing focus on ESG issues and how they should be handled by the banking sector, including by representatives of the financial world, business partners and regulators, who have therefore been included in the list of key stakeholders.

Stakeholder Engagement

In line with the aforementioned methodological references, in order to assess the relevance of the real, positive and negative, current and potential impacts of the Group’s activities and its value chain according to Group stakeholders’ perception, a direct and qualifying engagement activity was carried out with representatives and opinion leaders who are experts in Sustainability issues.

The use of an engagement method based on one-to-one interviews and focus groups gave the opportunity to deeply focus on industry trends and ESG expectations, assess the significant impacts related to the Group’s activities and collect stakeholders’ perceptions on the sustainability risks and opportunities for banks and the MPS Group.

The stakeholder engagement process helped to:

- define an impact materiality score associated with each topic and so enable their prioritisation;
- review the impact-oriented declarations associated with material topics;
- identify the most significant (positive and/or negative) impacts on the economy, the environment and/or society consistently with leading reference frameworks and the organisation’s specific context through the use of an assessment tool.

The focus of the interviews shifted, asking:

- to assess the impact of the topic
- to assess monitoring of the topic by the Group (only top management and employees)
Furthermore, thanks to the ideas that emerged during the engagement activities, we considered it appropriate to add the topic “Performance and Financial Solidity”, with the aim of enhancing the strategic pillars on which the 2022-2026 Group Business Plan is based, the Group’s focus and commitment in implementing actions and initiatives aimed at achieving sustainable profitability and solid and resilient Financial Statements. It was also decided to merge the topics “Quality in Customer Relations” and “Support for People and Local Areas” into a single topic: “Customer Relations and Strong Link to the Local Area”, given the interconnections between the impacts generated by the two topics.

Results of materiality process and prioritisation of impacts

The final Impact Materiality score is based on the weighted average of the generated impact assessments given by the Top Managers involved and other external and internal stakeholders involved, as well as the assessment by the Sustainability Staff, in order to guarantee overall consistency of the qualitative and quantitative evidence, taking also account of the global evolution of sustainability. Following the qualitative and quantitative evidence that emerged from Stakeholder Engagement, the requirements of the reporting standard that seek to foster comparability and transparency of information, and the commitments undertaken with the PRBs (Principles for Responsible Banking), it was decided to set the materiality threshold for non-financial reporting by including all topics that had a medium/high/very high impact assessment, i.e. with a score above 3, as shown below.

<table>
<thead>
<tr>
<th>RANKING</th>
<th>MATERIAL TOPICS</th>
<th>AVERAGE SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Sustainable finance and climate change</td>
<td>4.4</td>
</tr>
<tr>
<td>#2</td>
<td>Integrity in business conduct and the fight against corruption</td>
<td>4.3</td>
</tr>
<tr>
<td>#2</td>
<td>Human resource development</td>
<td>4.3</td>
</tr>
<tr>
<td>#2</td>
<td>Protection of human resources</td>
<td>4.3</td>
</tr>
<tr>
<td>#5</td>
<td>Digitalisation and IT security</td>
<td>4.2</td>
</tr>
<tr>
<td>#6</td>
<td>Economic performance and solidity</td>
<td>4.0</td>
</tr>
<tr>
<td>#6</td>
<td>Relations with Customers and strong link to the local area</td>
<td>4.0</td>
</tr>
<tr>
<td>#6</td>
<td>Diversity &amp; Inclusion</td>
<td>4.0</td>
</tr>
<tr>
<td>#9</td>
<td>Responsible supply chain management</td>
<td>4.0</td>
</tr>
<tr>
<td>#10</td>
<td>Culture and Community</td>
<td>3.6</td>
</tr>
<tr>
<td>#11</td>
<td>Direct environmental impact</td>
<td>3.3</td>
</tr>
</tbody>
</table>

The table below shows the main impacts generated (positive and negative, current and potential) by the Group in conducting its business activities and relations, on people, the environment and the economy (impact on the external world) that emerged from the materiality assessment for each material topic, which in turn are connected to the Group’s four ESG Pillars described in detail in this section.

<table>
<thead>
<tr>
<th>SUSTAINABLE FINANCE AND CLIMATE CHANGE</th>
<th>MATERIAL TOPICS</th>
<th>MAIN POSITIVE AND NEGATIVE, CURRENT AND POTENTIAL IMPACTS GENERATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable finance and climate change</td>
<td>+ Supporting the promotion of sustainable development models through the systematic integration of environmental, social and governance (ESG) criteria into investment and financing policies and the offer of dedicated products</td>
<td>- Potential impacts on access to credit by companies or sectors with low ESG performance due to new green credit/investment strategies</td>
</tr>
<tr>
<td>Direct environmental impact</td>
<td>+ Reduced environmental impacts through awareness-raising activities for customers and employees on the use of resources (e.g. printing of contractual documents)</td>
<td>- Higher concentration of greenhouse gases due to the increase in the Group’s direct emissions (Scope 1 and 2)</td>
</tr>
</tbody>
</table>
### OUR PEOPLE

<table>
<thead>
<tr>
<th>MATERIAL TOPICS</th>
<th>MAIN POSITIVE AND NEGATIVE, CURRENT AND POTENTIAL IMPACTS GENERATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resource development</td>
<td>Contribution to the professional development of staff through specific training, upskilling and reskilling</td>
</tr>
<tr>
<td></td>
<td>Possible negative impacts on employee satisfaction levels due to ineffective performance assessment systems and the inefficient definition of career development plans</td>
</tr>
<tr>
<td>Protection of human resources</td>
<td>Supporting employees through the provision of welfare programmes, health coverage, conclusion of agreements, solidarity programmes</td>
</tr>
<tr>
<td></td>
<td>Potential negative impacts on the well-being of people as a result of the reorganisation activities included in the Group Business Plan</td>
</tr>
</tbody>
</table>

### OUR COMMUNITY

<table>
<thead>
<tr>
<th>MATERIAL TOPICS</th>
<th>MAIN POSITIVE AND NEGATIVE, CURRENT AND POTENTIAL IMPACTS GENERATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digitalisation and IT security</td>
<td>+ Strengthening cybersecurity through training, governance management and the introduction of new tools for monitoring and preventing incidents</td>
</tr>
<tr>
<td></td>
<td>− Potential negative impacts resulting from IT security incidents on new channels</td>
</tr>
<tr>
<td>Customer relations and strong link to the local area</td>
<td>+ Improving Customer relations through a widespread local distribution network capable of helping customers manage their needs</td>
</tr>
<tr>
<td></td>
<td>− Potential negative impacts of branch network reorganisations</td>
</tr>
<tr>
<td>Culture and Community</td>
<td>+ Supporting community financial education through training and awareness-raising initiatives (e.g.: #MpsEdu, MpsOrienta)</td>
</tr>
<tr>
<td></td>
<td>− Failure to contribute to the social and cultural development of the Community</td>
</tr>
</tbody>
</table>
## OUR PEOPLE

<table>
<thead>
<tr>
<th>MATERIAL TOPICS</th>
<th>MAIN POSITIVE AND NEGATIVE, CURRENT AND POTENTIAL IMPACTS GENERATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversity &amp; Inclusion</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Improving the gender gap through programmes focused on gender equality and women’s empowerment (e.g. Women Leadership Programme)</em></td>
</tr>
<tr>
<td></td>
<td><em>Failure to support the creation of an inclusive environment and deepening of the wealth distribution gap due to discriminatory remuneration policies</em></td>
</tr>
</tbody>
</table>

## OUR INTEGRITY

<table>
<thead>
<tr>
<th>MATERIAL TOPICS</th>
<th>MAIN POSITIVE AND NEGATIVE, CURRENT AND POTENTIAL IMPACTS GENERATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrity in business conduct and fight against corruption</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Increase/Loss of stakeholder trust as a result of fair and transparent financial conduct by the Group</em></td>
</tr>
<tr>
<td>Economic performance and solidity</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Distribution of economic value to stakeholders (suppliers, employees and contract staff, shareholders, public administration, community)</em></td>
</tr>
<tr>
<td></td>
<td><em>Loss of trust by stakeholders and the financial system due to economic/financial performance not in line with expectations</em></td>
</tr>
<tr>
<td>Responsible supply chain management</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Raising awareness of suppliers on sustainability issues and improvement of ESG performance through specific checks and periodic control activities</em></td>
</tr>
<tr>
<td></td>
<td><em>Failure to support sustainable development and protection of the Planet in the event of ineffective management of supplier selection, evaluation and monitoring processes according to ESG criteria</em></td>
</tr>
</tbody>
</table>
3.2 Sustainable finance and Climate Change

3.2.1 Sustainable Finance

Our approach
Playing an active role in the transformation of the economic and social context by fostering the transition towards sustainable and inclusive business development models and contributing to the development of a low-emission economy was one of MPS Group’s main commitments, as confirmed in the 2022-2026 Group Business Plan. Incorporating environmental, social and governance (ESG) criteria into its investment and financing policies, and offering dedicated products will help bolster the creation of positive impacts on society as a whole and on the Group’s competitiveness.

THE GROUP’S MAIN POLICIES TO MONITOR THE TOPIC

- Sustainability and ESG Directive
- Rules on credit strategy definition, transmission and monitoring
- Operational instruction for assessing the environmental component in financing and investment transactions

RESULTS 2022

- During 2022, 13% of new medium- to long-term loans regarded ESG
- 47% of Total AuM are invested in ESG products; 61% of ESG compliant products – art 8/9 SFDR
- ESG questionnaire introduced, addressing all corporate Customers – profile collected for 20% of counterparties
- EUR 485 mln disbursed in green products and services and around EUR 11 bn in support of people and companies

20% of new financing will regard medium- to long-term ESG loans within 2026

Strengthening the commercial offers to support the sustainable transition of companies, and issuing 1.5 billion Green and Social Bonds within 2026

40% AuM invested in ESG products out of total AuM placed

Integrating the Counterparty’s rating with ESG criteria

Strengthening the commercial offers to support the sustainable transition of companies

As regards NZBA, definition of alignment target for at least 3 sectors and introduction of Transition Policy

OUR COMMITMENT
The table below provides a description of the main risks for the Group related to the material topics described in the chapter and the approach adopted to manage them, in consideration of the internal business processes.

<table>
<thead>
<tr>
<th>Main topics</th>
<th>Potential risk</th>
<th>Nature of risks involved</th>
<th>Stakeholder impacted</th>
<th>Main management and mitigation safeguards</th>
</tr>
</thead>
</table>
| Properly undertaking the role of stimulating the ecological transition for Customers (Climate Change Mitigation & Adaptation) | > business model that does not support transition  
> the products and services offered do not support transition or the mitigation of climate risks  
> greenwashing (products and services that are only apparently ESG-targeted) | Incurred  
Financial | Core (Credit, operational, liquidity, market) and Reputational risks | Bank  
> Launch of a Group ESG Sustainability Plan, linking the commercial offer and credit functions and the control functions.  
> Investment products and services offered to Customers by analysing and checking the adequacy of the proposed transactions with respect to the Customers’ ESG profile (in accordance with ESMA / Consob instructions) |
| Responsible use of water and marine resources                              | > damage to assets/capital equipment and caused by non-compliance with environmental goals  
> difficulties in the counterparties’ business activity due to the transition policies implemented to achieve each environmental sustainability goal | Incurred  
Potentially Financial | To be assessed on Core risks depending on:  
- possible physical impacts on Customers’ assets and activities (physical risk channel)  
- changes in environmental laws and taxonomy regulation (transition risk channel) | Bank  
> Development of products and services for financing real estate energy efficiency works (e.g. “Building Bonus” structured offer), green activities and projects or geared towards the environmental sustainability of production activities and the development of renewable energies |
| Circular economy, waste treatment, reduction and recycling                |                                                                 |                                                                                         | Bank  
> Financing the sustainable transition of Client business customers through dedicated credit strategies and standards based on the Customer’s current and prospective ESG profile, and on their business plans oriented towards transition and carbon footprint reduction. |
| Pollution prevention and control                                         |                                                                 |                                                                                         | Bank  
> Financing the sustainable transition of Client business customers through dedicated credit strategies and standards based on the Customer’s current and prospective ESG profile, and on their business plans oriented towards transition and carbon footprint reduction. |
| Protection of ecosystem biodiversity                                      |                                                                 |                                                                                         | Bank  
> Financing the sustainable transition of Client business customers through dedicated credit strategies and standards based on the Customer’s current and prospective ESG profile, and on their business plans oriented towards transition and carbon footprint reduction. |
| All the above issues                                                      | > Damage to the company’s environmental reputation | Incurred  
Potentially Financial | Indirect and reputational | Bank |

For details on the main impacts generated, see the chapter "Materiality Analysis and Stakeholder Engagement"
Sustainable credit and Group ESG credit strategies

The Montepaschi Group has always believed in its crucial role in supporting and promoting the economic and social development of its Customers and the local areas in which it operates.

It is aware that even in these times of deep change it must play its part in steering the flow of capital and accelerating the transition towards sustainable development models and low-emission economies while contributing to increase the competitiveness and resilience of companies and enhancing the well-being of society as a whole.

Against this background, the Group has adopted its own ESG credit policy and related ESG goals and has launched several projects aimed at assessing the ESG profile of its Customers and expanding the commercial offer of products designed to meet the needs of small business and corporate companies, retail Customers and Customers interested in sustainable transition.

By joining the Net Zero banking Alliance in January 2022, the Bank reaffirmed its commitment to fight against climate change, seeking to reduce the emissions linked to its loan and investment portfolio by integrating the analysis of environmental issues into the related processes and steering its choices based on environmental contribution. This important aspect is therefore capable of influencing the economic growth prospects of the companies financed and of safeguarding the planet. Moreover, it takes on greater relevance for companies that due to their 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.

In this context, the Group is currently involved in a number of initiatives aimed at defining progressive decarbonisation targets for high-emission sectors, due to be published at the end of July 2023, and transition and business follow-up policies.

In addition to the more pressing global challenge of climate change, the safeguarding of social welfare, inclusion, and “green” social values, in terms of both the environment and occupational health and safety, and the governance of these aspects, are taking on increasing importance. In this context, ESG criteria were incorporated into the credit strategies in 2022 for the purpose of steering financing towards companies. Operational tools were also introduced to assess the ESG profile of companies and support managers in identifying solutions aligned to Customers real needs.

The Montepaschi Group has always believed in its crucial role in supporting and promoting the economic and social development of its Customers and the local areas in which it operates.
STRATEGIES AND PROCESSES IN SUPPORT OF SUSTAINABLE LENDING

ESG credit strategies
Credit strategies were integrated with new ESG factors in order to take into account the Customer’s sustainability. An ESG direction (see the “learn more” box) is defined for each single Customer that takes into account both a sector-based and a client-specific transitional risk component through the completion of an ESG questionnaire.

Definition of credit processes and standards
An ESG questionnaire was introduced for all business Customers. The questionnaire is in all regards a new credit standard and is an integral part of the information gathered to assess the creditworthiness and define the credit strategy to be developed with the Customer. A number of drivers linked to environmental and more in general ESG strategies were included in the business plan stress tests in order to define the medium-term financial sustainability of the transaction in an increasingly integrated manner.

Building energy certification
To support the fight against climate change and promote projects related to the purchase of energy-efficient buildings and the upgrading of buildings, in addition to the specific products offered, the structured acquisition of building energy performance assessments was introduced.

OBJECTIVES PURSUED

- Helping companies and Customers committed to investing in sustainable transition thanks to more favourable credit terms (e.g. approving unsecured rather than secured loans if the counterparty has a better ESG profile or an ESG commitment)
- Directing the loan portfolio more systematically towards loans with better ESG performance and with particular attention to climate risk in order to contain ESG risks
- Assist Customers in building forward-looking change, helping them become resilient and aware of the environment in which they will operate

The ESG questionnaire gathers detailed information on the ESG profile of each single Customer. In addition to enriching the Bank’s information assets, this information is an increasingly important credit assessment component and helps better define the Customer’s ESG profile and manage their risk profile.

The integration of ESG commitments in the business plan will contribute to integrating the transition dimension into the analysis and to factorise the sustainable path including the environmental path undertaken by companies.

- For mortgages granted to retail Customers, during appraisal of the property by an appointed expert, the Energy Performance Certificate (EPC) is also integrated with the energy class of the secured property
- For real estate companies, a valuation of the assets covered by the loan was introduced according to which a rating is assigned to the assets on the basis of the level of attractiveness of the sectors to which the real estate belongs and the energy performance certificate
- The combination of these two factors identified the six ratings reported below.

<table>
<thead>
<tr>
<th>Judgment</th>
<th>A - C</th>
<th>D - G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neutral</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ENERGY PERFORMANCE CERTIFICATION

- Property attributable to sectors with good current and prospective performance and with good energy performance
- Property attributable to sectors with good current and prospective performance but in need of energy upgrading improvements
- Property attributable to sectors with average prospective trend and good energy performance
- Property attributable to sectors with average prospective trend, but in need of energy upgrading improvements
- Property attributable to sectors with prospective trends that could show critical issues, but with good energy performance
- Property attributable to sectors with prospective trends that could show critical issues and in need of energy upgrading improvements
ESG direction

In 2022, the Group introduced an additional assessment element called “ESG direction” as part of the definition of its credit strategies. This element identifies the Customer’s ESG profile (overall score) by integrating the transition risk of the sector involved and the ESG positioning of the individual Customer identified through the administration of the ESG questionnaire.

Transition risk identifies the loss a company may directly or indirectly suffer in adjusting to a low-emission and more environmentally sustainable business environment. Based on the risk, each economic sector is assigned to five classes:

- **MAXIMUM RISK**
- **HIGH RISK**
- **MEDIUM RISK**
- **NEGLIGIBLE RISK**
- **GREEN**

This information is supplemented with the Customer’s single name information acquired through the questionnaire, which encompasses questions covering the three dimensions of sustainability - ESG.

Based on the outcome of the questionnaire and on the assessment of the transition risk to which the company is exposed, an overall evaluation is assigned to the company’s ESG direction, divided into the following classes:

- **Sustainable**
  - Ateco Customers with Medium-Low transition risk and a very good sustainability profile

- **Neutral**
  - Ateco Customers with Medium transition risk and sustainability profile with margins for improving ESG

- **No Transition**
  - Ateco Customers with Medium-High transition risk and weak sustainability profile
If the counterparty does not complete the questionnaire, only the associated transition risk is taken into account. The overall score of the Customer’s ESG profile, together with the ESG direction of the Group’s credit strategies, makes it possible to define the management direction on which the credit relationship should be based and the type of loan that may be granted.

ESG profile assessment is also a tool to support the management of related risks:

- The environmental risk profile was assessed by integrating the sector-related and single name dimension, thus achieving a more accurate estimate of the Counterparty’s risk level. The environmental score assigned at sector level is integrated with the E profile of the individual Counterparty (single name) which, based on the information gathered, takes into account its environmental performance. The aim of the assessment tool is to analyse the emissions of each counterparty. If unavailable, it bases the analysis on indicator drivers, such as energy consumption, type of energy used, waste management and certifications held, etc.

- The assessment of social risks is performed by evaluating the relevant items and is currently being improved in view of the Group’s desire and commitment to take a proactive role in the local areas in which it operates, fostering the development of business models built on the inclusion and the protection and development of human resources, employment protection, resource welfare, initiatives in support of communities, the promotion of artistic and cultural heritage as well as financial education and career guidance.

In 2023, the ESG questionnaire will be further developed to ensure an increasingly accurate assessment of Customers on the basis of company size and economic sector involved, and a better assessment of the associated risk.

Furthermore, the Group company MPS Capital Services - which was established following the merger with Banca Verde (a former Group company specialising in credit for the agricultural and agri-industrial sector and “green” initiatives) and focuses on financing corporate enterprises - in addition to the strategies and standards described above, places further emphasis on the assessment of possible “environmental impacts” when analysing and standardising its operational, decision-making and relational processes.

This involves both its credit activities and the relations it holds with its stakeholders and especially with all its suppliers.

The principles of the Group Environmental Policy adopted by MPS Capital Services have for some time now required that its environmental performance goals be monitored.

This is achieved by analysing specific indicators both for normal credit granting and management activities, but also for evaluating other aspects of business operations that have environmental implications.

MPS Capital Services also has an “Environmental Scoring” system. Its purpose is to assess the lending transactions approved by the Bank, from an environmental point of view, which is added to the overall assessment of creditworthiness.

“Environmental Scoring” multiplies the “weight” of the risk profile assigned to the RAE (Business Activity Sector) by the amount class of the lending transaction being assessed.

The RAE is the most important factor 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.

The score achieved can be “upgraded” 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.”

The final Scoring is divided into four rating classes:

- A - Low Risk
- B - Medium Risk
- C - Significant Risk
- D - High Risk

During 2022, approved transactions with a high environmental scoring (A/B) amounted to EUR 1.1 bn (71% of the total), rising compared to 2021 (EUR 0.8 bn).

As in previous years, the implementation of these activities was accompanied by specific training, which involved the entire Performing Loans department (DG and Network), for a total headcount of 680 resources, in addition to other resources involved in the lending activities of the Chief Lending Officer and Chief Risk Officer and the Product Companies (total 800 resources).
Training on sustainable finance

In line with previous years, the Bank continued to enhance the dissemination of specialist know-how on ESG topics:

- As part of the "Credit Inside" cycle of meetings, a session was organised on the relevance of the "Social" sphere with a focus on motivational aspects at work.
- A training cycle called "Green Deal Finance" was organised, focusing on issues concerning the evaluation of business plans for "green" investments, as well as a session on public funds and calls for tenders to finance investments with environmental purposes.
- A technical workshop was organised on "Financial Reporting and ESG Criteria".

Out of the total average number of hours of specialised training on Credit delivered in 2022, sustainable finance training stood at 50%.

Consistently with the aforementioned activities, both the credit strategies and standards will be improved in 2023, to ensure more efficient ESG credit offerings.

Special emphasis will be placed on defining specific credit processes and standards to achieve the Net-zero Banking Alliance (NZBA) goals and the ambition to "decarbonise" the loans portfolio.

In fact, the 2030 targets for the reduction of emissions financed by NZBA priority sectors will be defined by July 2023, starting with the highest-impact sectors. A specific project aimed at defining and publishing these targets and managing the associated activities has been planned within the ESG programme.
**Sustainable financing products**

In its role as active partner and driver of the transformation of the economic and social reference context, the Group has contributed to the development and promotion of its products with environmental and in general sustainability-related characteristics.

In 2022, total loans disbursed by the MPS Group with ESG characteristics amounted to around EUR 12 bn, of which roughly EUR 485.1 bn with environmental purposes and EUR 11.2 billion with social purposes. The main products with environmental and social purposes are illustrated below.

**With environmental goals:**

SGRI G4 FS8

**RENEWABLE ENERGIES**

Through its subsidiary MPS Capital Services, the Group promotes and supports green projects aimed at reducing environmental impact and accompanying Customers towards ecological transition. During 2022, MPS Capital Services disbursed a total of EUR 40 mln for renewable energy projects, specifically:

- **WIND**
  - EUR 10.7 mln

- **PHOTOVOLTAIC**
  - EUR 17 mln

- **ENERGY EFFICIENCY**
  - EUR 5.8 mln

- **BIOGAS**
  - EUR 6.9 mln

**SACE GREEN NEW DEAL**

In 2021, the Group started to cooperate with SACE within the framework of the guarantee instrument called SACE Green New Deal. The aim is to promote projects aimed at reducing environmental impact and launching ecological transition through loans backed by guarantees provided by SACE for approximately 80% of the amount disbursed. Approximately EUR 57 mln were disbursed in 2022.

**SUSTAINABILITY LINKED LOANS**

To enhance ESG initiatives, in 2022 the Large Groups Department took part in the structuring of a pooled Sustainability-Linked loan with a share of EUR 45 million with ESG-related parameters established within the agreement. MPS Capital Service, on the other hand, disbursed a Sustainability-Linked loan of EUR 101 mln.

**ECOBONUS**

In 2022, the Bank continued to strongly focus on system-level initiatives and quickly prepared a structured offer which could provide a tangible response to Customers wishing to use the “Building Bonuses”. The Relaunch Decree assigned a specific role to Banks as transferees of the tax credit that accrues with respect to subsidised energy efficiency works. In general, the solution offered by the Bank allows customers to use bridging loans to obtain immediate liquidity even before the tax credit matures.

The Bank 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. The agreements signed with leading Trade Associations were renewed in 2022. 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. EUR 241.41 mln were disbursed.

**With social purpose:**

SGRI G4 FS7

**CONSAP MORTGAGES**

Consap Mortgages are medium- and long-term mortgages used for purchasing and renovating (including energy-efficiency upgrades) property as main home, funding up to 80% of the property’s value.

They specifically address Customers included in the cases envisaged by the Regulation (First Home Fund), namely:

- Young couples where at least one of the partners is under the age of 35;
- Single-parent households with minor children;
- Tenants of dwellings owned by Council House Institutes;
- Young people under the age of thirty-five with an atypical employment contract.

Approximately EUR 1.2 bn were disbursed in 2022.

**CONSUMER CREDIT E. BI. TEMP**

The Prestito Tuttufare E.Bi.Temp. is a personal loan for workers assisted by the National Bilateral Organisation for Temporary Employment (E.Bi.Temp.)
The zero-interest loan for the End Customer (interest is borne entirely by E.Bi.Temp) is offered to “Private” Customers residing in Italy to meet consumer or personal lending needs. Loans are provided for amounts between EUR 500 and EUR 5,000, with a repayment schedule of between 6 and 42 months. The entire amount of the loans is secured by E.bi.temp through a guarantee. In 2022, 1,436 E.BI.TEMP. Prestito Tuttofare requests were processed for a total amount disbursed of approximately EUR 3.1 mln.

ANTI-USURY
In order to prevent and fight usury, the Bank has set up loans for this purpose, especially through the well-tested agreements in place with the non-profit Tuscan Foundation for the Prevention of Usury and Adiconsum. A total amount of EUR 2.46 mln were disbursed.

REMAINING IN THE SOUTH
The Group offers dedicated products to companies with registered offices in southern Italian regions:

- **MPS Resto al Sud** is an incentive aimed at supporting new business start-ups in the regions of southern Italy, in the areas of central Italy hit by the earthquake, and in the minor marine, lagoon and lake islands of central and northern Italy. It is promoted by the Minister for Territorial Cohesion and the South, and the managing entity is Invitalia. This incentive covers up to 100% of costs, with a maximum loan of EUR 50,000 per applicant. Approximately EUR 31.27 mln were disbursed in 2022.

- **Sudleasing** is the initiative introduced by the subsidiary MPS Leasing & Factoring for southern Italian enterprises purchasing an operating asset. The loan provides dedicated conditions and includes a one-year “all risks” insurance policy free of charge on the leased assets. In 2022, 127 loans were granted for a total of roughly EUR 28 mln.

SUPPORT FOR COMPANIES AND PEOPLE DURING THE COVID-19 PANDEMIC
Throughout 2022, Banca Montepaschi continued to support whoever was facing economic and financial hardship as a result of the COVID-19 emergency (the state of emergency was extended to 31 March 2022) and to play an active role in managing the government measures and seeking specific solutions that could meet the needs of individual customers.

In addition to the government measures to respond to the Covid-19 emergency, in 2022 the Bank confirmed that it would suspend the commercial covenants linked to all loans (not only those subject to suspension). The table below shows the number of accounts and the Gross Book Value of suspensions carried out for the Covid-19 emergency between March 2020 and June 2022.

The Bank also adjusted all types of loans introduced by Art. 13 of the Liquidity Decree and updated the products and related disclosures, disbursing EUR 8.02 bn in 2022. In addition, it adhered to Art. 1 of SACE, to ensure its Customers access to financing transactions guaranteed by SACE, disbursing EUR 1.74 bn.

NATURAL DISASTERS
Banca MPS has set up a number of Subsidised loans with CDP funding for persons hit by natural disasters. These loans are particularly useful to cover damage to private
Sustainable finance and Climate Change

Furthermore, following the earthquakes in Emilia-Romagna in 2012 and in central Italy in 2016, BMPS set up two specific subsidised loans for the persons in these areas who have been particularly affected by the events, especially with regard to property, production sites and public and private services. With reference to the 2012 earthquake, EUR 10.36 mln were disbursed and to the 2016 earthquake, EUR 20.01 mln.

FEMALE ENTREPRENEURSHIP

An initiative was launched in 2022 to support female entrepreneurship, with the following requirements:

- Sole proprietorships owned by a woman
- Cooperatives and partnerships with at least 60% female members
- Joint-stock companies in which at least 2/3 of shareholders and BoD members are women, or Sole Proprietors up to 36 years of age, interested in contributions from Fondo Impresa Donna and Oltre
- New Businesses to support female entrepreneurship and new businesses with owners under the age of 36

The number of companies included in the target totalled 15,405, the number of Customers that received disbursements during the period amounted to 312 and the total amount of loans disbursed totalled EUR 47.3 mln.

TEMPORARY CRISIS FRAMEWORK

In order to provide measures to support the liquidity of businesses based in Italy and affected by the crisis, as well as to contain the negative economic effects of the conflict between Russia and Ukraine, the Bank updated its loan products with a Medio Credito Centrale guarantee and the related disclosures15. In September, the Bank therefore issued a new medium/long-term unsecured loan product with the MCC guarantee under the “Aid in the form of loan guarantees”16.

In October 2022, the Bank also implemented and updated the scope of its short-term products by including instalment amortisation and fixed due date to allow loans assisted by guarantees to be issued by the SME Guarantee Fund. Temporary Crisis Framework disbursements in 2022 totalled EUR 42 mln, of which EUR 25.3 mln for Corporate Customers, EUR 0.05 mln for private Customers and EUR 16 mln for small businesses.

14 Decree Law no. 18 of 17 March 2020, converted into Law no. 27 of 30 April 2020, so-called Cura Italia, gave the opportunity to business and private customers to suspend their loan and mortgage instalments. This decree was integrated with ABI Agreements and specific initiatives set up by Banca MPS.

15 Implementing the provisions of Legislative Decree no. 50 of 17 May 2022 “Urgent measures on national energy policies, business productivity and investment attraction, as well as on social policies and the economic crisis”.

16 Section 2.2 of the Temporary Crisis Framework to support the economy in the context of the conflict between Russia and Ukraine (“Temporary Crisis Framework” or “TCF”).
In order to provide for measures to support the liquidity of enterprises affected by the negative economic effects of the conflict between Russia and Ukraine, SACE S.p.A. was authorised to issue, until 31 December 2022, guarantees in favour of banks, domestic and international financial institutions, and other entities authorised to provide credit management in Italy for loans in any form granted to the above-mentioned enterprises.

The Bank offered the following commercial initiatives:

- **Fast Track Energia**: this initiative is offered to Customers with high energy consumption needs and consists of a contribution in the form of tax credit to contain the effects of the increasing electricity and natural gas prices;
- **Sviluppo Estero**: this initiative is offered to companies dealing with direct exports to Ukraine and/or the Russian Federation and/or Belarus affected by the war crisis. The aim is to maintain and safeguard their competitiveness in international markets.

During 2022, BMPS disbursed EUR 75.13 mln to Corporate Customers and EUR 0.3 mln to small businesses.

**MPS FIDUCIARIA**

Consistently with the achievements reached in 2021 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. The memorandum is a commercial offer with preferential conditions for products/services useful for the needs of the disabled and their families, such as: account conditions, third-party insurance, personal loans for the purchase of electro-medical equipment, mortgages for the purchase or renovation of real estate, Trusts and fiduciary services.

Again on the topic of disability, MP Fiduciaria

- delivered specific training to users interested in trusts for the protection of people with disabilities;
- took part as “escrow agent” for important “green loan transactions” carried out by the Bank, ensuring the proper execution of agreements and then the appropriate use of the funds disbursed;
- used standard technical forms of mandates and trusts to give stability to the corporate governance of many companies (Bank Customers), especially during generational and ownership changes.

**ADOPTION OF PROTOCOLS, PRODUCTS AND CREDIT POOLS**

Support for People and local areas continued in 2022 with other existing credit lines, aimed at particular Customer targets and/or specific purposes.

In August 2022, the Bank joined the **ABI-SVILUPPO CAMPANIA Agreement** to facilitate the disbursement of financial aid to the self-employed and to micro- and small-medium enterprises in Campania, through the Campania Regional Growth Fund (FRC), for initiatives carried out in the Campania region and related to digitalisation and Industry 4.0, safety and social and environmental sustainability, new organisation models featuring innovation, digitalisation and sustainability, which are key elements of the NRRP.
MICROCREDIT

Thanks to its farsighted intuition on ethics finance, in 2006, Banca MPS made a significant equity investment in Microcredito di Solidarietà S.p.A. together with other parties (for example, the Municipality and Provincial Administration of Siena and the Diocese of Siena and Montepulciano), 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. The Company uses its own funds, deriving from the initial injection from shareholders and subsequent contribution of shareholders without repayment obligations, for the disbursement of microcredit. On the basis of this subscription, Microcredito di Solidarietà disburses both social microcredit and production microcredit for training and microenterprises.

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). For microenterprises, instead, they are performed by the internal structures and/or by approved third parties, as the microenterprise prefers. The rate applied to the loans are reported below:

- **For social microcredit and production microcredit for private customers**
  - 3%

- **Production microcredit for businesses**
  - 3.5%

- **Maximum amounts**
  - EUR 7,500 for social microcredit
  - EUR 12,000 for production microcredit

- **Default rate:**
  - + 2 points

- **No early repayment fees and no commissions and preliminary screening expenses**

- **Stamp duty paid by the applicant**

The number of loans disbursed in 2022 is in line with the 2021 figure (158 against 159); the volume of loans slightly dropped compared to the previous year, recording an amount disbursed in 2022 of EUR 568,690 (compared to EUR 587,915 in 2021).

Sustainable investment products

The Bank developed the "ESG Project - Impact on the Distribution Model" for the purpose of implementing initiatives to make the Bank compliant with new regulations on ESG product offerings.

During the first half of 2022, the ESG Project achieved the important regulatory deadlines set for 2 August, particularly with regard to:

- introducing a new MiFID questionnaire that takes into account the needs and propensity of Customers towards ESG topics;
- evaluating the adequacy of Customers' portfolios to the preferences expressed in the questionnaire ("ESG criteria" become one of the "adequacy drivers");
- including the new adequacy criterion in the front-end Consulting Offer.

In order to ensure compliance with the new control required by regulations regarding ESG requirements for the distribution of financial and investment products, the point-of-sales operational systems were adapted in November 2022. Additional work is also being completed on the introduction of the new ESG adequacy criterion in the "Periodic Communication" sent to Customers.

The project activities will continue during 2023 and will specifically concern the review of the MiFID Questionnaire and adequacy tests in order to gather Customers' "sustainability preferences" in keeping with the ESMA guidelines, and ensure there is increasing consistency...
In its role as active partner and driver of the transformation of the economic and social reference context, the Group has contributed to the development and promotion of its products with environmental and more in general sustainability-related characteristics between the products offered and Customers’ overall needs. With regard to the Asset Management Service, during 2022, the ESG targets were integrated in all the main asset types that are the basis of MPS advanced consulting and are made available to the Customers who have expressed a preference for sustainable investments. New products with characteristics consistent with new regulatory definitions were added to the commercial offer of the Bank:

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

**MPS’S OFFER OF SUSTAINABLE INVESTMENT FINANCIAL INSTRUMENTS**

**Insurance-based investment products**

The offer continues to include three Internal Insurance Funds, called respectively ESG Sustainable Solution, ESG C Sustainable Solution and ESG Sustainable Strategy. With reference to external funds, within the scope of the Unit Linked and Multi-line Investment Policies, attention was placed on segments focusing on ESG aspects. To date, the following Funds are available:

- **93 ESG External Funds** (based on SFDR classification: 80 Art. 8 and 13 Art. 9) for the various Unit Linked policies of AXA MPS Financial out of a total of 130 external funds available;
- **43 ESG External Funds** (based on SFDR classification: Art. 8 and/or Art. 9) for the various Multi-Line policies of AXA MPS Vita out of a total of 55 external funds available.

**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 during 2022: “STEP Equality 2025”, “PicPac ESaloGo Bilanciato 2026”, “PicPac Valore Globale 2027”. The offer of open-ended funds was also further strengthened with around 2,138 segments classified as Art. 8 and 148 as Art. 9, equal to roughly 66% of the funds available for direct placement.

In addition, the disclosure for the Network on the ESG characteristics of all direct placement segments was developed in 2022 and an agreement was signed for the provision by a qualified info-provider of the European ESG Template (EET).

Finally, the Bank adopted an internal process for checking the ESG requirements for the financial products placed (UCITS, Insurance Policies and Asset Management). The process uses an internal methodology to check that the financial instruments in its commercial offer fully comply with sustainability criteria and do not include products not pursuing these criteria.

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10 With reference to the introduction of the SFDR (EU Regulation 2019/2088), as supplemented by EU Regulation 2022/1288 and Delegated Regulation (EU) 2021/1253 which introduced targeted amendments to the MiFID II Directive (Delegated Regulation (EU) 2017/565).
Sustainable finance and Climate Change

The EU taxonomy of environmentally sustainable activities

The European Taxonomy, as defined by Regulation (EU) 852/2020 (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, 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 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 (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.

MPS’S OFFER OF SUSTAINABLE INVESTMENT FINANCIAL INSTRUMENTS

Asset Management

As part of the decision-making processes regarding Asset Management investments, Banca MPS defined a specific strategy aimed at integrating and monitoring sustainability risks in order to be able to offer investment solutions for Customers who express preferences for environmental, social, and governance factors.

In relation to the decision-making process for the construction of Asset Management portfolios, Banca MPS analyses the counterparties with respect to sustainability risk and compliance with reference regulations. In this regard, Banca MPS analysed the status of compliance and the adoption of sustainability issues by asset managers whose products may be included in the portfolios.

With a view to adequacy in terms of sustainability risks, Banca MPS classifies all asset management lines on a quarterly basis on a scale ranging from 1 (minimum risk) to 5 (high risk) taking into account environmental (E-score), social (S) and governance (G) factors, as well as the overall sustainability risk (ESG-score). As at 31 December 2022, 69% of Asset Management obtained rating 2, equal to 76% of assets managed and 26% rating 3 equal to 23% of assets managed.

Fame zero, WFP Italia and ESG

Banca Widiba’s commitment to supporting environmental, social, and corporate responsibility took place in two key moments:

- at the start of October 2022, three new management lines classified under Art. 8 were launched in the GP System Portfolio catalogue (Fame Zero 30, Fame Zero 50 and Fame Zero 70), which invest in innovative global listed companies promoting a fairer and more sustainable food system;
- in December 2022, following the signing of a memorandum of understanding with the World Food Programme Italy, Banca Widiba offered its support to the WFP projects through initiatives and services designed to fight hunger and inequality.

Furthermore, seminars were organised by Banca Widiba throughout 2022 with 12 direct distribution management companies, which resulted in a booklet of 32 UCITS and 2 ETFs regarded as the flagships of sustainability by the houses and advisors.

The EU taxonomy of environmentally sustainable activities

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EU Taxonomy: the MPS Group conducted an analysis based on the prudential scope of consolidation, considering the gross book value of the balance sheet assets as at 31 December 2022.

To prepare this disclosure, the MPS Group used the templates provided by the Platform for Sustainable Finance and the relevant Guidelines published in December 2021.

In order to report 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 accurate data taken from the gross book values in the Supervisory Reports.

The identification of companies subject to the non-financial reporting obligation was based on:

- the Consob list of Italian companies required to draft a Non-Financial Statement for exposures to financial and non-financial companies;
- the presence of NFRD reporting on the financial counterparties’ public websites at EU level and if no detailed information was available, they were considered not subject to NFRD;
- all non-financial companies at EU level and all exposures to counterparties (financial and non-financial companies) operating outside the EU were considered not subject to this obligation;
- The eligibility shares of exposures to companies subject to the NFRD obligation were calculated on the basis of the accurate eligibility shares published by the counterparties in their 2021 Non-Financial Statements.

The completed templates in relation to the FY 2022 disclosure are shown below, with details on the percentage compared to total balance sheet assets in exposures to:

- Taxonomy-eligible activities 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;
- debt securities and equity instruments;
- loans and advances to businesses;
- project finance.

24 In compliance with Title II, Chapter 2, Section 2 of Regulation (EU) 575/2013.
25 Note that off-balance sheet assets are excluded.
27 “An economic activity described in the delegated acts adopted pursuant to Articles 10 and 11, of Regulation (EU) 2020/852, regardless of whether such economic activity meets some or all of the technical screening criteria set out in those delegated acts.”

Given the level of depth of the available data and having assessed the 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. – Banca Widiba) were taken into account for the identification of eligible exposures.
• enforced real estate guarantees;
• loans and advances to individuals for the purchase or renovation of real estate;\(^1\)

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

It should be noted that, with regard to debt securities, equity instruments to non-financial companies and loans and advances to non-financial corporations, the eligibility share was calculated by weighting the gross book value of the exposure by:

• the share of eligible annual turnover declared by the company (Turnover);
• the share of eligible annual capital expenditure declared by the company (Capex).

The share of eligible assets for exposures to financial companies was obtained by weighting the exposure by the share of eligible assets on an annual basis reported by the companies.

The share of EU Taxonomy-eligible exposure for FY 2022 - considering that the scope of disclosure refers to balance sheet assets - stood at 22.59% for the MPS Group based on counterparties’ eligible turnover (Turnover) and 22.60% based on counterparties’ eligible capital expenditure (Capex).

Instead, the share of non-eligible exposures stood at 20.71% and 20.70%, respectively. In compliance with the regulation for calculation of the Green Asset Ratio (GAR) from 2023, the percentage of eligible exposures was calculated by including the gross book value of the total assets covered (75.24% 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 30.02% share of eligible exposures based on counterparties’ eligible turnover (Turnover) and a 30.04% share based on counterparties’ eligible capital expenditure (Capex).

<table>
<thead>
<tr>
<th>EXPOSURE IN ELIGIBLE / NON-ELIGIBLE ECONOMIC* ACTIVITIES</th>
<th>GROSS BOOK VALUE (MLN €)</th>
<th>% OF TOTAL ASSETS</th>
<th>% OF ASSETS COVERED**</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Turnover</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligible</td>
<td>27,607</td>
<td>22.59%</td>
<td>30.02%</td>
</tr>
<tr>
<td>Non-eligible</td>
<td>19,043</td>
<td>15.58%</td>
<td>20.71%</td>
</tr>
<tr>
<td><strong>CapEx</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligible</td>
<td>27,620</td>
<td>22.60%</td>
<td>30.04%</td>
</tr>
<tr>
<td>Non-eligible</td>
<td>19,031</td>
<td>15.57%</td>
<td>20.70%</td>
</tr>
<tr>
<td>Trading book</td>
<td>6,299</td>
<td>5.15%</td>
<td></td>
</tr>
<tr>
<td>On demand interbank loans</td>
<td>1,367</td>
<td>1.12%</td>
<td></td>
</tr>
<tr>
<td>Exposures to central administrations, central banks and supranational issuers</td>
<td>23,962</td>
<td>19.61%</td>
<td></td>
</tr>
<tr>
<td>Derivatives not held for trading</td>
<td>1,077</td>
<td>0.88%</td>
<td></td>
</tr>
<tr>
<td>Exposures to companies not subject to NFRD obligations</td>
<td>42,860</td>
<td>35.07%</td>
<td></td>
</tr>
<tr>
<td>Assets covered</td>
<td>91,955</td>
<td>75.24%</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>122,217</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

*Exposures to economic activities: the figure does not include 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.

** In compliance with the requirements of Annex V of Delegated Regulation 2021/2178 and according to EC clarification of 2 February 2022, the share of eligible/ non-eligible economic activities is reported, which is calculated by taking total covered assets as the denominator: this figure corresponds to total assets net of exposures to central governments, central banks and the trading book. 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. - Banca Widiba) were taken into account for the identification of eligible exposures.

\(^1\)Exposures related to consumer credit for the purchase of motor vehicles are not included in this report.
Our approach

Reducing the environmental footprint together with the efficient use of natural resources are commitments that have been part of MPS Group’s work over the years and of its process towards continual improvement. They steer the daily actions of employees and the relations the Group holds with the outside world, with the aim of achieving zero emissions by 2050. One of the main levers implemented to achieve the goal is disseminating environmental awareness inside and outside the MPS Group.

RESULTS 2022

Reduction in direct Scope 1 emissions of 62% (compared to 2017) by reducing natural gas and fuel consumption by 33% and 42% respectively

Also in 2022, 100% of the electricity used came from renewable energy sources (in use since 2012)

Reduction in electricity consumption of 41% vs 2017 as a result of energy efficiency initiatives

Reduction in Group-generated Scope 1 emissions of 60% by 2026 (compared to 2017 figures)

The commitment to continue using energy from renewable sources for electricity supply

Reduction in paper usage mainly linked to de-materialisation and digitisation initiatives

The commitment to use paper with reduced environmental impact (ecological/recycled) continued totalling 87%
The following table describes the main risks for the Group linked to the material topic “Direct environmental impacts” and the main measures taken by the Group to manage and mitigate them.

<table>
<thead>
<tr>
<th>Main topics</th>
<th>Potential risk</th>
<th>Nature of risks involved</th>
<th>Stakeholder impacted</th>
<th>Main management and mitigation safeguards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate Change Mitigation &amp; Adaptation</td>
<td>&gt; non efficient use of energy resources&lt;br&gt; &gt; own emissions&lt;br&gt; &gt; non sustainable mobility&lt;br&gt; &gt; sanctions due to non-compliance with environmental regulations</td>
<td>Generated&lt;br&gt; Financial</td>
<td>Direct and operational&lt;br&gt; Environment / Bank</td>
<td>&gt; efficient use of energy (own production plant emissions, employee mobility, use of renewable energy). Goal to reach 60% by 2025 of the threshold for offsetting CO2 emitted for the use of natural gas, by involvement in carbon offset initiatives through the purchase of carbon credits.</td>
</tr>
<tr>
<td>Responsible use of water and marine resources</td>
<td>&gt; environmental damage events&lt;br&gt; &gt; sanctions due to non-compliance with environmental regulations</td>
<td>Generated&lt;br&gt; Financial</td>
<td>Direct and operational&lt;br&gt; Environment / Bank</td>
<td>&gt; Business Continuity Plan adopted and actions to prevent and manage physical damage to the Bank’s facilities</td>
</tr>
<tr>
<td>Circular economy, waste treatment, reduction and recycling</td>
<td>&gt; environmental damage events&lt;br&gt; &gt; sanctions due to non-compliance with environmental regulations</td>
<td>Generated&lt;br&gt; Financial</td>
<td>Direct and operational&lt;br&gt; Environment / Bank</td>
<td>&gt; Group environmental policy, prevention of environmental crimes, adoption of the ISO 14001 Corporate Management System</td>
</tr>
<tr>
<td>Pollution prevention and control</td>
<td>&gt; environmental damage events&lt;br&gt; &gt; non sustainable mobility&lt;br&gt; &gt; sanctions due to non-compliance with environmental regulations</td>
<td>Generated&lt;br&gt; Financial</td>
<td>Direct and operational&lt;br&gt; Environment / Bank</td>
<td>&gt; corporate policy on waste treatment, recycling/reuse, paperless Bank</td>
</tr>
<tr>
<td>Protection of ecosystem biodiversity</td>
<td>&gt; environmental damage events&lt;br&gt; &gt; non sustainable mobility&lt;br&gt; &gt; sanctions due to non-compliance with environmental regulations</td>
<td>Generated&lt;br&gt; Financial</td>
<td>Direct and operational&lt;br&gt; Environment / Bank</td>
<td></td>
</tr>
<tr>
<td>All the above issues</td>
<td>&gt; damage to the company’s environmental reputation</td>
<td>Incurred&lt;br&gt; Non-financial</td>
<td>Indirect and reputational&lt;br&gt; Bank</td>
<td></td>
</tr>
</tbody>
</table>

For details on the main impacts generated, see the chapter “Materiality Analysis and Stakeholder Engagement”. 
Sustainable finance and Climate Change

The management of direct environmental impacts related to the consumption of energy, natural gas, fuels and paper, and the production of waste, is one of the key aspects of the Group’s commitment to protecting the environment. After joining the UNEP FI initiative, this commitment was further strengthened with the goal of reaching the 60% threshold of CO₂ offsetting by 2025, following the use of natural gas through the purchase of carbon offset credits.

In addition, the Group has set a further target in its 2022-26 Business Plan to reduce its direct scope 1 emissions by 60% compared to 2017, through further thermal efficiency initiatives, and to reduce paper usage by strengthening its de-materialisation and digitisation initiatives.

Since 2002, the Group has implemented an Environmental Policy in line with its Code of Ethics to help optimise the management of activities that may have a significant impact on the environment. Since 2003, Banca MPS has adopted an Environmental Management System (EMS) in compliance with international standard ISO 14001, which is periodically certified and extended to the other group companies. The corporate Environmental Management system is designed to ensure compliance with environmental requirements and pursue the mission set out in the Environmental Policy adopted by the Group.

Considering its systemic nature, the Model is transversally linked to other Group Processes related to the management of both direct and indirect environmental aspects, and therefore to the relevant responsibilities of the specialist Functions involved. With regard to direct environmental impacts, the functions involved and their relevant role are:

- **Real Estate** with particular reference to processes for the management and monitoring of waste disposal services, management and monitoring of premise cleaning services, management of real estate maintenance operations, development of major real estate projects and special projects, Energy Management;
- **Logistics and Auxiliary Services/Corporate Mobility Management** for the purpose of identifying sustainable business travel initiatives;
- **Human Resources/Professional Training Planning and Management** aimed at promoting awareness-raising paths in the field of environmental protection.

With regard to indirect environmental impacts, the functions involved and their relevant role are:

- **Account payables/Supplier management** within the “Group Supplier Register Management” Macro-process;
- **Ordinary Credit Management/Concession and credit review** in particular for assessing the “environmental risk of credit” and for developing and offering financial products and services aimed at fostering the spread of renewable energy and environmental protection;
- **Logistics and Auxiliary Services/Company Mobility Management/Mobility Management Control** for the supervision of indirect environmental aspects.

The management of direct environmental impacts related to energy, natural gas, fuel and paper consumption and waste production is one of the key aspects of the Group’s commitment to environmental protection.
With regard to the persons holding responsibility within the EMS of BMPS, the Head of the Chief Safety Officer department is appointed as Top Management Representative (tasked with supervising the maintenance and improvement of the System), while the Head of the Prevention, Protection and Environment Structure is appointed as the Head of the EMS (i.e. the person who plans and implements the actions established in the Environmental Management System).

For ISO 14001 certified Group companies (BMPS and MPS CS), the mapping of the risks and opportunities related to environmental aspects and impacts is regularly updated. This then leads to planning any necessary improvement activities and assessing the impacts. The Group Companies are also called upon to apply the model defined by the Parent Company; they identify the corporate responsibilities with respect to the roles required by law and implement the resulting processes.

In its internal operating contexts, the Group is committed to:

**The reduction of emissions and energy efficiency**

The Group pursues the goal of reducing its direct scope 1 and scope 2 emissions through thermal and energy efficiency initiatives and of purchasing carbon offset credits to offset emissions from the use of natural gas.

The energy policy is supervised by an Energy Manager Expert in Energy Management, qualified according to UNI-CEI 11339. The current organisation model ensures compliance with relevant regulatory obligations and adheres to the processes defined by the best international standards.

The Group pursues the goal of reducing direct environmental impacts through initiatives aimed at efficient and socially responsible use of energy. In this context, it has implemented initiatives for the structural monitoring of energy consumption and environmental parameters. The initiatives aim to reduce overall consumption and, at the same time, contain operating costs which have dropped considerably in recent years due to the implementation of purchasing strategies based on portfolio management logics.

### MAIN ENERGY EFFICIENCY ACTIVITIES

- **Works to improve the energy efficiency of the technical plants in over 19 branches of the Bank including branches and Regional Areas;**

- Significant drop (around 65% compared to 2021) in the consumption of heating oil, due to the transition to more sustainable technologies: there was a sharp acceleration in 2022 in the rate of reduction of this raw material

- The integrated management platform of the Group’s main energy utilities was implemented, aimed at developing initiatives to achieve energy saving targets through greater involvement of all employees

- Further development of the Energy Management Platform
During 2022, the network energy management platform (PER) was upgraded. Further electricity savings are expected, as a result of the extension of the programme for the real-time monitoring of energy consumption and environmental parameters. The programme has already been installed in over 1,200 branches and is planned to be extended to all Group branches. The platform allows the correlation of the environmental parameters and operating set-points of the air conditioning systems and the predictive maintenance of the Heating, Ventilation and Air Conditioning (HVAC) systems to be monitored using Artificial Intelligence and machine learning systems.

Based on the use of the above-described model, certified by Tor Vergata Rome University, the reduction in consumption related to the project was reported as amounting to 23,400 Gj (6,500 MWh) in 2022, compared to the 2019 baseline. The 2022 indicators confirm the trend of reducing energy consumption from the 2019 baseline. This reduction led to a decrease in the amount of emissions of 1,713.84 tCO₂e.

It is confirmed that the exogenous factor of the Covid-19 pandemic, already present for 2021 and 2020, had a twofold, contrasting effect on consumption in 2022 also:

• a surge in consumption due to the significant increase in the switch-on hours of Air Handling Units (AHUs) and HVAC systems;

• a decrease in consumption due to lower occupation of branches, especially large buildings.

The climate was also a determining exogenous factor for consumption in 2022: a year that was the hottest ever in Italy, according to available data. The exceptionally high temperatures led to an increase in consumption for cooling; the reduction in winter consumption is less marked at the moment.

Lastly, a final, important exogenous factor for the purpose of containing consumption is the issue of the “National Plan for the containment of natural gas consumption” of 6 September 2022 and Italian Ministerial Decree No. 383 of 6 October 2022, in response to the energy crisis.

Measurement & Verification Plan (M&V)

The Measurement & Verification Plan (M&V) was drawn up in compliance with the International Performance Measurement and Verification Protocol, 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.

The Plan creates a baseline for comparison through the use of engineering calculations that lead to ordinary adjustments (for example, due to variations in climate conditions) and extraordinary adjustments (for example, due to variations in operating hours, technological equipment, number of employees).

29 see Institute for Atmospheric and Climate Sciences of the National Research Council (CNR-Isac)
The Ministerial Decree imposed a reduction in switch-on days and times and air temperature values for winter air conditioning.

The MPS Group continued to strive for the continuous improvement of its energy efficiency with regard to all activities that have a significant impact on the environment, achieving a significant drop in overall energy consumption and, therefore, in direct emissions.

Total energy consumption within the organisation (electricity, gas and diesel oil) for 2022 was 532,648 Gj, down 9.3% compared to total consumption in 2021 and 12% compared to total consumption in 2020.

95% of total energy consumption is consumed within the organisation and the remaining 5% is related to the car fleet.

In 2022, 71% of total energy consumption is attributable to electricity consumption, amounting to 377,521 Gj, down slightly from 2021 (-5.4%).

The Group also offset emissions in 2022 for the use of 2 million scm of natural gas, accounting for more than 50% of total natural gas consumption, through the purchase of VER Credits following participation in the Vishnuprayag Hydroelectric Project (VHEP) by Jaiprakash Power Ventures Ltd.

The VHEP project constructed a hydroelectric power plant that supplies power from renewable sources to the Indian electricity grid. The Indian grid operates with a mix of hydroelectric, nuclear and fossil fuel power plants. Construction of the plant led to a reduction in anthropogenic greenhouse gas (GHG) emissions that would otherwise have been generated to supply power to the grid using fossil fuels (over 70% of the power in India’s northern electricity grid is obtained from fossil fuels).

The verification standard adopted for the project is Verra’s VCS (Verified Carbon Standard). Verra is a global leader that supports measurable climate action and sustainable development outcomes by driving large-scale investment to activities that reduce emissions, improve livelihoods and protect nature.

Consequently, in 2022, emissions were recorded amounting to:

- **Scope 1**, 5,525.1 tCO₂eq (-62% vs 2017)
- **Scope 2** (market based), 0 tCO₂eq
- **Scope 2** (location based), 27,342.2 tCO₂eq (-41% vs 2017)
- **Scope 3**, 2,064.6 tCO₂eq (-68% vs 2017)

*implemented using equipment and components with performance, efficiency and yield requirements at maximum levels for the market;
**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;
***that measures the effectiveness of initiatives to contain energy consumption by normalising consumption net of seasonal weather trends and other external factors;
**Scope 3 includes indirect emissions related to purchased goods and services, business travel such as natural gas not offset, heating oil, company cars (for business use and 70% personal and business use), emissions related to business travel (short term rental (STR) cars, privately owned cars, train, plane), A3 and A4 paper (paper made from virgin material and recycled material).
The materials used and waste generated

With a view to reduce environmental impact, the Montepaschi Group governs and coordinates the waste management and cleaning services of its working environments, through the “Governance, Maintenance, Projects and Space Management” function of the Real Estate and Logistics Area.

Due to the production of paper and toner waste for performing Bank services, a bulk collection with relevant waste management and disposal is envisaged for all offices and branches. 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).

Authorised facilities and landfills are used for disposing of the waste and specific forms are issued which are then archived and stored at the premises where the waste was produced. Special databases were set up in January 2022 which receive a continuous summary of the waste collected with details of the waste recovered or sent for disposal. The data entered into the databases are collected quarterly by the Maintenance Management Function and supplemented, if necessary, with any related activities carried out by other companies.

With regard to cleaning, a framework agreement has been drawn up with the appointed companies, based on which they undertake to use Ecolabel products for cleaning the premises, carry out separate waste collection and maintain ISO 14001 certification standards, throughout the country.

**THE MATERIALS USED BY THE GROUP**

- **868,473 kg**
  - PAPER USED INTERNALLY
  - (100% recycled paper)

- **816,275 kg**
  - PAPER USED EXTERNALLY
  - (75% environmentally friendly paper)

- **23,210 kg**
  - ORIGINAL TONER AND CARTRIDGES
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 following specific initiatives promoted by the ECB, in particular on Climate-related and Environmental Risks - C&E Risks (cf. “Guidelines on Climate-related and Environmental Risks” November 2020, and ECB Climate Stress Test conducted in 2022), the Montepaschi Group is pursuing, as part of a broader multifunctional ESG Programme, the “ESG RISK Action” project.

This multi-year programme of activities was launched in 2021 and is aimed at identifying and measuring climate and environmental risk factors and gradually integrating them into traditional risks and the Risk Management Framework.

Climate change is a topic that is drawing the highest attention and interest owing to its strong impact on the planet and society. It is responsible for permanent effects on climatic factors (increase in average temperature, rise in sea level, etc.) which in turn give rise to extreme natural events (e.g. floods, landslides, storms, droughts, etc.). These events can lead to considerable economic, environmental and social costs and a consequent significant impact on the real economy and the financial sector in this context, banks are called upon not only to play a decisive role in the transition towards low-carbon and more circular economies by redirecting their lending and investment portfolios towards sustainable activities, but also to take into account the risks that these events could generate on their assets.

This is indeed a major challenge that includes both opportunities and risks.

Risks are contained and monitored within the framework of safe and prudent risk management by integrating environmental and climate risk factors into traditional risk management in a structured manner, strengthening its transparency and long-term vision.

Climate & Environmental (C&E) risks are linked to two main types of risk: transition risks and physical risks, which differ in terms of their causes of origin and their methods of transmission which can generate financial impacts for the Bank.

- **Physical risk** refers to the financial impact of climate change, which includes extreme events (Acute: e.g. floods, landslides, storms, droughts, etc.), gradual climate change and environmental degradation, (chronic: sea level rise, desertification, air, water and soil pollution, water stress, etc.). This risk, for example, may result in material damage to real estate used as guarantee (e.g. devaluation of the guarantee) for loans, or to the production sites of the financed companies, causing a deterioration in the quality of the loans or even insolvency through impact on the value of the guarantees, or on the productivity of the companies, or indirectly through events such as the interruption of production chains.

- **Transition Risk** means the financial loss that an entity may incur, whether directly or indirectly, as a result of the adjustment process towards a low-carbon and more environmentally sustainable economy. It is widely believed by scholars and the international community that the frequency and severity of acute and chronic climate change events can be curbed or even reversed through policies for the reduction of greenhouse gas (GHG) emissions. First and then through further action to mitigate the impact of human activities on the environment. Embarking on a transition path in line with the emerging guidelines will entail implementation costs for economic players (ranging from individuals to businesses), which may affect the profitability and ultimately the survival of production activities, when they are extremely far from the required level of environmental sustainability. Sharp accelerations or unexpected changes in the transition path requested

As part of a broader multifunctional ESG Programme, the Montepaschi Group is conducting the "ESG RISK Action", a multi-year programme of activities aimed at identifying and measuring climate and environmental risk factors for their gradual integration into traditional risks and into the Risk Management Framework.
from economic operators give rise to transition risk, i.e. the unexpected effort required to comply with policy demands, which will be greater for those who - due to the business they conduct or to their own specific conditions - need to develop a stronger investment strategy to transform their behaviour or production processes.

Such a situation could be caused, for example, by the relatively sudden adoption of stricter climate and environmental policies, by technological progress introducing new production processes that meet new demands and make old processes obsolete or unsustainable, or, lastly, by changes in market confidence and preferences with respect to ecological transition issues.

For financial intermediaries, direct physical and transition risks, i.e. those arising from the exposure of their business assets (e.g. headquarters, office premises, etc.) and their transition path (e.g. investments to reduce emissions due to the conduct of business, such as heating/cooling of workplaces, employee mobility, etc.) tend to be marginal compared to indirect risks, i.e. risks affecting Customers and more generally all the counterparties of their business (financing, investment, brokerage or consultancy services).

Each intermediary is therefore required to analyse the materiality and relevance of these risks, so that each may foster the transition path of its Customers and at the same time ensure the sustainability of its business model with respect to all stakeholders (shareholders, investors, Customers, employees, community concerned).

The MPS Group has set up a careful process for the identification, materiality verification and relevance of C&E risks, as a preliminary step for the definition of its Risk Appetite Statement.

The approach implemented led to identifying C&E risks and incidents in the Credit and Operational Risks area, as material risks for the Montepaschi Group.

C&E risks, as a preliminary step for the definition of its Risk Appetite Statement.

The process explicitly examines climate-related risk factors based on “transmission channels” analysis, according to which these risks are relevant when they have impact on traditional financial risks (credit, operational, market and liquidity) already known and addressed in the Group’s risk management framework.

The approach implemented led to identifying as material for the Montepaschi Group, C&E risks and incidents affecting the areas of Credit and Operational Risks (including in a broad sense also the reputational risks), in continuity with what had already emerged from the first qualitative analyses carried out in 2021. C&E risks related to credit risks, were also found to be "very high" (transition risk) and "high" (physical risk), depending on the potential economic impacts (impairment of receivables) they could cause in the event of adverse climate scenarios.
Given that C&E risks related to credit risk are material and highly relevant, they are subject to exposure monitoring as RAS KRIs (at the end of 2022 for the components of physical risk for private customers and transition risk for non-financial companies) or as management KPIs (in the case of the components of transition risk for private customers and transition risk for Corporate customers, still requiring development in terms of model and/or data necessary to make them risk measures in all respects).

The transmission to other "core" risks (market, liquidity and again some operational risks) of the analysed C&E risk factors, was based on what-if analysis, aimed at pointing out respectively:

- for liquidity risk, liquidity buffers represented by the deposits of retail Customers and non-financial companies, depending on the occurrence of physical risk events in very short periods of time and across geographical impact areas (entire province for flood risk, single municipality for landslide risk); run-offs of deposits were assumed both crash (withdrawal of 100% of deposits in the affected zone) and based on similar events that actually occurred (e.g. Marche flood September 2022);

- for market risk the market value of non-financial corporate portfolios (bonds and equity) and risk exposure to non-collateralised counterparties arising from derivative positions;

- for operational risks, business continuity depending on a number of scenario drivers, such as Customer discomfort (based on deposit pools), employee discomfort (based on the number of non-operational employees in the scenario), operational discomfort (based on the number of branches closed), economic damage (based on the loss of profitability for the Bank at risk in the scenario), physical damage (based on the loss in value of owned properties).

These risks, which were found to be non-material when initially verified, will be subject to regular (quarterly) materiality verification, based on indicators and thresholds suitable for adopting changes in the structure of the positions and activities concerned, which could lead to each risk factor becoming more relevant in the future. In this case, they will be subject to actual risk measurement and their relative operating limits will be monitored.

C&E risks linked to credit risk were monitored in terms of exposure, such as RAS KRIs or management KPIs.

These risks will be subject regular (quarterly) materiality verification.
The tables below, at the beginning of each transition risk and physical risk section, summarise the identification, materiality and relevance analyses performed.

### TRANSITION RISKS – DIRECT

<table>
<thead>
<tr>
<th>Risk factor</th>
<th>Transmission channels</th>
<th>Traditional risks involved</th>
<th>Potential impacts</th>
<th>Materiality for GMPS</th>
<th>Relevance For GMPS</th>
<th>Management/mitigation safeguards</th>
</tr>
</thead>
</table>
| Changes to environmental regulations and environmental standards adopted by the Group | - Unexpected adaptation and compliance additional costs
- Sanctions due to non-compliance | Business risk
Operational risk | Economic effects due to higher costs and operational losses due to sanctions | No | Low | Monitoring of regulatory changes with prompt adjustment to new requirements |

### TRANSITION RISKS – INDIRECT

<table>
<thead>
<tr>
<th>Risk factor</th>
<th>Transmission channels</th>
<th>Traditional risks involved</th>
<th>Potential impacts</th>
<th>Materiality for GMPS</th>
<th>Relevance For GMPS</th>
<th>Management/mitigation safeguards</th>
</tr>
</thead>
</table>
| Transition policies requiring acceleration, interruption or abrupt change in the sustainability path of Business Customers | Unexpected additional transition costs for a borrower with effects on solvency | Credit risk | Credit quality deterioration
Losses from impairment of receivables in adverse transition scenarios | Yes | High | - Measurement of outstanding exposures through RAS KRIs and other risk indicators.
- Operational limits on exposures
- In progress: definition of impact models and integration into stress test programmes |
| Transition policies (on energy efficiency) requiring action and/or reducing the value of real estate assets | Poor energy efficiency of real estate used as guarantee for mortgages (residential and business) which has an impact on the value of the guarantees | Credit risk | Loss of collateral value | Yes | High | - In progress: integration of commercial-credit processes based on the individual Customer’s C&E risk profile (where possible) or on sector-related classifications |
## Transition Risks – Indirect

<table>
<thead>
<tr>
<th>Risk factor</th>
<th>Transmission channels</th>
<th>Traditional risks involved</th>
<th>Potential impacts</th>
<th>Materiality for GMPS</th>
<th>Relevance For GMPS</th>
<th>Management/mitigation safeguards</th>
</tr>
</thead>
<tbody>
<tr>
<td>High transition risk or environmentally controversial activities of issuers of financial instruments in Customer portfolios</td>
<td>Substantial ESG inadequacy of existing portfolios</td>
<td>Operational risk</td>
<td>Loss of market share and profitability for investment services</td>
<td>Yes</td>
<td>Medium</td>
<td>- ESG component in reputational risk indicators monitored in RAS</td>
</tr>
<tr>
<td></td>
<td>Ineffective ESG adequacy check of new portfolios</td>
<td></td>
<td>Losses due to complaints and disputes</td>
<td>- Integration of ESG variables into the advisory process for the provision of investment services through collection of Customer preferences,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Presence in Customer portfolios of financial instruments issued by controversial issuers or with high transition risk</td>
<td>Reputational risk</td>
<td></td>
<td>- Mapping investment products based on ESG variables and verifying the alignment of portfolios to preference.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Impairment of Customer portfolios related to the transition risk of issuers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High transition risk or environmentally controversial activities of issuers of financial instruments in the portfolios</td>
<td>Impairment of portfolios belonging to the Bank related to the transition risk of issuers</td>
<td>Market and counterparty risk</td>
<td>Economic losses due to capital losses on financial instruments</td>
<td>No</td>
<td>Low</td>
<td>- Periodic materiality verification based on portfolio size potentially subject to risk (such as instruments and issuer type). As at 31 December 2022, the outcome of the verification was &quot;non material&quot;.</td>
</tr>
<tr>
<td>High transition risk or environmentally controversial activities of issuers of financial instruments used as liquidity buffers</td>
<td>Lower ability to meet sudden liquidity needs</td>
<td>Liquidity risk</td>
<td>Liquidity stress with an effect on operations</td>
<td>No</td>
<td>Medium - low</td>
<td>- Periodic materiality verification based on size of liquidity buffer potentially subject to impairment due to transition risk. As at 31 December 2022, the outcome of the verification was &quot;non material&quot;.</td>
</tr>
</tbody>
</table>

*MONTEPASCHI GROUP 2022 Consolidated Non-Financial Statement*
For risks that were material and of at least "medium" relevance, indicators for the exposure of credit portfolios to environmental/climate-related factors were defined; although the risk measurements could not be quantified as monetary impact, they were included in the Group’s Risk Appetite Framework as Key Risk Indicators (KRI).

With regard to the appetite level of these indicators, the adverse scenario impact analyses carried out in the institutional and internal stress test programmes were used to determine a relative tolerance space and to define, within this space, an operational risk exposure limit.

This limit is assigned to the commercial structures of reference for the activity concerned, with a view to both containing risk and steering the business towards a risk reduction and mitigation path, through coordinated commercial and credit initiatives.

In the event that the ESG risk limits and other risk limits are exceeded, an escalation process is set up by top management to define tactical or strategic response actions, adequate for meeting the limits established or at least not increasing the exposure subject to monitoring and control.

With regard to the 2023 RAS, two climate-risk KRIs have been defined since the end of 2022 in the area of credit risk, transition risk (currently focused on credit exposures to “corporate” counterparties) and physical risk (currently focused on the private customer mortgage exposure component). Operational limits have been set on these KRIs.

C&E risks and credit incidents, as already mentioned, were by far the most relevant, also based on the results of the first ECB Climate Stress Test, in which the MPS Group took part in the first half of 2022. The manner in which they are currently handled for RAS monitoring and risk management purposes is described below.

**TRANSITION RISK - BUSINESSES**

Transition risk indicates the financial loss that a company may incur, either directly or indirectly, as a result of the transition process towards a low-carbon economy; with regard to Business Customers, the MPS Group quantifies risk exposure based on the "distance to sustainability" of the counterparties (or of the respective individual credit exposures), which is expressed in a taxonomy alignment indicator or TAC.

The greater the alignment, the smaller the distance to the full environmental sustainability of an activity and its financing, and the associated transition risk. The portion of any credit that is not (yet) aligned, i.e. not yet deemed fully sustainable, is considered "exposed" to transition risk.

At present, the aligned credit share (and, as the complement to 1, the transition risk share) is largely based on sectoral information regarding the type of economic activity carried out (average sectoral emissions, recycling level achieved, contributions to other taxonomic "items" such as circular economy, biodiversity protection, etc.).

In the longer term, the environmental sustainability of each credit exposure will be analytically assessed based on specific characteristics of the exposure or counterparty.

With regard to the acquisition of client-specific ESG information, the MPS Group has taken further steps by introducing:
Sustainable finance and Climate Change

an ESG questionnaire for companies to collect information on the sustainability actions implemented, described in the Sustainable Finance section;

an information flow at individual company level acquired from specialised external providers in order to obtain client-specific information (regarding GHG emissions, transition risk and physical risk), which is independent with respect to the “declaratory” information collected through the questionnaire described above.

40.6 billion. This indicator was monitored quarterly as a Key Risk Indicator within the Group Risk Appetite Statement (RAS), and was basically stable throughout the past year.

The component of receivables “aligned” to the taxonomy for sustainable economic activities (EU Taxonomy for sustainable activities, Regulation 2020/852), is determined by identifying the component considered as fully sustainable from a management standpoint, with respect to the activities defined as eligible for the Taxonomy.

In order to complete the assessment of the entire scope of non-financial corporate counterparties, alignment assessment is also extended to activities that are not yet considered “eligible” under the Taxonomy Regulation, but that may be “future eligible” because they are considered relevant in terms of climate-environmental impact.

“Brown” components are activities the furthest from sustainability (and are excluded from the taxonomy) as they have a high environmental impact and their production processes need to be fully reconverted (e.g. fossil fuel extraction activities, or related processing).

The graph below shows the breakdown of loans to non-financial companies by eligibility (formal or future) and estimated alignment with the Taxonomy. The eligible and aligned component is an initial GAR (Green Asset Ratio) estimate, if no information is available on the actual taxonomic alignment of the credit counterparties’ activities.

Among the aspects that the EU Taxonomy aims to address in the future, a key role is played by the goals (and related risks) linked to climate change and the two approaches for addressing it - mitigation and adaptation (respectively, the first and second targets of “CCM - Climate Change Mitigation” and CCA - “Climate Change Adaptation”), which are connected to the impact that human activities (productive or not) have on climate change, especially through the emissions of greenhouse gases (GHG) released into the atmosphere.

Given the urgency of the emission reduction targets imposed by international agreements (Kyoto, Paris, etc.), GHG emission intensity is a key characteristic of the sustainability already achieved by an economic activity, or, conversely, of the transition path yet to be completed for a counterparty engaged in such an activity. During this stage, transition risk analyses are therefore focused - if not exclusively (due to the presence of other further environmental targets in the EU Taxonomy) then at least primarily - on the financing of activities that contribute significantly to climate change through GHG emissions.
GHG emissions published directly by counterparties in their NFSs or Sustainability Reports are very rare and are an obligation only for large companies.

Scope 3 emissions, i.e. indirect emissions, are a consequence of an economic player’s activities both “upstream” and “downstream” of its production chain, and are stated by very few non-financial counterparties. GMPS started a proprietary analysis on “financed GHG emissions” by integrating estimates provided at company level by a specialised external provider, with ISTAT and Eurostat sector analyses and with information from the aggregated results of the Climate Stress Test 2022.

Some initial results of these analyses are shown here. They will form the baseline for the definition of environmental targets within the context of the voluntary initiatives implemented for reducing emissions such as the Net Zero Banking Alliance, which the Bank will declare by July 2023.

The overall coverage of financed GHG emissions 29 for the scope considered is 83.6% (‘cash and signature loan’ exposure of approximately EUR 40.6 billion). The data calculated from NFS-reported data (almost always only Scope 1 and 2) cover a total of 7.5% of exposures, while the other emission data were estimated as described above and in the footnote.

With reference to loans to non-financial companies (for an overall scope of around EUR 40.6 billion of cash and signature loans, management data source Risk Management), the following graphs show the breakdown of loans by different type of sector.

For exposures to high GHG emission intensity sectors, amounting to 19.1% (equal to around EUR 7.75 billion) of the overall Portfolio, the corresponding GHG emissions financed on high GHG emission intensity sectors (consistent with the top ten NACE/ATECO groupings found to have the highest GHG emissions in the ECB 2022 Climate Stress Test - as system median) are reported.

29 The financed component of absolute emissions by company was calculated using the Total Assets figures shown in the Financial Statements with Positive Net Position; Total Liabilities figures were used for companies with negative equity. Where no balance-sheet figures were available, the cash debt figure on the Centrale Rischi (Credit Bureau) system was used where available.
Sustainable finance and Climate Change

The "Other climate-relevant sectors" are those identified as sectors that "highly contribute to climate change" in the EBA 2022/01 ITS for Public disclosure Pillar 3 - ESG. Lastly, the remaining portion of loans in the scope considered is reported as "other non climate-relevant sectors".

43% of the total financed emissions of the scope analysed are attributable to 19% (or approximately EUR 7.75 billion) of the total exposures to high GHG emission intensity sectors and 54% of the emissions are related to other climate-changing Sectors.

The two components coincide with the loans to sectors that "highly contribute to climate change" according to the EBA ITS for Pillar 3 – ESG (88% by volume), to which about 97% of the financed emissions are attributable.
TRANSITION RISK - PRIVATE CUSTOMERS

For private Customers, the use of real estate energy performance labels (EPC in Italy, EPC in Europe) as the most significant indicator of emissions and more generally of the attitude towards the issue of climate change mitigation appears to be increasingly important.

In order to identify transition risk, the Group currently places this risk in direct relation to the characteristics of the real estate securing the loans, and thus uses energy efficiency characteristics to provide an initial proxy for alignment to the transition.

The energy performance level of the real estate securing residential mortgages, together with related consumption and GHG emission information, were not included as KRIs in the Group’s RAS in 2022 (as a result of the initial low level of label coverage with respect to mortgages already being amortised, due to original lack of certification or non-coding). Data remediation activities were carried out during 2022 to retrieve and digitise energy label information, and an organisational process was initiated to retrieve this information when new mortgages were taken out.

As at 31 December 2022, with respect to approximately EUR 31.1 billion of residential mortgage positions, 31.5% of the volume was covered by energy labels; this coverage ratio is constantly monitored and a specific KPI will be set for it in the coming year. At the same date, the component of mortgages covered by energy labels was broken down by EPC level according to the following table and graph.
PHYSICAL RISK
Within the sphere of Environmental risks (especially climate risks), physical risk arises from the impact of damages due to natural events linked to the failure to protect the environment. In the case of climate-related risks, with regard to the impact on core risks (financial and non-financial), the MPS Group has mapped the risks and verified their materiality.

The results are briefly reported in the following table.

<table>
<thead>
<tr>
<th>Risk factor</th>
<th>Transmission channels</th>
<th>Traditional risks involved</th>
<th>Potential impacts</th>
<th>Materiality for GMPS</th>
<th>Relevance For GMPS</th>
<th>Management/mitigation safeguards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate-related physical acute risk events</td>
<td>Damage to owned assets</td>
<td>Operational risk (business continuity)</td>
<td>Losses due to damage to owned facilities and their restoration Economic losses linked to business interruption</td>
<td>No</td>
<td>Medium-low</td>
<td>- Periodic materiality verification based on aggregates subject to impact in the event of business interruption due to physical risk. - C&amp;E risk-related strengthening (where necessary) of business continuity plans and of actions for reducing physical damage to facilities</td>
</tr>
<tr>
<td>Chronic climate-related physical risk such as changes in weather conditions or more frequent weather events</td>
<td>Higher heating/cooling costs for the premises used Lower productivity due to altered climate conditions</td>
<td>Operational risk Business risk</td>
<td>Impacts on the profitability of the higher operating costs and/or lower productivity</td>
<td>No</td>
<td>Low</td>
<td>- Energy efficiency of the buildings used and of the heating/cooling systems and procedures - Greater use of energy from renewable sources, revised energy supply policy - Pooled mobility policies, awareness-raising initiatives, environmental education</td>
</tr>
</tbody>
</table>
### PHYSICAL RISKS – INDIRECT

<table>
<thead>
<tr>
<th>Risk factor</th>
<th>Transmission channels</th>
<th>Traditional risks involved</th>
<th>Potential impacts</th>
<th>Materiality for GMPS</th>
<th>Relevance For GMPS</th>
<th>Management/mitigation safeguards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate-related physical acute risk events</td>
<td>Damage to credit counterparties’ assets, used as guarantee for mortgages (residential and business)</td>
<td>Credit risk</td>
<td>Loss of collateral value</td>
<td>Yes</td>
<td>Medium-high</td>
<td>- Measurement of outstanding exposures through RAS KRIs and other risk indicators.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Operational limits on exposures</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- In progress: definition of impact models and integration into stress test programmes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- In progress: integration of commercial-credit processes based on the individual Customer’s C&amp;E risk profile (where possible) or on sector-related classifications</td>
</tr>
<tr>
<td>Climate-related acute and physical chronic risk events</td>
<td>Damage to Business Customers’ operating assets and production systems (physical acute risk). Impact of climate change on production activities (chronic)</td>
<td>Credit risk</td>
<td>Credit quality deterioration</td>
<td>Yes</td>
<td>Medium-high</td>
<td>- Periodic materiality verification based on deposits potentially subject to mass reduction due to physical risk events. As at 31 December 2022, the outcome of the verification was &quot;non material&quot;.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- As at 31/12/2022, the outcome of the verification was &quot;non material&quot;. No models or studies on the transmission of the physical risk to the market value of the financial instruments readily applicable to the specific context (Italy) were identified</td>
</tr>
<tr>
<td>Climate-related physical acute risk events</td>
<td>Damage to real estate assets (physical acute risk). triggering requests for reimbursement of deposits</td>
<td>Liquidity risk</td>
<td>Impact on operating liquidity Economic losses due to higher costs for alternative liquidity to deposits</td>
<td>No</td>
<td>Low</td>
<td>- As at 31/12/2022, the outcome of the verification was &quot;non material&quot;. No models or studies on the transmission of the physical risk to the market value of the financial instruments readily applicable to the specific context (Italy) were identified</td>
</tr>
<tr>
<td>Climate-related acute and physical chronic risk events</td>
<td>Damage to operating assets and production facilities of issuers which affects their value and profitability</td>
<td>Market risk</td>
<td>Economic losses due to capital losses on financial instruments</td>
<td>No</td>
<td>Low</td>
<td>- As at 31/12/2022, the outcome of the verification was &quot;non material&quot;. No models or studies on the transmission of the physical risk to the market value of the financial instruments readily applicable to the specific context (Italy) were identified</td>
</tr>
</tbody>
</table>
PHYSICAL RISK - PRIVATE CUSTOMERS

With regard to physical risk - private customers, the analysis once again focused on real estate securing residential mortgages, based on the location of the guarantees.

The exposure of loans within the perimeter was mapped by geolocalising (at municipality level for 2022, while detailed localisation will also be used in 2023) the property, and thus connecting the appropriate area of the applicable risk factor mapping.

Throughout 2022, exposure to the specific factors used were flood, landslide (risks widely regarded as climate-related) and seismic risk (the latter as environmental not related to climate change).

At the end of 2022, physical risk was extended to include additional acute physical risk factors applicable to real estate, such as fire, wind/hurricanes, waves, as well as a chronic risk component.

The diagrams below show the exposure to flood, landslide and seismic risk factors for the portfolio of mortgages to Private Customers on data as at 31/12/2022; the Group’s scope of analysis (BMPS and Banca WIDIBA) consists of approximately EUR 31.1 billion of mortgages secured by real estate to private counterparties.

The share of exposure considered to be at high or very high risk for at least one of the climate-related risk factors considered (landslide and flood) is a Key Risk Indicator subject to periodic monitoring within RAS.

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32 The risk indicators included in the 2022 flood and landslide analysis are based on public ISPRA data; for earthquakes, data was taken from the Civil Protection Department. The criterion used to classify private customer loan portfolios exposed to flood and landslide risks consisted of considering as being exposed to each risk factor real estate (and the receivables linked to it) that is located in municipalities with a percentage of area at P3-P4 risk level for landslides and P3 risk level for floods above a certain threshold. Based on the impact of the local area with respect to the total, it was also classified in risk brackets ranging from “null” to “very high.”
As of the end of 2022, the physical risk model for mortgages secured by residential properties evolved by integrating further physical acute risk information (and chronic risk factors only for coastal areas), for each individual property used as guarantee, based on localisation, including detailed localisation (census cell, or alternatively due to lack of information, the municipality (Comune) of reference).

Physical risk information acquired from a specialised external provider covers a range of acute and chronic risk factors. Main details are given in the following boxes, in terms of distribution of BMPS loans, by province, where exposed to high risk of the type in question.

Residential Mortgages physical acute risk and seismic risk – geographical distribution of MPS exposure in mortgages secured by real estate (flood, landslide, earthquakes, extreme weather events, sea waves, fire).
The lists show the **first 12 provinces in order of presence of residential mortgages secured by properties exposed to the risks highlighted**. The risk of the area is combined with the relevance of the share of properties (and related secured loans) at risk, the example of Tuscany being particularly relevant for its volume of loans.

**FLOOD RISK**
- Florence
- Pisa
- Bologna
- Padua
- Rome
- Lucca
- Pistoia
- Prato
- Livorno
- Milan
- Ferrara
- Venice

**SEISMIC RISK**
- Cosenza
- Reggio di Calabria
- Messina
- Siracusa
- L’Aquila
- Catanzaro
- Udine
- Benevento
- Isernia
- Vibo Valentia
- Treviso
- Avellino

**SEA WAVE RISK**
- Bari
- Barletta - Andria - Trani
- Lecce
- Taranto
- Matera
- Prato
- Livorno
- Pescara
- Ascoli Piceno
- Fermo
- Siracusa

**EXTREME WIND RISK**
- Genoa
- Livorno
- Savona
- Rome
- Lucca
- Sassari
- Latina
- Messina
- Catanzaro
- Cosenza
- South Sardinia
- Trapani

**FIRE RISK**
- Siracusa
- Lecce
- Foggia
- Catania
- Taranto
- Agrigento
- Brindisi
- Caltanissetta
- Ragusa
- Catanzaro
- Trapani
- Cagliari
PHYSICAL RISK - BUSINESSES
With regard to physical risk with an impact on credit risk, in relation to companies, the transmission channel of the impact consists of the damage that physical acute risk events (landslides, floods, rainfall, hurricanes, fire) may cause to the company’s production assets, which may lead to prolonged interruptions of activity and to compromising the regular operation of the company with subsequent loss of profitability or even closure and bankruptcy.

When measuring corporate physical risk exposure for 2022, the classification of exposures into the six risk bands for each risk factor was used, obtained by applying the same method used for private physical risk.

During this first phase, the analysis focused on small/medium sized companies. For these businesses, we reasonably assumed that the registered office could correspond to the place where the production resources are mainly located, and for which an acute physical event could jeopardise the continuity of production activities and, therefore, affect the entire credit exposure of the counterparty.

As at 31 December 2022, 24.33% of total loans to small and medium-sized enterprises (totalling EUR 24.2 billion) were located in areas at “high” or “very high” flood risk or landslide risk.

The graphs below show the breakdown of the loans by risk level of the location of the business headquarters, for the risk factors monitored.

Heatmap of loans for residential mortgages secured by real estate with regard to acute and physical chronic risk factors and seismic risk by Italian region.
Following the development of the physical risk model, on positions as at 31 December, the analysis was extended to all companies (including those with turnover exceeding EUR 50 million) by integrating further information on both acute and chronic physical risk. Physical risk information, acquired from a specialised external provider, now makes it possible for large companies to obtain risk levels determined on the basis of the localisation of individual production facilities and aggregate, by weighting (by activity parameter or number of employees) the risk of the production units into a single overall risk index at company level.

The range of risk factors covered has been expanded to include the main events of relevance to production entities (in addition to landslide, flood and seismic risk, already used on the basis of public ISPRA data and the Civil Protection Department). The risk factors fire, wind, ice, extreme waves, heatwaves have been added, integrated by BMPS in the representation of acute risks; soil erosion, aridity and heat (annual days with temperatures above the threshold level of 32°C), constituting a sub-category of chronic risk: “heat & soil”, and the risks of sea level rise and coastal erosion, representing another sub-category of physical chronic risk: “coastal”, both of which belong to the category of chronic risk.
The detailed geographical mapping of the operating assets and economic activities exposed to physical risk will make it possible to complete the Environmental profile of corporate counterparties' and offer integrated product and service solutions to strengthen resilience against the effects of climate change.

In compliance with the objectives of the Sustainability Plan and in combination with the other information gathered from Customers, detailed geographic mapping of capital assets and economic activities exposed to physical risk will make it possible to complete the Environmental profile of corporate counterparties and to offer integrated product and service solutions useful for strengthening resilience against the effects of climate change, in line with the objective of the Climate Change Adaptation (CCA) Taxonomy.

The graphs below show the main risks on a geographical basis (measured according to the economic activities exposed). The combination of greater credit exposures and greater exposure to acute and/or chronic physical risk can be seen where the colours are more intense. Data are aggregated by province of localisation; for viewing purposes, the colour scales are calibrated to highlight the distribution of each risk.

The heatmap shows the breakdown of chronic physical risk assets by region of localisation of the company (in the event of large corporate customers, by localisation of their production facilities) and by business sector.
Corporate physical acute risk and seismic risk — Geographical distribution of credit exposure broken down by risk factor (flood, landslide, earthquakes, extreme weather events, sea waves, fire).

Corporate physical chronic risk — Geographical distribution of credit exposure by risk factor (aridity, heat, coastal erosion, sea level rise).
When performing chronic risk analysis for companies, particular attention is required when cross-referencing, for each counterparty, geo-localised risk data and the characteristics of the economic activity, which may be in itself more or less exposed. The so-called damage function and, therefore, the impact on the soundness and credit risk associated with the company. The heatmap below shows distribution by Italian region of the loans exposed to each physical acute, chronic (climate-related) and seismic risk factor.

| Region       | A - Agriculture, forestry and fishing | B - Mining and quarrying | C - Manufacturing | D - Electricity, gas, steam and air conditioning supply | E - Water supply; sewerage, waste management and remediation activities | F - Construction | G - Wholesale and retail trade; repair of motor vehicles and motorcycles | H - Transportation and storage | I - Accommodation and food service activities | J - Information and communication | K - Financial and insurance activities | L - Real estate activities | M - Professional, scientific and technical activities | N - Administrative and support service activities | O - Public administration and defence; compulsory social security | P - Education | Q - Human health and social work activities | R - Arts, entertainment and recreation | S - Other service activities |
|--------------|--------------------------------------|--------------------------|-------------------|-------------------------------------------------------|-------------------------------------------------------------------|----------------|-------------------------------------------------------------------|--------------------------------|------------------------------------------|--------------------------------|--------------------------|--------------------------|------------------------------------------------|------------------------------------------------|--------------------------------|--------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|--------------------------|
| Abruzzo      |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Basilicata   |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Campania     |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Emilia-Romagna |                                  |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Friuli-Venezia Giulia |                  |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Lazio        |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Liguria      |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Lombardy    |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Marche       |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Molise       |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Piedmont     |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Puglia       |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Sicily       |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Tuscany      |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Trentino Alto-Adige/Südtirol |        |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Umbria       |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Valle d’Aosta/Vallée d’Aoste |      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |
| Veneto       |                                      |                          |                   |                                                       |                                                                   |               |                                                                   |                               |                                                        |                           |                          |                           |                                                             |                                                             |                               |                   |                               |                          |                               |                          |                          |

*Sustainable finance and Climate Change*
Sustainable finance and Climate Change

The heatmap at page 99 shows distribution by Italian region of the loans exposed to each physical acute, chronic (climate-related) and seismic risk factor. When performing chronic risk analysis for companies, particular attention is required when cross-referencing, for each counterparty, geo-localised risk data and the characteristics of the economic activity, which may be in itself more or less exposed to physical risk (acute but above all chronic) depending on the “intensity” of capital or “workforce” used, which characterises the so-called damage function and therefore the impact on the soundness and credit risk associated with the company.

The heatmap illustrated on this page shows distribution by Italian region of the loans exposed to each physical acute, chronic (climate-related) and seismic risk factor. The values of the loans at risk are expressed as a percentage by column (risk factor) to identify the regions with the highest risk exposure for each risk factor. The column values therefore cannot be compared.
3.3 Our Community

3.3.1 Relations with Customers and strong link to the local area

Our approach

Responding to Customers’ needs is an essential condition for the Bank when carrying out its business activities and a key requirement for maintaining and improving the relationship of trust it has established with its Customers. For this reason, the Bank focuses strongly on maintaining transparent, continuous and non-discriminatory communication. The Group’s organisation structure is divided into business areas and guarantees widespread, top quality services featuring well-established listening methods and high levels of accessibility. Furthermore, through the Agrifood Centres, the Bank stands out for its excellent skills in financing projects in the agrifood sector linked to the NRRP.

THE GROUP’S MAIN POLICIES TO MONITOR THE TOPIC

- Sustainability and ESG Directive
- Group policy on commercial policies
- Rules on Inclusion

RESULTS 2022

- Activation of “Private Customer Personal Loan” (consumer credit) with a total disbursed amount of EUR 186.5 mln
- Strengthening the quality of Customer relations, through continually improving processes and services
- Development of an advanced financing offer for households and promotion of the offer for SMEs
- Strengthening of asset management and protection through Banca Widiba

OUR COMMITMENT
The table below provides a description of the main risks for the Group related to the material topics described in the chapter and the approach adopted to manage them, in consideration of the internal business processes.

<table>
<thead>
<tr>
<th>Main topics</th>
<th>Potential risk</th>
<th>Nature of risks involved</th>
<th>Stakeholder impacted</th>
<th>Main management and mitigation safeguards</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; attention to Customer needs</td>
<td>Generated</td>
<td>Financial and non-financial</td>
<td>External communities</td>
<td>&gt; customer satisfaction surveys to monitor satisfaction with products and services, multi-channel delivery methods and relations with the Bank</td>
</tr>
<tr>
<td>&gt; commercial and communication practices in the products/services offered</td>
<td></td>
<td>Direct and operational</td>
<td></td>
<td>&gt; media monitoring</td>
</tr>
<tr>
<td>&gt; social impact on communities</td>
<td>Incurred</td>
<td>Indirect and reputational</td>
<td></td>
<td>&gt; reputational risk assessment prior to the launch of new projects and products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct and business-related</td>
<td></td>
<td>&gt; monitoring disputes with Customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&gt; monitoring Customer portfolios for consistency between the risk profile of Customers and the risk characteristics of products and portfolios</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&gt; analysis of security and control measures for the protection of personal data in implementation of the GDPR regulation and Data Protection Authority provisions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&gt; actions to support households and businesses with extraordinary actions both on the basis of government provisions and as a result of specific Bank initiatives (e.g. for the COVID19 health emergency, for the Russia - Ukraine crisis: adjustment of financing products to the new MCC/SACE guarantees eligible for the temporary aid schemes authorised by the European Commission, Temporary Framework and Temporary Crisis Framework, respectively)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&gt; enhancement of the protection solutions offered for health and corporate welfare</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&gt; structured offer for Customers interested in the so-called “Building Bonuses”</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&gt; financial inclusion solutions by expanding the commercial offer with products for the weaker segments of the population (e.g. Basic Current Account, Pension Account, ISEE Account, etc.) also through Solidarity Microcredit activities</td>
</tr>
</tbody>
</table>
### MAIN RISKS ASSOCIATED WITH “RELATIONS WITH CUSTOMERS AND STRONG LINK TO THE LOCAL AREA”

<table>
<thead>
<tr>
<th>Main topics</th>
<th>Potential risk</th>
<th>Nature of risks involved</th>
<th>Stakeholder impacted</th>
<th>Main management and mitigation safeguards</th>
</tr>
</thead>
</table>
| characteristics or conduct of Customers in line with the Group’s Social and Governance principles towards communities | > organisational structure, internal relations of non-compliant or controversial counterparties (Governance)  
> negative impacts of Customer activities on citizens or communities (Social)  
> damage to image | Incurred  
Potentially financial and non-financial  
Operational direct and reputational indirect | Bank | > The Group already adopts adequate anti-money laundering and counter-terrorist financing (AML & CFT) controls  
> defining a Customer “social” and “governance” profile through questionnaires, independent analyses and certifications, scores and ratings provided by third parties  
> offering products with conditions (pricing) and other features (purposes, covenants) linked to compliance with social principles or goals aimed at citizens, communities and stakeholders |

For details on the main impacts generated, see the chapter “Materiality Analysis and Stakeholder Engagement”
Distribution channels and Customer assets

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 552 Financial Advisors (538 as at 31 December 2021) who carry out their activities by having offices open to the public distributed throughout the country.

At the end of 2022, the Italy Network had 1,362 branches overseen by the Supervisory Authority, with a reduction of 6 operating points compared to 31 December 2021, due to the closure of these operating points in December 2022.

The Group also makes use of 127 Specialised Centres (126 as at 31 December 2021), of which 73 dedicated to Enterprises, 48 to Private Customers and 6 to the Family Office.

The Group’s ATM network comprises a total of 2,569 machines (-52 compared to 31 December 2021), of which 2,073 coinciding with traditional branches (1,665 of these are located on premises with an independent entrance also accessible outside of branch hours) and 496 installed in public places with high operational potential, of which 88 in institutions/companies.

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,

The Foreign Network is currently structured as follows:

- 1 operational branch in Shanghai;
- 8 representative offices in target areas of Europe, North Africa, India and China;
- 1 foreign bank, namely Monte Paschi Banque S.A., operating in France, for which the Parent Company resolved in 2018 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’. The performance of the subsidiary in 2022 is substantially in line with the provisions of the Commitment.

35 The Foreign Network is not included in the reporting scope of the 2022 NFS (see 4.1 Methodological Note).
In addition to its physical presence across the country, the Parent Company offers banking services to customers through electronic channels with internet banking products for Retail and Corporate Customers. As at 31 December 2022, there were 1,395,609 active internet banking service users (+77,459 compared to 31 December 2021). Internet banking services for Retail customers have 1,258,463 active users and those for Corporate customers are 137,146. As at 31 December 2022, the Group had around 3.7 mln Customers, substantially stable compared to 31 December 2021.

Customers as at 31 December 2022 are broken down as follows:

- About 3.4 mln are managed by the Sales and Distribution Network of the Parent Company Banca Monte dei Paschi (93%);
- About 0.3 mln are managed exclusively by Widiba, the Group’s online bank (7%).

At the end of 2022, the Retention and Acquisition indicators stood at 94.4% and 4.0% respectively, showing an improvement on Retention and a slight decrease on Acquisition (92.8% and 4.4% respectively) compared to 2021. The reorganisation of the local structures in 2022 enabled the Group to take a further step inside the local areas, counting on an organisation that is closer to its Customers, more flexible and designed to provide faster responses. Focus is indeed still on its relations with Customers.

The new organisation strengthens the Bank’s geographical coverage of the households and businesses it serves, allowing it to better comprehend Customers’ needs and respond more quickly to their requests. This is the main reason for the creation of a Regional Department for households and a Regional Department for businesses. To give visibility to the Bank’s new structure, including through the reorganisation in the local areas of reference, the Regional Retail Directors and the Regional Business and Private Directors were interviewed in the main local newspapers.
Quality in Customer relations in BMPS and Banca Widiba

GRI 417-2  GRI 417-3

The relationship of trust between the Bank and its Customers is based on the quality of their relations. For the reason, 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.

Listening continued to be examined during specific Customer multi-channel moments, as did surveys of specific moments of interaction with the branch or analysis of possible Customer dissatisfaction with discontinued products.

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.

With regard to the relationship between Customers and the bank, since the delicate emergency situation that affected 2020 and 2021, it became possible to shorten “social distancing” and encourage the return to face-to-face contacts.

Customers who were well-acclimated to using remote channels for current account operations, carried out 87% of their main transactions (e.g. payment of utility bills, payment card management, bank transfers, etc.) with the Digital Banking service for individuals and PasKey aziendaonline service for businesses, up compared to 85% in the previous year.

The Bank continued to guarantee disclosure on the measures adopted due to the Covid-19 emergency, such as the suspension of mortgage payments, by constantly updating its website and sending specific information to Customers.

There were no incidents of non-compliance during 2022 concerning product information and labelling and/or self-regulatory codes in marketing communications.

For Banca Widiba, customer experience has always been a distinctive element when addressing the market, both in the banking platform and for the services offered. For this reason, the Bank involves its Customers in a structured and transparent decision-making process on a daily basis. Customers can rate products and services with a score from 1 to 5 and make a comment or suggestion. Banca Widiba once again in 2022 confirmed its commitment and calling to implement a user-friendly and effective banking experience model, which is respectful of the sensitivity of people and their most common behavioural patterns and is accessible from different platforms.

Focus on the process

• 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).
### SOME NUMBERS ON THE CUSTOMER EXPERIENCE FOR 2022:

<table>
<thead>
<tr>
<th>Rating</th>
<th>Net Satisfaction Score</th>
<th>iOS</th>
<th>Android</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/5</td>
<td>96/100</td>
<td>4.7/5</td>
<td>4.2/5</td>
</tr>
</tbody>
</table>

**RATING**  
Assessment of online products and services

**NET SATISFACTION SCORE**  
Index given by the difference between positive (4/5) and negative (1/2/3) assessments

**RATING APP**  
Banca Widiba iOS and Android Ratings

- **34 points**  
  IN THE NET PROMOTER SCORE 2022 (SECTOR AVERAGE: 30)  
  First customer experience index

- **76.23%**  
  IN THE CUSTOMER SATISFACTION 2022 INDICATOR  
  Customer satisfaction level with a view to improving the product/service offered

- **8.5/10**  
  IN THE CUSTOMER EFFORT SCORE 2022 INDICATOR  
  How simple it is to use Banca Widiba products, according to Customer assessments

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This context includes the implementation of projects for the further development of the Apps, through new evolved interactions, such as the chat disposition and video call, with the aim of anticipating the trends of the future to translate the requests of customers into an everyday language.

### Accessibility in the Montepaschi Group

Banca MPS continued in 2022 to focus on the accessibility and usability of all the channels made available to Customers and employees. Addressing a large audience of different users, it gives special emphasis to designing and developing Self Banking services and adheres to the Guidelines on the accessibility of IT tools. In this regard, the Bank uses assistive technologies available on the market, making websites and Apps readable through Screen Reader and integrated rotor in smartphones (e.g. Voice Over) and performing regular assessments to identify any technical and UX issues. Cyclical testing and the conformity of web and App content to World Wide...
Web Consortium (W3C) WCAG 2.1 on the digital banking channels for retail Customers (Digital Banking) continued.

For specific Digital Banking technical and functional requirements, which are translated into processes and methods for developing new functions and reviewing existing services, the Bank continues to collaborate with the Italian Union of the Blind and Visually Impaired (UICI) and with the National Institute for the Evaluation of Aids and Technologies (INVAT). The aim is to make Internet Banking information and transactions more user-friendly and fully accessible from desktop, mobile and App. Visually impaired and blind colleagues contributed to developing and implementing Digital Branch - the platform used by the Network for daily operations - in order to make it accessible and user-friendly.

As of 2021 100% of ATMs are accessible to people with functional limitations and different kinds of disability. To make ATMs fully accessible, the machines (including new installations and replacements) are located to allow side access for wheelchair users. Several measures have also been implemented to make it easier to use the service, such as wide entrances, lights indicating the area of interaction with the machine or a braille keyboard. The ATM network comprises a total of 2,569 machines (-51 compared to 31 December 2021), of which 2,073 coinciding with traditional branches (1,665 of these are located on premises with a separate entrance that are also accessible outside of counter hours and 496 are installed in public places with a high operating potential, of which 88 are inside institutions/companies).

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.
Activities related to the National Recovery and Resilience Plan (NRRP)

In line with the process of defining a sustainable and inclusive 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 characteristics of the local area in which it operates, its deep-rooted and widespread network, active listening to Customers' needs and its focus on innovation are core aspects of Monte dei Paschi di Siena's approach and are an integral part of its daily operations.

Year 2022 caused many challenges for the global, national but above all local context. This steered the decisions of Group companies and the activities implemented to support the local area and Customers, enabling the Group to respond promptly to the effects of the Covid-19 health crisis, the emergency following the Ukrainian conflict and regulatory changes in the field of sustainable development, to name but a few.

The reforms and projects of the National Recovery and Resilience Plan (NRRP) develop around three strategic pillars, agreed at European level, and are divided into 6 missions.
Banca MPS 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, in line with the NRRP.

The MPS Group and support to the Agrifood sector

Since its establishment, the MPS Group has always been close to the area in which it operates which features a large number of agrifood businesses, one of Italy’s core sectors.

In this regard, Banca Monte dei Paschi di Siena has set itself the goal of specialising its offer to support the sustainability of local areas and businesses, with tailor-made financial services and ongoing strategic support through a network of specialised centres in the main Italian agrifood districts.

MPS Agroalimentare was created (with the support of Fondazione Qualivita) to meet this goal and respond to the challenges that the agrifood sector is called to face: the ecological transition, the launch of the European Green Deal programme aimed at achieving a circular, efficient and sustainable economy, and technological innovation.

This project resulted in a network designed to support and assist agricultural entrepreneurs (as well as craftsmen, merchants and tour operators operating in the agrifood sector) when choosing their financing options.

This is achieved through specialist centres spread throughout Italy, with expert consultants and dedicated products (from loans to protection policies).

In addition to implementing actions that offer support to target companies by setting up and developing specific initiatives and campaigns, the Centres take on a proactive and advisory role in identifying and analysing the facilitating measures available in their area of reference, fostering the development of projects that have a positive impact on company development. The centres offer the support of sector experts and solutions to guide companies towards a development process characterised by innovation, digitisation and sustainability, which are central elements of the NRRP.

In 2022, in continuity with the previous year, the Bank strengthened its presence in the sector and the local area: three new Agrifood Centres were opened in Chioggia, Montalcino and Avezzano, bringing the total number of active centres to 15.

In order to meet the goal of accompanying companies along “green” and technological innovation paths, the Bank paid special attention to the schedule of EU funds, whether directly (NRRP) or indirectly (Regional RDPs) managed, in order to enhance the facilitation measures. Among the initiatives that seek to facilitate access to credit and services, 18 collaboration agreements with external counterparties operating in the agrifood sector were completed or renewed, strengthening relations with national and local bodies and partners. In addition, the Bank joined the agreements signed between the Ministry for Agricultural, Food and Forestry Policies (Mipaaf) and CDP concerning the funding of projects to support investments in the agrifood sector. More specifically, the Ministry signed the agreements regulating the relations between the entities for the implementation and management of subsidised loans.

Specific Tenders (IV and V) were set up through the agreements concerning the so-called “Supply Chain Contracts”, a tool seeking to foster the processes for the reorganisation of relations between entities belonging to the Agrifood and Agro-energy sectors, through public and private financial support.

Total Agrifood loans disbursed in 2022 amounted to EUR 695.53 mln.

Banca Monte dei Paschi di Siena has set itself the goal of specialising its offer to support the sustainability of the local area and of businesses.

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34 Ministerial Decree no. 1192 of 8 January 2016 and subsequent Ministerial Decree no. 8254 of 3 August 2016, and Ministerial Decree no. 0673777 of 22 December 2021.
Banca MPS joined the agreements in July and September 2022, for the IV Tender and the V Tender, respectively. It issued the relevant product in November 2022, thus taking part in the cofinancing initiatives and allowing it to stand by the side of sector companies and their supply chains with an instrument made up of a share of funding provided by the Bank and a share provided by CDP on favourable terms. The Bank also continued to implement activities to support companies with PDO/PGI products. Banca MPS offers solutions aimed at financing agrifood product stocks, including both traditional pledges on widely traded products (especially in support of the Grana Padano PDO and Parmigiano Reggiano PDO supply chains) and revolving pledges introduced during conversion of the “Cura Italia” decree.

Regarding the revolving pledge on wine, since 2020, Banca MPS has signed specific agreements with leading Italian wine “Consorzi di Tutela” (Protection Consortia) as at 31 December 2022, 20 revolving pledges on wine transactions had been completed totalling EUR 25.66 mln.

The experience gained last year on the topic allowed the Bank to effectively offer the tool to SMEs as well, thus strengthening its role in supporting the local area and Italian-made products. This was also achieved through cooperation with the “Consorzi di Tutela” (Protection Consortia) with which new agreements were signed or previous ones renewed.

Facile 4.0
Facile 4.0 (or Sabatini Ter) is an aid 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.

The facilities comprise:

- granting of a medium-term loan by the bank, with possible use of specific funds made available by the Cassa Depositi e Prestiti, the so-called “Plafond Beni Strumentali” (Operating Assets Fund), as part of an agreement promoted by ABI, CDP and MISE. The loan may be assisted by the guarantee of the “Guarantee Fund for Small and Medium-Sized Enterprises” for up to 80% of the amount. It must last no more than five years and its amount be between EUR 20,000 and EUR 2 million;
- a contribution from the Ministry of Economic Development in relation to the interest on the loan. The contribution is determined as being equal to the value of the interest calculated on a loan lasting five years and an amount equal to the investment, at an annual interest rate of:
  1. 2.75% for ordinary investments;
  2. 3.575% for investments in digital technologies.

To benefit from the facility, companies must meet certain requirements laid down by applicable regulations on the date of submission of the application, including registration with the Companies’ Register and having their registered office in...
Italy (or opening an operating office in Italy within the deadline for completion of the investment).

During 2022, 877 applications were submitted to the Ministry requesting the contribution, totalling EUR 121.34 mln of Facile 4.0 loans.

The patterns that characterised the commercial trends in 2021, including investments with high technology and low environmental impact (in 2022, 1,481 Sabatini applications for a value of approximately EUR 383 million, of which 72% Sabatini 4.0 and 28% ordinary Sabatini) and use of the guarantees offered by Mediocredito Centrale, were confirmed for 2022.

OTHER NRRP INITIATIVES PROMOTED BY THE GROUP

Tourism

Products for Customers operating in the tourism sector aimed at upgrading facilities, protecting cultural heritage, expanding green areas, and increasing competitiveness. The SME Guarantee Fund pursuant to Law 662/96 has set up a “Tourism Special Section” for companies belonging to the Tourism/Hotellerie sector to support investments, including real estate investments, for energy upgrading and digital innovation. The Section enables companies operating in the tourist sector to obtain additional liquidity, also through the renegotiation/consolidation of exposures not guaranteed by the Fund. For the implementation of the “Fondo Rotativo Imprese (FRI) [Business Revolving Fund] for business support and development investments”, direct contributions are granted for expenditure on energy upgrading, environmental sustainability and digital innovation in combination with co-financing, whose details for the related granting and disbursement have been defined in an agreement between the Ministry of Tourism, ABI and CDP which the Bank joined in September 2022. In response to entry into the agreement, in November 2022, the Bank issued a specific financing product.

Retail trade

For Customers operating in the Trade sector who were negatively affected by the Covid emergency and for whom a non-repayable contribution was offered to relaunch their business activity.

Facilitation Measures

For Customers with or without credit lines, eligible for facilitation measures (Sustainable Mobility, Ceramic Art Support Fund and Textile and Fashion Bonus) to seize the NRRP opportunities.

Through its subsidiary MPS Leasing & Factoring, the Group included two loans in its products and services catalogue to help companies:

- **Loans for leasing from Cassa Depositi e Prestiti** loans to promote a greater inflow of medium/long-term resources to companies, also through lease brokerage. As at 31 December 2022, there were 1,430 transactions financed with CDP funding for a total amount of roughly **EUR 353 million**.

- **Supply Chain Finance** great focus was placed on the Supply Chain Finance offer to guarantee customers an optimised management of credit and liquidity of the entire production chain, with particular focus on the agrifood sector.
Consumer credit and partnership with AXA

Personal loans may be granted depending on the Customer’s profile. Loans may be granted to Customers who have held an account with the Bank for at least 1 year and subscribe to Advanced Electronic Signature (FEA) and/or Remote Digital Signature (FDR) systems.

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. To continue to guarantee this service to Customers, AXA MPS extended this initiative also to year 2022 up to 5 May 2023.

The AXA HEALTH PORTAL was confirmed for 2022: a website that provides a set of services for AXA health policy holders.

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.

Ordinary Personal Loan

Fabbrica MPS

Fixed-rate personal loan for “Private” Customers residing in Italy to meet consumer or personal lending needs.

Aimed at all categories of workers and pensioners with a documented income and aged between 18 and 75 at the end of the repayment plan, the ordinary personal loan envisages a net disbursed amount of between EUR 1,500 and EUR 60,000, and repayment period between 18 and 120 months.

In 2022, 14,430 Fabbrica MPS Ordinary Personal Loans were disbursed for an overall amount of EUR 186,547,408.

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20% discount on all health services provided by partnered diagnostic centres with the HEALTH CARD

EUR 186,547,408 total amount disbursed for Fabbrica MPS ordinary personal loans.
3.3.2 Digitalisation and IT security

Our approach
Operating in a continually evolving environment, the Group continues to focus on digitalising interaction with Customers by expanding the range of products, services and channels it offers, ensuring better access to banking services and products for less digitalised categories of stakeholders, and improving customer experience.

At the same time, the Group firmly believes that minimising the risks inherent in the services it offers, as well as implementing and embracing the best IT security standards through the development of effective tools for protecting the technological structure, are essential to continue to provide high-quality and trustworthy services.

RESULTS 2022

- 81.4% of Customers using digital signature
- 48.9% use of digital communication channels with Customers
- Initiatives supporting the dissemination and in-depth knowledge of digital channels
- 770 Rating BitSight Security Rating (scale 250-900)

OUR COMMITMENT

- EUR 230 mln investments in digitalisation for the 2022-2026 period
- Full implementation of Banca Widiba as best-in-class digital channel with advisory offers
- Preparation of an IT infrastructure for mapping and monitoring lending and investment banking ESG solutions
- Strengthening the digitalisation of documents and control functions
- EUR 14.8 mln envisaged in the 2022-24 three-year period for strengthening security safeguards
The table below provides a description of the main risks for the Group related to the material topics described in the chapter and the approach adopted to manage them, in consideration of the internal business processes.

<table>
<thead>
<tr>
<th>Main topics</th>
<th>Potential risk</th>
<th>Nature of risks involved</th>
<th>Stakeholder impacted</th>
<th>Main management and mitigation safeguards</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; Customer expectations towards the digitalisation of banking and financial services</td>
<td>&gt; disintermediation in favour of new digital players (open banking) and resulting loss of market share</td>
<td>Generated Financial and non-financial Direct and operational Direct and business-related</td>
<td>External communities Internal community</td>
<td>&gt; 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 &gt; promoting the digitalisation of payments and e-commerce by encouraging the process, especially for micro-merchants; &gt; implementing inclusive solutions, with special focus on use and access for Customers with visual impairments and limited digital literacy &gt; 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</td>
</tr>
</tbody>
</table>
Digitalisation in the MPS Group

The pandemic crisis of 2020 and 2021 accelerated the digitalisation of the processes and services provided to Customers and employees to ensure fully effective remote operations. New interaction methods were tested and remote collaboration functions were enhanced both for the provision of basic services and the management of investment advice.

The MPS 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 purpose of this strategy is to achieve a competitive advantage based on the use of enabling technologies for a range of distinctive services and on anticipating Customer needs, 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 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.

During 2022, in order to improve Customer experience and raise the standards of IT system availability, stability and performance, the Group continued to invest in the improvement and development of new applications for both Customers and Employees.

With regard to Digital Banking, the possibility of subscribing online to the Remote Digital Signature to sign Bank documents and contracts was implemented.

In addition, the commitment towards digital literacy was further strengthened with specific Customer contact campaigns aimed at raising awareness, encouraging and disseminating Digital Banking and PasKey azienda online (PAO) services, and promoting knowledge of the products/services offered online.

Starting in April 2022, the Network was also involved in initiatives supporting the dissemination and in-depth knowledge of digital channels: more specifically, restyling of the Digital Banking online course, updated with the latest new features introduced, as well as video tutorials on specific topics regarding the PasKey aziendaonline service.

The Digital Branch operating platform for employees was enhanced with new, full paperless functions and processes completely redesigned from a digital perspective to make them easier and more efficient.

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 the presentation and discussion of the results in two special committees.
DIGITALISATION INITIATIVES

- **Remote Collaboration:** The number of documents and contracts prepared in branches which can be signed via Digital Banking was expanded.
- The number of documents that can be received and viewed via DocumentiOnLine (DOL) was expanded.
- Initiatives and commercial campaigns towards the Network regarding banking and financial services that can be delivered remotely, through specific courses and tutorials.
- Implementation of anti-fraud systems on electronic payment systems and promotion of information campaigns on various channels to alert Customers on the techniques most commonly used by perpetrators of fraud.
- Extension of the "Easy Merchant" platform, already in place for agreements with new Customers, to management of Customer stock completed.

GOALS OF THE INITIATIVE

- Further reducing the use of paper
- Raising awareness of and broadening the opportunities made available by BMPS
- Making communications with Customers more efficient
- Achieving economic and environmental benefits on the production and mailing of documents
- Reducing receipt errors
- Raising awareness in Customers and employees
- Increasing the penetration and use of online services
- Reducing the production of paper documents
- Increasing the efficiency of communications with Customers
- Reducing fraud perpetrated by phishing activities when using electronic payment systems (e.g., bank transfers, prepaid card top-ups)
- Raising awareness in Customers on how to protect themselves against attempted fraud
- Promoting digitalisation activities for merchants
- Further reducing the use of paper
IT security

IT security geared towards supporting innovation in terms of digitalisation of Customer relationship channels is one of the central pillars of the IT system to guarantee resilience, sturdiness and responsiveness. These are all characteristics that the IT system needs to address attacks designed to jeopardise its correct operation and performance.

The evolution of business and operational models, the use of new technologies, changes in the regulatory framework and the consequent growing attention by the Supervisory Authority, increasingly require Banks to implement and continually strengthen their defence systems for the purpose of protecting both their information assets and Customers.

Banks operate in a regulated context that increasingly recognises the need to define guidelines and standards to prevent and manage Cyber risk by considering emerging risks from an integrated perspective, with a high focus on efficiency, staff skills and technology.

Through its Information Security function, the Bank continuously monitors IT security and carries out IT risk assessment, introducing all necessary precautions to minimise the risks inherent in the services offered.

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.

In 2022, the Board of Directors approved the 2022-2024 Strategic Logical Security Plan, aimed at providing cybersecurity planning and maintaining an overall programmatic view of the projects that will be launched. The Plan also sought to increase the Bank’s security posture, while ensuring compliance with the strategic guidelines defined by the Group.

The main actions included: strengthening the third-party governance framework, continuing cybersecurity awareness initiatives at all company levels, implementing corporate data protection solutions and strengthening Identity & Access Management security levels.

IT security guidelines

are formalised in an internal regulatory framework that provides guidelines, methods and management standards to all Group companies. The framework is aligned with the highest quality and compliance requirements in relation to the various operating areas and risk sources, and meets local and global regulatory and legal requirements.

In 2022, the Board of Directors approved the 2022-2024 Strategic Logical Security Plan, aimed at providing cybersecurity planning and maintaining an overall programmatic view of the projects that will be launched. The Plan also sought to increase the Bank’s security posture, while ensuring compliance with the strategic guidelines defined by the Group.

The main actions included: strengthening the third-party governance framework, continuing cybersecurity awareness initiatives at all company levels, implementing corporate data protection solutions and strengthening Identity & Access Management security levels.

INDICATORS – SERVICE SECURITY – BITSIGHT SECURITY RATING

Security level of the technological infrastructure

<table>
<thead>
<tr>
<th>Year</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>770</td>
</tr>
<tr>
<td>2021</td>
<td>770</td>
</tr>
<tr>
<td>2020</td>
<td>770</td>
</tr>
</tbody>
</table>

Implementation of the annual IT security awareness programme through: training initiatives for the entire Group, anti-phishing campaigns on specific user targets, dissemination of training snippets on the corporate intranet and training for top management.

The courses with higher attendance rates were:
- Cybersecurity: network attack (15,993 participants);
- Learning Magazine Cyber Security (2,366 participants);
- Cybersecurity: learning how to use passwords (2,160 participants);
- Cybersecurity – instant messaging: can we trust it? (1,997 participants).

Creation and operational start-up of the Computer Security Incident Response Team (CSIRT) for improving cyber incident prevention and response skills.

Development of security measures to reduce the inherent risk of Montepaschi Group’s IT services, including evolution of the platforms for the protection of fixed and mobile corporate devices and the encryption of confidential information and digital identity management systems.

Cooperation through the sharing of information and data with the Police and with banking institutions/assocations in order to strengthen the fight against cybercrime and computer fraud.

Subscription to an insurance policy to cover cyber risks.

36 Independent rating - BitSight Security Ratings (scale 250-900) https://www.bitsighttech.com/security-ratings. The rating covers the following assessments: a) presence of compromised systems; b) user behaviour; c) prevention systems; d) data loss.
3.3.3 Culture and community

Our approach
Promoting the Bank’s and Italy’s arts heritage, broadening knowledge of financial education issues and supporting the social needs of weakest groups, with particular attention to young people and women, are examples of how the Bank supports the community it is a part of and which it seeks to support in its social and environmental development.

Results 2022
- 8 loans with 87 works loaned to museums and foundations
- Among the various initiatives, “Banca Aperta” was re-established in 2022
- 82 paid internships and 300 students involved in the Scuola-Lavoro initiative, 200 participants in the Career Day
- 3 partnerships and external collaborations regarding Financial Education
- A wide range of Financial Education initiatives for Customers and Managers

MPS Orienta: implementation of external training and development initiatives through a programme focused on career guidance, supporting young people in job seeking and, in general, relations with schools and universities.
The table below provides a description of the main risks for the Group related to the material topics described in the chapter and the approach adopted to manage them, in consideration of the internal business processes.

<table>
<thead>
<tr>
<th>MAIN RISKS ASSOCIATED WITH “CULTURE AND COMMUNITY”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main topics</td>
</tr>
<tr>
<td>&gt; providing fair support for the development of the community of reference, by promoting the topics of sustainable growth, digitalisation and financial culture</td>
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<tr>
<td></td>
</tr>
</tbody>
</table>

For details on the main impacts generated, see the chapter “Materiality Analysis and Stakeholder Engagement”

The MPS Group plays an active role in developing and promoting the communities in which it operates, with special emphasis on aspects such as encouraging art and culture, enhancing the specific features of the local area with targeted events and promoting financial education within everyone’s reach.

The Communication Function, Human Resources Function and Sales Function plan the events, activities and initiatives reported below and monitor these aspects, regarded by the Bank as crucial for its external relations.
Financial education

GRI G4 FS16

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.

The year 2022 was a very difficult one for portfolios with equity and bond markets performing negatively, due to high inflation and interest rate increases by central banks to counter it, caused in part by the Russian-Ukrainian conflict and the energy crisis.

In this regard, the Advisory Team increased activities through both the Private and Retail networks with the aim of providing operational instructions and support to better interface with Customers.

Traditional training courses were therefore accompanied by initiatives that could strengthen the skills required to meet the needs linked to the reference context.

“Flash Mercati” webinar

Specifically, the traditional weekly webinar “Flash Mercati” dedicated to the Private and Retail networks continued to be held weekly, for a total of around 100 meetings/webinars throughout the year.

In addition to these meetings, dedicated appointments were organised, either digital or face-to-face at the request of the network, on specific market or product topics.
<table>
<thead>
<tr>
<th>INITIATIVES FOR PRIVATE AND FAMILY OFFICE MANAGERS</th>
<th>INITIATIVES FOR CUSTOMERS</th>
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</thead>
<tbody>
<tr>
<td>Digital B2B: a cycle of interactive webinars for the Private and Family Office Network, with specialists offering insights into specific topics, such as financial market trends. In the period February-December 2022, 34 info-educational webinars were held, for a total of roughly 17 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 2 hours of training per person.</td>
<td>Private Customers – Banca MPS: events were implemented in 2022 for Private Customers, organised with external partners and focusing on the market and scenario; a total of 18 initiatives were held, attended by 532 participants.</td>
</tr>
<tr>
<td>Info-educational meetings throughout Italy: 20 sessions of about 60 minutes each were implemented during the year for a small number of bankers to deeply focus on important economic and financial topics.</td>
<td>Banca Widiba Customers: 82 training events with existing and prospective Customers on topics regarding financial resources, succession planning, generational handover, sustainability, inclusive finance, family budgeting, etc.</td>
</tr>
<tr>
<td>Residential: five 2-day appointments, encouraging dialogue and insight into highly interesting issues for the sector and involving 240 participants throughout Italy.</td>
<td>MpsEdu: The #MpsEdu column is a financial education initiative that has over time become 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. Around 90 videos have been published over the years. The dynamic format currently used was further revised in 2021. It now lasts about 30 seconds and focuses on a different topic each time, ranging from relatively common terms or more frequently used terms in a given period of time, for example “Price Cap”, to more complex and less known expressions, for example “Grid Parity”. The aim is to educate viewers on economy and finance giving clear and immediate information. The dynamic format of the video clips uses graphics and texts to capture the viewer’s attention and interest, introducing them to financial and economic topics. The column addresses an audience that is not familiar with economic issues but interested in getting to know them better with simple words and new concepts.</td>
</tr>
<tr>
<td>#OttobreEduFin – Banca Widiba: Among the 82 Banca Widiba Customer Events, of note is the participation in the fifth edition of #OttobreEdufin promoted by the Committee for the planning and coordination of financial education activities. Financial Advisors organised 26 events throughout Italy, exploring a range of topics such as the inclusion of women in the world of work, corporate welfare as a tool for the growth of individuals and businesses, asset management and pension schemes.</td>
<td>#OttobreEduFin: The 26 events of #OttobreEduFin included five training events entitled “LEGOFIN: building the financial future together” involving economist, Behavioural Economics teacher and LEGO® SERIOUS PLAY® accredited trainer Luciano Canova.</td>
</tr>
</tbody>
</table>

Our Community
Partnerships and cooperation

RADIO 24
6 training snippets on financial education "Parliamo la tua lingua" (Let’s speak your language), broadcast on Radio 24, to explain finance concepts using inclusive language. Banca Widiba’s managers explain words such as "certified advice and green portfolio".

UNIVERSITÀ CATTOLICA DEL SACRO CUORE OF MILAN
In 2022, Banca Widiba launched the national research project "Women and Money: a challenge for inclusion" in collaboration with the Department of Psychology of "Università Cattolica del Sacro Cuore" of Milan. The aim of this multi-method project is to identify and analyse the factors that still hinder the active and informed involvement of women in the financial management of their assets. Specifically, the study "Women and Money: a challenge for inclusion" sets itself the goal of analysing the behaviour and attitudes related to the use of money by examining the associated meanings, values and gender stereotypes. The purpose is to plan new, tangible actions and initiatives based on scientific evidence to bridge existing gaps and foster greater female inclusion in the financial sphere. The starting point of the project was an analysis of literature, followed by qualitative and quantitative research, two experimental studies and two Workshops for the Future. The results were presented during an event open to the press organised by Banca Widiba and the Università Cattolica del Sacro Cuore.

FREEDA
Financial education with focus on inclusion and gender equality was also carried out by Banca Widiba through a partnership with Freeda Media. The aim of the partnership was to draw women closer to financial topics and careers, and to raise awareness of the obstacles and stereotypes that women face when speaking of money management and financial stability. Specifically, an instant article on the development of economic culture, 2 Instagram Stories on women’s current relationship with money and work, and a video with interviews with Daniela Pivato, IT and Digital Innovation Director at Banca Widiba, and Roberta Zurlo, CCO Banking & Credit at Banca Widiba, were created and distributed on Freeda’s platforms.

Use this link to listen to the training snippets
Download the project results here
Professional development and career guidance events

In 2022, the Group developed the MPS Orienta and MPS Scuola Lavoro programmes, focused on career guidance, the development of soft skills, financial education and, in general, relations with schools and universities.

The aim of the programmes 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.

With regard to career guidance activities, development of soft skills and financial education in secondary schools, during the 2021-2022 school year, the “MPS Scuola-Lavoro” project involved 6 schools in 5 different Italian regions located in difficult and/or disadvantaged areas. Around 300 students were involved for a total of almost 5,000 project hours. 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 projects.

Other financial education and career guidance meetings were held in 2022 at the Molfetta Ag.1 branch for the Monsignor Antonio Di Bello Institute in Molfetta, the International Day of Women and Girls in Science, and the “MPS meets Centro Bonsignori” training day (30 participants). Lastly, as every year, the company took part in the Career Days organised by the University of Siena, which were attended by around 200 students.
Banca MPS has long been committed to strengthening its relationship with the local area 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. The year 2022 was a year for restarting after a difficult legacy left by the COVID-19 pandemic: in addition to the use of digital tools for interaction with various kinds of stakeholders (media relations, captive and prospective Customers, associations, bodies and institutions), it was possible to return to planning and promoting face-to-face initiatives.

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.37

37Regarding 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.

In 2022, in line with the Bank’s strategic guidelines, special focus was given to initiatives regarding the agrifood sector and the promotion of its supply chains and enterprises. In this regard, the partnership for the organisation of the Wine & Siena event was confirmed. The Bank has supported the event ever since the first edition, showing its commitment to promote agrifood excellence marked by innovation and sustainable transition.

Actions to support initiatives in the educational, social and artistic fields and institutional networking through the BAM Foundation were confirmed, regarded as instruments for making a proactive impact on the local areas of reference. Among these projects was the 26th edition of Festivaletteratura.

In 2022, after being suspended due to restrictions related to the COVID-19 pandemic, the “Banca Aperta” initiative was resumed, giving the community the opportunity to admire the artistic and architectural heritage of the Bank’s historic headquarters with guided tours on 2 July and 16 August, that is, when the ordinary Palio races are run.
Art and culture for the MPS Group

During 2022, the MPS Group tangibly supported the community by implementing cultural initiatives, which have always played a central role in BMPS’s policy since they have a significant impact on the brand and strengthen the Group’s reputation. The Bank holds ongoing and continuous relations with the Fine Arts Trusts responsible for the local areas and various matters (artistic heritage and archival/library heritage). The Bank, in fact, 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. Furthermore, the Bank constantly takes part in ABI’s Cultural Relations Work Group, which deals with identifying cultural strategies common to all banking institutions.

There were 8 loans for a total amount of 87 works of art. In particular:

- Carlo Levi. Tutto il miele è finito: la Sardegna, la pittura (The Honey is All Gone: Sardinia and Painting), 11 February – 19 June 2022, at MAN (Museo d’Arte Provincia di Nuoro)
- Maddalena. Il mistero e l’immagine (Magdalene. The Mystery and the Image), 25 March – 10 July 2022, at Musei San Domenico – Forlì
- L’ombra della giovinezza. Federigo Tozzi e le arti figurative (The Shadow of Youth. Federigo Tozzi and the Figurative Arts), 10 April – 20 July 2022, at Complesso Museale Santa Maria della Scala – Siena
- Margherita di Savoia Regina d’Italia (Margherita of Savoy Queen of Italy), at Palazzo Madama, Museo Civico d’Arte Antica – Turin, 13 October 2022 – 30 January 2023
- Arte Senese. Dal Tardo Medioevo al Novecento nelle Collezioni del Monte dei Paschi di Siena (Sienese Art. From the Late Middle Ages to the 20th Century in the Collections of Monte dei Paschi of Siena), 15 September 2022 – 8 January 2023, at Complesso Museale Santa Maria della Scala – Siena
- Dai Medici ai Rothschild. Mecenati, collezionisti, filantropi (From the Medici to the Rothschilds. Patrons, collectors, philanthropists), 17 November 2022 – 26 March 2023, at Gallerie d’Italia – Milan

Consultation of archival materials

There were a total of 30 consultations of archival materials, in addition to 10 by internal staff for external needs.
3.4 Our People

3.4.1 Staff development

Our approach

Enhancing the skills of our internal resources and contributing to their professional development is a strategic issue for the MPS Group. To achieve this, organisational models that develop and stimulate growth are promoted; goals, internal knowledge and ESG culture are shared; and workers’ skills are enhanced, including through specific growth paths in line with market needs and sustainable development. Monitoring the training needs of employees to ensure that workers’ skills match those needed to offer Customers high quality services is an aspect of great importance for the Group.

THE GROUP’S MAIN POLICIES TO MONITOR THE TOPIC

- Code of Ethics
- Rules on Inclusion
- Reskilling and Change Management Plans

RESULTS 2022

- 6 training courses on specific ESG topics and an awareness-raising initiative
- Evolution of the MPS Academy Training platform: 3D Approach
- 68 new coaching paths (+120% compared to 2021)
- Over 99% of employees received performance assessment during the year (fully digital)

OUR COMMITMENT

- Targeted training on ESG culture: needs analysis by type of activity and preparation of a dedicated training plan
- Integration of ESG elements in the assessment system (Performance & Talent Management)
The table below provides a description of the main risks for the Group related to the material topics described in the chapter and the approach adopted to manage them, in consideration of the internal business processes.

<table>
<thead>
<tr>
<th>Main topics</th>
<th>Potential risk</th>
<th>Nature of risks involved</th>
<th>Stakeholder impacted</th>
<th>Main management and mitigation safeguards</th>
</tr>
</thead>
</table>
| maintaining and increasing the level and range of internal skills in a context of profound change | > difficulties in ensuring the operational continuity following reorganisation, outsourcing or staff reductions  
> dissatisfaction, deteriorating internal climate and motivation  
> disputes  
> difficulty in adequately filling specific roles  
> high turnover, exit of key resources | Incurred  
Financial and non-financial | Direct and operational  
Indirect and reputational | Bank  
> managing risks preventively through preliminary impact analyses, procedures for discussions with trade unions  
> managerial continuity plans  
> training activities based on the taxonomy of risks and business processes  
> "tailor-made" training on the basis of role risk rating and the results of the annual individual skill gaps carried out by all employees  
> active listening / regular and structured internal climate detection through theme-based questionnaires and other forms of contact  
> specific upskilling programmes for resources affected by professional mobility with training tailored to the roles to be filled and the skills already acquired  
> risk-adjusted performance indicators in staff remuneration and incentive policies  
> training campaigns on the culture of risk through initiatives targeted on specific risks and disseminated to all personnel  
> internal selections to enhance the value of existing professional expertise, onboarding and listening activities dedicated to new recruits |
For the MPS Group, **enhancing the value of staff** is a process that follows the life of each single employee within the organisation, from recruitment and throughout all the professional development phases that follow, creating professional and training opportunities according to each employee’s needs and expectations.

Drawing on a proactive and dynamic approach, the training model thus seeks to respond to the new cognitive challenges posed by the markets, by continuous developments in the banking system and business processes, and by the impacts that the Bank generates and suffers.

This new training model, called “3D Approach”, is multi-dimensional, breaking down activities into the following three dimensions:

- **Bank processes**, to assess their level of coverage or guide their planning;
- **Identified business risks** to assess the mitigation of the risk;
- **Areas**, that is, standardisation criteria on which initiatives are aggregated.

One of the cornerstones of the training model is the **annual training planning process**, which has been heavily revised. This process, which is based on the collaboration of various Corporate Functions involved in different capacities and on a structured methodology for prioritising trained initiatives, requires that the results of the training plan be submitted to the Board of Directors.

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: this model guarantees tailor-made programming on areas that MPS Academy has classified as high-risk (Credit, Anti-Money Laundering and Financial Crimes, Customer Protection and Transparency, Data Governance and Cyber Security).

The model is based on two annual activities: a **Risk Assessment** which determines the exposure to risk for each company role and **Skills Gap Analysis** which establishes the specific training requirement of each employee.

The **use of financing** from the Joint Sector Funds makes it possible to bear training costs and use specialised professional skills that improve the quality of the courses and lead to continuous innovation.

Traditional training **delivery channels** continue to be used, but are increasingly complemented by IT and digital solutions similar to the experiences that people now commonly use in their daily lives.

MPS places particular emphasis on the responsibility given to individual employees, who are advised to keep their professional skills up to date, in line with the programmes, criteria, schedules and procedures identified by the Bank.
“MPS Academy” and the ESG awareness programmes

Banca MPS designs, plan, monitors and finances its training activities in the MPS Academy, the company’s permanent training school which since 2012 has accompanied the evolution of organisation models and supported individuals along their professional development paths.

Training is based on two approaches:

• “Push” training that qualifies employees for a corporate role and is diversified depending on the role covered in the company;
• “Pull” training that maximises opportunities and is chosen by employees to complement specific topics

The year 2022 was characterised by the evolution of the new training platform with the introduction of solutions that foster the application of the 3D Approach training framework adopted by MPS Academy.

In particular, the introduction of dynamic training courses makes it possible to customise enrolments by role for the same total duration of the training courses, and provides for digital compilation that avoids the paper transit of documents between the various players involved.

In 2022, the main projects were implemented with the aim of improving the preparation and professionalism of personnel, also in line with European and national regulations, spreading a culture of risk, guaranteeing support for the turnover of company roles and encouraging self-development and continuous updating.

ESG Training

Since sustainability is becoming a driver of competitiveness, MPS Academy has promoted a number of initiatives on the topic to help disseminated ESG principles:

• Two training courses on Sustainable Lending topics according to the EBA guidelines: one dedicated to over 570 network resources (consisting of 5 webinars for a total of 10 hours) and the other for roles of responsibility with over 135 resources involved (consisting of 8 webinars for a total of 16 hours).
• An online workshop on operational in-depth analysis that involved around 800 people in the credit supply chain.
• 30-hour Certification Process for Private roles with the collaboration of high standing institutions. The Process was organised by AIPB, the Italian Association of Private Bankers, which engaged University lecturers, expert researchers and other members of the academic world.
• A course for Auditors on topics regarding ESG Risks.
• Awareness-raising on the topic through delivery of a Learning Card which involved 21,000 individuals.
• Delivery of the online course on ESG and sustainable finance and part of the MiFid 2022 certification, involving around 11,500 individuals.
<table>
<thead>
<tr>
<th>Project</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training and development course envisaged in Consob’s Regulation on Intermediaries</td>
<td>In application of the MiFID 2 Directive, the course involved <strong>over 11,000 people</strong> (30 hours of online training per capita); Private Managers, Premium Managers and Value line Staff 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.</td>
</tr>
<tr>
<td>Multimedia training on the Culture of Risk</td>
<td>Training for all staff, in continuity with previous years, through a series of courses published monthly on topics regarding different risk aspects: from ESG sustainability and operational Risks, to privacy.</td>
</tr>
<tr>
<td>Professional training courses</td>
<td>Delivered to Auditors and CRO Management Specialists, with final certification.</td>
</tr>
<tr>
<td>Risk-based training on anti-money laundering and credit</td>
<td>Including a risk assessment to determine the main risks to which the various roles are exposed, and skills gap analysis to <strong>assess gaps in training</strong> (over 12,000 people for the Anti-Money Laundering area and 5,000 for the Credit area), with online training, virtual classroom training and operational coaching (online training for around 13,000 people on anti-money laundering and 3,000 on credit, webinar training for 1,500 people on anti-money laundering and 800 people on credit, operational coaching for 160 people on anti-money laundering and 185 people on credit);</td>
</tr>
<tr>
<td>Cyber Security training campaign</td>
<td>In continuity with the courses already launched in 2022, <strong>training was delivered to all staff</strong> on the main <strong>threats</strong> and on the <strong>effective use of passwords</strong>. Details on this course are provided in the “Digitalisation and IT Security” chapter. For initiatives involving key and strategic roles in the Bank, a Board Induction event was held for all Bank Directors and Statutory Auditors and members of the Board of Statutory Auditors on the topic of Cybersecurity: &quot;The new challenges and different approaches to protect the Bank’s business”. Certification programmes on Cyber Security were also launched for the resources of the control functions.</td>
</tr>
<tr>
<td>International Certification courses</td>
<td>In line with previous years, for resources with highly specialised roles (Audit, Compliance, Cyber Security, Purchases, Fraud Prevention).</td>
</tr>
</tbody>
</table>
## MAIN PROJECTS IMPLEMENTED

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Online courses on management models</strong></td>
<td>Two new online courses on the Bank’s 231 Model and Code of Ethics (over 21,000 enrolments).</td>
</tr>
<tr>
<td><strong>Online courses on Anti-corruption and Anti-Mafia</strong></td>
<td>Online courses on Anti-Corruption (an online snippet, lasting 20 minutes, with the enrolment of over 12,000 resources) and a more structured online course, lasting 1 hour, with the enrolment of over 3,800 resources from central functions) and Anti-Mafia (lasting 1 hour, provided during the last weeks of December, with enrolment ending in 2023).</td>
</tr>
<tr>
<td><strong>Technical and managerial training activities</strong></td>
<td>Course for branch managers consisting of technical and managerial training activities and induction courses dedicated to the main Network roles.</td>
</tr>
<tr>
<td><strong>Training course for Heads of Business Centres</strong></td>
<td>Classroom training for the Heads of Business Centres with managerial activities aimed at developing leadership and motivation.</td>
</tr>
<tr>
<td><strong>“Transparency” training programme</strong></td>
<td>Programme aimed at supporting skills in this area through multimedia courses for all Group personnel and specific training initiatives and activities useful for 2022 planning. The programme also included the new series of online courses on “Consumer Real Estate Credit”, consisting of 5 online courses with a total duration of 6 hours. The new training course is for personnel in charge of assessing the creditworthiness of consumers, marketing credit agreements, providing consumer assistance and handling consumer complaints, as well as for the persons to whom such personnel report directly. With regard to transparency, the 2022 Skills Gap Analysis showed improved dissemination of knowledge, with 60% correct answers compared to 43% in 2021;</td>
</tr>
<tr>
<td><strong>Support for the Bank’s digitalisation processes</strong></td>
<td>Training and communication initiatives were set up to support the main releases of new interfaces (Dashboard Manager SB), processes (Consumer Finance and Mortgage Workflow) and tools (Swif application) 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, the wide range of media available on the Intranet and in the training platform were prepared and updated to accompany managers through the transition. As part of the MiFid 2022 certification, a course was provided on artificial intelligence and developments in FinTech and InsurTech and on Digital Banking (11,000 people involved).</td>
</tr>
</tbody>
</table>
The “MPS Sviluppa” programme

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 Code of Ethics and the document “Rules on inclusion” issued in July 2022.

In 2022, personnel engagement and enhancement initiatives were strengthened and further developed to accompany a moment of deep change and to support the reorganisation projects, in line with the objectives of the new 2022-2026 Business Plan “A Clear and Simple Commercial Bank”, in a perspective of development opportunities for employees and according to logics of transparency, participation and inclusion.

To specifically respond to the skills needs required by the organisational transformation that is currently underway and by the massive internal professional mobility, the “Reskilling” process was expanded and enriched. This structured and scalable process seeks to actively manage reskilling towards new roles, by enhancing People’s skills and experience and defining customised training paths. Effective, prompt and efficient methods were used, providing all necessary tools for rapid induction.

Each course is structured based on the target role with respect to the resources’ skills, experience and training received, and may include three training methods:

- **basic technical training** (using training snippets);
- **operational support** ensuring that practical know-how of roles is acquired;
- **GoodHabitz courses** for the development of cross-cutting soft skills.

The programme is inspired by principles of **equal opportunities** and **accessible** training and development activities.
Employee performance assessment processes

Performance assessment is a tool used by the Group for steering training activities and setting up professional improvement pathways for individuals. The aim of the performance assessment process is to get to know People better, foster dialogue with staff and steer their conduct and commitment, in order to support professional development and ensure the effective coverage of positions.

The MPS Group’s assessment process involves all personnel. The process was revised in 2021 with a view to simplifying and focusing on the main drivers of professional activity, such as: completion of assigned activities and on-time delivery, quality of work performed, skills expressed, and awareness of risks associated with the activity performed.

The purpose of the assessment system is not only to ensure that all resources receive feedback on their previous year’s performance, but is also oriented towards the future through an action plan aimed at improving professional contribution.

The assessment covers the annual professional performance of the employee, in terms of results achieved from a qualitative and quantitative perspective, skills expressed and risk control. Key moments are the self-assessment and manager/employee dialogue phases that support and stimulate the continuous improvement and growth of People.

The process has made it possible to support the professional development of our People, with managers reporting talented resources that could take on more responsible and complex roles, and through individual self-development, envisaging the integration of soft skills training tools in the levers available to managers to improve the professional skills of their associates.

The MPS Group’s professional assessment process is for all personnel.
3.4.2 Protecting personnel

GRI 2-7  GRI 2-8  GRI 2-30  GRI 3-3  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 403-8  GRI 403-9  GRI 403-10

Our approach
Managing employees responsibly is of prime importance to the MPS Group in order to safeguard their health, guarantee their excellent physical and mental well-being and ensure adequate remuneration policies. In the event of difficult situations involving internal resources, the Group is ready to respond effectively, through a structured welfare system, the promotion of work-life balance and constant workforce retention.

MPSolidale

CONSOLIDATION OF THE DIGITAL APPROACH AS A WAY OF WORKING

INTRODUCTION OF ESG CRITERIA IN CORPORATE REMUNERATION PROCESSES

78 new recruits – average age 35 years

IMPROVEMENT OF COMPANY WELFARE BY FOCUSING ON EMPLOYEES’ NEEDS

Programme for access to sports activities and agreement for enrolment in university programmes

SMART WORKING FULLY EFFECTIVE

RESULTS 2022

OCCUPATIONAL HEALTH AND SAFETY

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Our approach
Managing employees responsibly is of prime importance to the MPS Group in order to safeguard their health, guarantee their excellent physical and mental well-being and ensure adequate remuneration policies. In the event of difficult situations involving internal resources, the Group is ready to respond effectively, through a structured welfare system, the promotion of work-life balance and constant workforce retention.
The table below provides a description of the main risks for the Group related to the material topics described in the chapter and the approach adopted to manage them, in consideration of the internal business processes.

**MAIN RISKS RELATED TO “HUMAN RESOURCES PROTECTION”**

<table>
<thead>
<tr>
<th>Main topics</th>
<th>Potential risk</th>
<th>Nature of risks involved</th>
<th>Stakeholder impacted</th>
<th>Main management and mitigation safeguards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupational health and safety, compliance with relevant standards and requirements (including Covid-19 health emergency topics)</td>
<td>&gt; work-related injuries</td>
<td>Generated Financial</td>
<td>Direct and operational</td>
<td>&gt; mapping of all possible safety and health hazards for workers</td>
</tr>
<tr>
<td></td>
<td>&gt; increase in absences due to illness</td>
<td>Generated Non-financial</td>
<td>Indirect and reputational</td>
<td>&gt; planning measures and interventions to eliminate or reduce the risks identified (e.g. measures to prevent, combat and contain Covid-19 in the workplace)</td>
</tr>
<tr>
<td></td>
<td>&gt; disputes</td>
<td>Incurred Non-financial</td>
<td>Bank</td>
<td></td>
</tr>
</tbody>
</table>

For details on the main impacts generated, see the chapter “Materiality Analysis and Stakeholder Engagement”

For the MPS Group, **employee protection is key to ensuring the well-being of employees and a happy and stimulating work environment.**

The Directive that defines the organisation model (principles, responsibilities and activities) for the Human Resources Management Process is reflected in a number of policies that place individuals at the very heart of the Bank’s business and corporate strategy, in compliance with the law and national and corporate contracts.

These Management policies are designed to promote professional opportunities and guarantee business performance maximisation by enhancing internal professional skills, with particular attention to inclusion and diversity.

2022 was characterised by two main guiding aspects:

- **Strengthening the digital approach to work**, regarded as an opportunity and natural continuation of the response to the epidemiological emergency, and able to guarantee access to agile work and ensure work-life balance. The typical activities of the Human Resources function also continued to be carried out digitally;

- The **business reorganisation process**, following the Organisational Measures implemented in line with the 2022-2026 Business Plan, with effects on personnel in terms of work organisation and regional and professional mobility, for which the Bank set up discussions with local trade unions and reskilling activities based on the role and skills of each person.

For the MPS Group, **employee protection is key to ensuring the well-being of employees and a happy and stimulating work environment**.
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.

The Group employs more than 16,800 people, almost all of whom are on permanent, full-time contracts; all employees are covered by collective bargaining agreements.

In 2022, there was a reduction in workforce of over 4,000 resources compared to 2021, as envisaged in the Restructuring Plan 2022-2026 “A Clear and Simple Commercial Bank”. The reduction was managed in agreement with the Trade Unions through a voluntary exit plan (including an early retirement scheme) and 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” allowed workers to benefit from the Fund up to seven years before accrual of their pension rights, guaranteeing stable salaries.

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 is required to set up specific disclosure procedures beforehand and/or discussions with trade unions to analyse the impact on staff, in compliance with the provisions of the NCBA. The Bank may implement the measures only after discussions have ended, which have a different duration that is pre-established depending on the restructuring (approximately 10 to 50 days).
The recruited resources were identified following special selections on the market, drawing from the pool of a previous selection process and by hiring interns already working for the company.

There were 78 new recruits with an approximately average age of 35. 56% were women and were mainly from central and southern Italy. Recruitment in 2022 involved the Bank’s Branch Network and, residually, specialist General Management Division structures, mainly at 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. In cases where a position cannot be covered internally, external selection procedures from the market are set up.

The Group has a specific Human Resource Selection directive that establishes principles and responsibilities. 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. Since 2020, most recruiting and selection activities were carried out remotely, in accordance with the required standards.

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 (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.

In level II bargaining, a key role is played by the Joint Committees, in which the Bank and the Trade Unions discuss specific topics. The committees are made up of a company team and a trade union team, and are divided by area and topic to be discussed.

The joint committees met 10 times during 2022 particularly as regards the activities of the Commercial Policy Committee, the Employee Welfare Committee, the Joint Training Committee and the Equal Opportunities Committee, just to mention a few.

### Breakdown by gender and age

<table>
<thead>
<tr>
<th>Gender</th>
<th>Total</th>
<th>Percentage</th>
<th>Difference Compared to 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>8,961</td>
<td>53%</td>
<td>+3%</td>
</tr>
<tr>
<td>Men</td>
<td>7,866</td>
<td>47%</td>
<td>-3%</td>
</tr>
<tr>
<td>Total</td>
<td>16,827</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Position</th>
<th>Total</th>
<th>Percentage</th>
<th>Breakdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXECUTIVE MANAGERS</td>
<td>177</td>
<td>(1%)</td>
<td>30 YEARS &lt;</td>
</tr>
<tr>
<td></td>
<td>277</td>
<td>(2%)</td>
<td>30 - 50 YEARS</td>
</tr>
<tr>
<td>MIDDLE MANAGERS</td>
<td>6,018</td>
<td>(36%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9,702</td>
<td>(57%)</td>
<td></td>
</tr>
<tr>
<td>OFFICE WORKERS</td>
<td>10,632</td>
<td>(63%)</td>
<td>&gt; 50 YEARS</td>
</tr>
<tr>
<td></td>
<td>6,848</td>
<td>(41%)</td>
<td></td>
</tr>
</tbody>
</table>

The Group has a specific Human Resource Selection directive that establishes principles and responsibilities.
Listening to employees
For the Group’s Human Resources department, listening to people is an essential element of the relationship with employees and is carried out continually and in a structured manner by using a range of tools and channels.

The positive experience gained from the internal climate surveys conducted over the past few years have allowed feedback to be collected continually, through questionnaires, post-event customer satisfaction and interactive functions (comments, likes, shares) on the corporate intranet and newsletters, focus groups and cooperation in the design phase of main applications.

All employees can use one or more of these methods to express their opinion on their working life in the Group, the applications released and the Bank’s initiatives.

At the same time, structured and systematic one-to-one meetings and interviews by HR managers with employees, continue to be conducted at the direct request of resources. Furthermore, for new recruits, 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.

With a view to continually updating and sharing current and important topics, the CEO continued to make the commitment to exchange opinions with colleagues. More specifically, during 2022, in addition to presenting the quarterly data with 3 digital events, the CEO shared the drivers of the new 2022-2026 Business Plan by holding videoconferences with all Group colleagues and 8 in-person events with the Commercial Network managers and other Regional Management staff. C–levels also continued to hold live streams with all colleagues in their respective Departments to share the commercial strategic guidelines and period business goals, allowing better understanding of the Group Business Plan’s implementation initiatives.

The C–levels held 27 live meetings. Each time, colleagues were able to send questions or observations, which were commented live or post-event on other internal communication channels.

Welfare and agile working
THE WELL-BEING OF PEOPLE
GRI 401-2

The Group has always been committed to welfare policies that generate value for People and contribute to improving the corporate climate: every element of welfare is essential in the Group to support colleagues and their families in financial, social and work/life balance terms, and contributes to increasing satisfaction, well-being, loyalty and productivity.

Welfare plays a central role in level II Bargaining. In 2022, its main arrangements continued to be a point of reference for all colleagues, thanks to ongoing dialogue with Trade Unions. This model was also extended to the resources participating in the Sector Solidarity fund and for the entire period of permanence therein.

Though within a framework of overall financial compatibility and sustainability, internal welfare has been supplemented
Since 2020, the MPS Pension Fund confirms its role as a 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) play a significant role within the Group’s reference scenario in terms of Socially Responsible Investment. The allocation scheme is ESG-oriented and for several years now both funds have been signatories of the UNPRI (Principles for Responsible Investment) Protocol.

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. The Funds also define the methods for monitoring and reporting on ESG issues, envisaging the quantitative analysis of sustainability factors implemented by specific indicators for the environmental, social and good governance pillars.

As part of a process authorised by the COVIP Supervisory Authority, the Bank transferred to the MPS Pension Fund nine pension schemes included in its individual and consolidated financial statements. The transaction will be implemented during 2023.

### FAMILIES AND FREE TIME

At MPS, Work-Life Balance is a key aspect for allowing People to reconcile family commitments with work requirements. For this reason, MPS has decided to guarantee smart working to staff, already implemented in response to the health emergency.

In addition to extending benefits such as insurance coverage, programmes for access to sports activities or study platforms, initiatives have been set up for the families of employees, such as:

- **MPSolidale**, an internal solidarity fund, once again in 2022 fuelled by donations of hours and days from colleagues or portions of remuneration from higher management levels, to deal with serious and verified personal and family needs, with priority given to childcare.

- **Support for parenthood** (leave, training) and guidance for parents and children (Progetto Professione Genitori - Being Parents Project).

### MPS Pension Funds

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### Income support

- Recruitment of family members of employees who died while in company service (or during an early retirement period);
- Meal vouchers, allowances to help overcome specific difficulties;
- Financial credit facilities;
- Contribution to "Cassa Mutua" for supplementary economic interventions.

### Health protection and well-being

- Programme to cover medical expenses (extended to family members), accident insurance and leave for medical examinations;
- Programme for access to sports activities for employees and family members.

### Complementary pension

- Company pension schemes to which Group companies allocate 2.5% of remuneration, with extension of membership to dependent family members;
- Insurance coverage (predecease and permanent invalidity).

### Culture and free time

- Agreement for enrolment in university programmes;
- Study leave for working students;
- Platform of offers for colleagues and family members;
- Recreational, sporting and cultural activities promoted by company CRAL (Company recreational centres).
Our People

A total of **1,364 employees** took parental leave in 2022, 145 of which were men and 1,219 women. The rate of return to work after taking parental leave was very high, standing at 96%, and the job retention rate after 12 months of leave was 98%, standing at 98% for women and 95% for men.

**Occupational health and safety**

In the area of personnel protection, **occupational health and safety plays a key role**; the MPS Group is committed to complying with regulations in this regard, to suitably assessing all risks, as well as planning and implementing the prevention and protection measures to minimise such risks.

Several Group Companies have currently implemented an **Occupational Health and Safety Management System** (the Parent Company, MPS Capital Services and Magazzini Generali Fiduciari di Mantova), certified by a Third-Party Entity in accordance with the ISO 45001 standard, to ensure strict compliance with legal requirements and prevent potential offences, of which the Health and Safety Policy is an integral part. Specifically, the audit to maintain certification of the health and safety management systems of BMPS, MPS Capital Services and Magazzini Generali Fiduciari di Mantova was successfully completed.

Furthermore, the environmental management systems of BMPS and MPSCS were certified according to ISO 14001. The renewal of the health and safety management system certification was also completed successfully for BMPS on 24 January 2023.

In Banca MPS, this system is governed by the internal document "Occupational health and safety monitoring" which, together with the relevant Group Directive describes the responsibilities assigned, the operating procedures, related records, as well as the audit and control rules. The organisational health and safety model is currently being revised and will be completed in early 2023.

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

Every element of welfare in the Group 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.
Certified companies define specific improvement programmes aimed at promoting the health of workers. Each improvement programme is made up of activities which are implemented according to a precise schedule.

Occupational health and safety risks are detected and documented in the “Risk Assessment Document - RAD”, which is regularly updated based on the activities carried out.

The most recent update of the RAD of BMPS and every other Montepaschi Group company dates to 30 June 2022.

During 2022, the following activities continued:

- **Ordinary activities regarding mandatory obligations**, such as the activities of consulting Workers’ Safety Representatives, Health and Safety Risk Assessment activities, the Periodic Meeting pursuant to Art. 35 of Legislative Decree 81/08, training and information activities, Health Supervision, etc.;

- **Voluntary activities related to projects** such as correct monitoring of the certified management systems and their implementation;

- **Extraordinary activities regarding the management of the health emergency**, such as extraordinary health supervision during the emergency, with continuous assessment of any particularly fragile situations of employees, in order to protect them.

During 2022, meetings were held for consulting Workers’ Safety Representatives on the identification of actions for reducing work-related stress risks for each area concerned, in the presence of the competent Corporate Functions.

Following these meetings, the DL identified a ‘Work-related stress risk mitigation action plan’.

**OCCUPATIONAL HEALTH SERVICES**

Banca MPS has organised a “Group Healthcare Service” which comprises a Coordinator (GHSC) and over 30 Company Doctors, each assigned to an area for which they are responsible.

The GHSC, through the doctors of the Healthcare Service, schedules and conducts medical examinations for persons subject to health supervision and annual inspections of all workplaces, and is tasked with defining guidelines to standardise processes, participates in risk assessment activities and takes part in the definition and delivery of information and training initiatives.

Specifically, 527 regular examinations, 247 examinations on request and 945 inspections of workplaces were conducted.

Following appointment of the Workers’ Safety Representatives in 2018 and 2021, 26 Workers’ Safety Representatives who represent all Montepaschi Group workers are currently in office.

Numerous consultation meetings were held in 2002 to examine the specific problems found in individual areas.

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. Workers’ Health and Safety training recorded significant volumes in 2022. Wherever possible, activities were delivered remotely, while face-to-face training was resumed for Emergency Officers and Defibrillator Operators.

**Emergency officers**

Over 3,500 officers trained and/or refreshed

**Health and Safety Supervisors**

Additional training to over 60 resources and refresher training for 1,321 supervisors

**Gas Radon**

579 resources trained, colleagues working in offices where there is a higher concentration of gas

**Workers**

Basic training for 244 resources and e-learning refresher course for 17,289 resources
3.4.3 Diversity & Inclusion

Our approach

The Group is committed to fostering a climate that legitimises diversity, enhancing employees and spreading awareness of the fact that a more inclusive company can bring benefits to the quality of the service it provides and to the corporate climate, through continual dialogue and improvement.

RESULTS 2022

- 35.9% of positions of responsibility held by women reached
- Publication of the document "Rules on Inclusion"
- Equal Opportunities Committee
- Monthly monitoring of D&I indicators
- Reaching 40% of women in positions of responsibility by 2026
- Drafting of an Anti-harassment Policy
- Certification on gender equality obtained (Law 162/2021)
Diversity, understood as plurality, and Inclusion of diversity in the Company, are essential and priority values that make it possible to enhance and attract talent, promoting organisational well-being and productivity.

To respond to change, 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.

The Committee’s activity was strengthened for the purpose of finding tangible solutions to enhance the potential of People, each with their own diversities, regarded as factors for the Bank’s cultural and social growth.

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The table below provides a description of the main risks for the Group related to the material topics described in the chapter and the approach adopted to manage them, in consideration of the internal business processes.

<table>
<thead>
<tr>
<th>Main topics</th>
<th>Potential risk</th>
<th>Nature of risks involved</th>
<th>Stakeholder impacted</th>
<th>Main management and mitigation safeguards</th>
</tr>
</thead>
<tbody>
<tr>
<td>inclusive work environment, capable of valuing diversity</td>
<td>&gt; pay inequality</td>
<td>Generated</td>
<td>Financial</td>
<td>Internal community and Bank</td>
</tr>
<tr>
<td>equal treatment of resources with respect to diversity of gender, age, thinking, religious beliefs, sexual orientation</td>
<td>&gt; anomalous assignment of resources to roles / responsibilities according to gender or other elements of diversity</td>
<td>Incurred</td>
<td>Non-financial</td>
<td>Bank</td>
</tr>
<tr>
<td></td>
<td>&gt; disputes with resources</td>
<td></td>
<td>Indirect and reputational</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; damage to image</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For details on the main impacts generated, see the chapter "Materiality Analysis and Stakeholder Engagement"
Initiatives promoting inclusion

The year 2022 was a year of transition for D&I issues: the reference context - with, on the one hand, the Bank resuming full operations after the COVID pandemic and, on the other, the implementation of the 2022-2026 Business Plan with the exit (early retirement/fund) of over 4,000 resources - determined the need to focus on activities to reorganise the entire corporate organisation and foster initiatives for the re-launch of the D&I Project, in line with the objectives of the Business Plan and most recent legislative changes.

One of the most significant milestones of the year was the publication of the document "Rules on Inclusion" which is the first regulatory document on the subject. In line with the changes to the Code of Ethics, the document defines the commitments in terms of valuing diversity, inclusion, equity and parity that the Company aims to pursue in all phases of the professional life of each person, in the organisational and operational aspects and in internal and external communication.

To check the application of the principles contained in the regulatory document, an initial set of indicators on D&I issues was identified which are monitored on a monthly basis. The indicators, already subject to disclosure, consider the percentage of positions of responsibility and analyse how these positions change and their distribution by gender in the following areas: salary review, job position, performance assessment, applications for/awarding of external selections, and training carried out. The issuing of the document was accompanied by an awareness-raising initiative on the use of an inclusive language through dedicated messages on the PC screensavers of the entire company population.

Diversity, understood as plurality, and Inclusion of diversity in the Company, are essential and priority values that make it possible to enhance and attract talent, promoting organisational well-being and productivity.

Participation in the ABI Women’s Charter Working Group also continued in 2022. Banca MPS also joined the D&I in Finance Project promoted by ABI, as supporting bank. The D&I in Finance Project was developed to strengthen the actions taken by the banking and financial industry and other businesses to promote inclusion, equity and the enhancement of diversity. It offers banks, insurance companies, institutions and other businesses insights into the relation between the culture of diversity and accessibility, and strategic and business levers.

The partnership with Valore D was also strengthened in 2022. The initiatives included: participation in inter-company Mentoring programmes involving people from companies in different Industries, through training activities for women in managerial roles at various levels (C-Level School, Middle Manager, Senior Manager); Digital Academy paths to develop knowledge of the main digital trends among women in non digital-skilled middle management roles; and the Young Talent path aimed at men and women in the early stages of their professional growth.
Our People

Monitoring diversity in the MPS Group

The focus on D&I was strengthened by adding KPIs in line with the "Rules of Inclusion" document and by constantly monitoring 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 and in line with the UNIPdR Reference Practice 125/2022 on Gender Equality Certification. The goal to be achieved of 35% of women in positions of responsibility by the end of 2023, was reached at the end of 2022 (35.9%) and will continue to be one of the closely monitored KPIs in order to reach the Business Plan goal of 40% in 2026.

INITIATIVES FOCUSED ON DIVERSITY AND INCLUSION

Plural Management Project

The training course for raising awareness of respect for diversity and inclusion, with particular focus on gender and disability, continued in 2022. Overall, more than 1,800 managers were involved, of which more than 400 in 2022.

Women Leadership Program

The Women Leadership Program also continued: a laboratory aimed at supporting the managerial development of women in positions of responsibility, fostering self-awareness and knowing their own skills. Since its launch in 2021, 443 women managers from all business lines have taken part in the project.

Disability Lab meetings

In 2020, BMPS took part in the "Disability and Work" research project promoted by Fondazione Istud, Wise Growth and Valore D. "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, which were launched in April 2021, continued in 2022.

The following topics were addressed: "Invisible disabilities: inclusion starts with knowledge"; "Disability in the Company: recruitment and job induction"; "The Disability Manager: framework, perspectives and good practices". Banca MPS took part actively in the Lab on recruitment, with first-hand experience from one of its employees.

Anti-harassment course

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 is available to all staff and was used by 12,360 Resources.

Gender Pay Gap

The Montepaschi Group has always given special emphasis to gender pay equality at all levels and, for this reason, decided to report the standard relating to the ratio of basic salary of women to men, as well as the ratio of remuneration of women to men (see table in the annex). The indicator for remuneration of women to men was broken down by type of job position: executive managers, middle managers and office workers, standing at 86%, 93% and 100% respectively. In order to target mitigation actions aimed at gender balance and equal pay and thus ensure equal pay levels for equal tasks, experience and the other objective elements specified in the EBA Guidelines (EQUAL PAY), the Bank allocated a specific amount of financial resources for this purpose.

The following are resources with positions of responsibility: in the Head Offices (BMPS and other Group companies), the heads of structures up to sector level (CEO, 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 Regional Commercial Departments (Regional Corporate and Private Directors, Regional Retail Directors, Private Directors and Retail District Managers); in the Regional Credit Departments (Corporate DCT Managers and Retail DCT Managers); and in the Network, Branch Managers and Heads of Specialised Centres (e.g. Business, Private, etc.).

In the basic salary table, we used RAL (Gross Annual Salary), which in addition to basic salary, also includes seniority increments, former wage restructuring, ad personam and provisions from collective National Collective Labour Agreements and Collective Company Contracts, including past ones. The Gross Annual Salary items cannot be cancelled at the company’s discretion; therefore, they are part of the basic salary paid to the employee. Figures are theoretical.

In the table on remuneration, which is presented as recurring, non-deferred monetary remuneration, we used RTA (Total Annual Salary), which includes, in addition to the items in the RAL (Gross Annual Salary), indemnities related to the employee’s role/position and agreements regarding the permanence/stability/non-competition of the employee’s employment contract. All items additional to the RAL and included in the RTA may be cancelled if the conditions based on which they were assigned change.
3.5 Our integrity

3.5.1 Economic performance and solidity

Our approach

The Group’s performance and economic solidity results in adequate levels of capitalisation, performance and financial strength. These are necessary to support the general stability of the financial system and increase confidence in it, as well as to promote employment and the development of the socio-economic fabric, in full compliance with regulatory requirements and market rules.

THE GROUP’S MAIN POLICIES TO MONITOR THE TOPIC

2022-2026 Business Plan
“A clear and simple commercial bank”

RESULTS 2022

- 15.6% Fully Loaded CET1 Ratio by 2022
- Share capital increase of EUR 2.5 bn
- IV Quarter 2022: net profit of EUR 156 mln
- Increase in total revenues of 3.6% YoY

- 14.2% Fully Loaded CET1 Ratio by 2024
- EUR 705 mln earnings (before tax) by 2024
- EUR +424 mln of commercial revenues by 2024

OUR COMMITMENT
The constantly evolving economic context has been strongly influenced by the conflict in Ukraine that broke out in February 2022, leading to widespread losses on national and international stock markets. For the Bank, the impacts directly to this event are marginal, taking into account that there are no operating activities located in Russia or Ukraine and that credit exposures to Customers residing in the afore-mentioned countries or indirectly related to Russian or Ukrainian counterparties are of insignificant entity. In this scenario, the Monte dei Paschi di Siena Group successfully completed a capital increase of EUR 2.5 bn, which enabled it to strengthen the Bank’s capital level and initiate a path outlined by the 2022-2026 Business Plan presented in June. One of the main steps of this process was completed in early December, with the completion of a measure for the voluntary early retirement of over 4,000 employees. The aforementioned transaction generated one-off restructuring costs of EUR 928 mln, fully expensed in 2022, which had a strong impact on the above operating result.

The table below provides a description of the main risks for the Group related to the material topics described in the chapter and the approach adopted to manage them, in consideration of the internal business processes.

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<th>Nature of risks involved</th>
<th>Stakeholder impacted</th>
<th>Main management and mitigation safeguards</th>
</tr>
</thead>
<tbody>
<tr>
<td>ability to generate value continually and in a manner that is sufficient to support the business model and its future development</td>
<td>&gt; low ability to support adverse scenarios due to external contingencies</td>
<td>Incurred</td>
<td>Bank</td>
<td>&gt; medium-long term strategic planning</td>
</tr>
<tr>
<td></td>
<td>&gt; low ability to modify/adapt the business model to changes in the reference context</td>
<td>Non-financial</td>
<td></td>
<td>&gt; stress test programmes (institutional and internal) to check and, if necessary, adjust the Bank’s resilience in adverse scenarios, with scenarios used in internal assessments (ICAAP/ILAAP) and within the RAS.</td>
</tr>
<tr>
<td></td>
<td>&gt; share price performance worse than sector average, loss of investors and customers</td>
<td>Direct and business-related</td>
<td></td>
<td>&gt; Risk Appetite Statement and Framework</td>
</tr>
<tr>
<td>maintaining sufficient capital strength to be resilient to adverse business environment scenarios</td>
<td></td>
<td>Indirect and reputational</td>
<td></td>
<td>&gt; The MPS Group draws up and constantly updates Recovery Plan and Resolution Plan programmes and has adopted the Corporate Governance Code of Conduct</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&gt; the Sustainability Plan shapes the evolution of the business model on the basis of the current and prospective reference context, with particular attention to ESG topics</td>
</tr>
</tbody>
</table>

For details on the main impacts generated, see the chapter "Materiality Analysis and Stakeholder Engagement"
Our integrity

In the absence of these restructuring costs and the positive tax impact resulting from the valuation of the DTAs, the Bank would have closed with an operating result of EUR 295 mln, whereas the operating result net of integration costs stood at EUR -205 mln.

In the fourth quarter, the first after the capital increase and early retirement measure, the Bank registered a net profit of EUR 156 mln. The Group closed the year achieving total revenues of EUR 3,088 mln, up by 3.6% compared to the previous year.

The positive trend for the year was mainly due to net interest income (+26.0% y/y), which benefited from the rise in interest rates and commercial activity, offsetting the trend in net commissions (-8.0% y/y), which were affected by high market volatility that affected income from wealth management.

Operating expenses amounted to EUR 2,099 mln, confirming the steady downward trend (-0.3% y/y), particularly in the last quarter, which partially benefited from the early retirement measure. The positive effects of the measure will be fully realised in 2023, with an expected impact of around EUR 300 mln in savings on staff costs.

The Group’s 2022 gross operating profit amounted to EUR 989 mln. The 2022 cost of credit to Customers stood at EUR 417 mln, corresponding to 55 basis points, also impacted by the effects of a EUR 0.9 bn sale of impaired loans in the fourth quarter.

Taxes on income from current operations posted a positive contribution of EUR 425 mln, mainly attributable to the valuation of DTAs.

With regard to balance sheet aggregates, direct funding volumes stood at EUR 82.0 bn at the end of 2022, down EUR 8.3 bn compared to 31 December 2021. The downturn is mainly attributable to the decline in repos and the maturity of a covered bond and an institutional bond, while retail funding was essentially stable.

With regard to indirect funding, 2022 closed with a stock value of EUR 92.4 bn. Despite the positive net flows recorded, this amount was strongly affected by the market effect, leading to an overall reduction of EUR 12.0 bn compared to the end of 2021.

Customers loans amounted to EUR 76.3 bn, dropping by EUR 3.1 bn during the year. The decrease is due to the selective approach on large corporate and the substantial volume of maturities at year-end, also related to the restart of post moratoria SMEs repayments.
In terms of asset quality, the Banca closed the year with gross total non-performing Customer exposures standing at EUR 3.3 bn, registering a decrease compared to the end of 2021 (at EUR 4.1 bn), mainly due to a loan disposal transaction of around EUR 0.9 bn; as a result, Gross NPE Ratio settled at 4.2% (4.9% in 2021). The total coverage of impaired loans stood at 48.1%.

The Bank’s solid liquidity position is confirmed, even after the EUR 10 bn TLTRO-III reimbursement, with LCR values above 190% and NSFR values above 130%.

Thanks to the capital increase completed in the last quarter, the profits achieved in the fourth quarter and the reduction of RWAs, the Bank closed 2022 with highly reinforced capital values: the fully loaded Common Equity Tier 1 Ratio rose to 15.6% (11% in 2021) and the phased-in Common Equity Tier 1 Ratio to 16.6% (compared to 12.5% at the end of 2021), with a generous buffer against the SREP requirement of 8.8%.

Direct economic value generated and distributed
The economic value generated is calculated according to the instructions of ABI and in line with international reference standards.

As at 31 December 2022, the economic value generated was equal to approximately EUR 2.85 bn substantially in line with the previous year’s figure of EUR 2.94 bn.

An increase in net interest income was recorded, mainly driven by the higher contribution of the commercial segment, which benefited from the higher interest income on loans generated by the rise in rates and the lower cost of funding substantially linked to reduced volumes, and by the higher adjustments to loans related to the impaired loan disposal transaction and the cost resulting from the updated macroeconomic base scenario.

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 around **83% of the economic value generated**, totalling EUR **2.37 bn** (EUR 1.49 bn in the previous year). It should be noted that the figure includes charges of EUR 0.9 bn, relating to exits through early retirement or access to the Solidarity Fund under the agreement with the Trade Unions of 4 August 2022, which became effective following completion of the EUR 2.5 bn capital increase in November 2022. In addition to employee remuneration, the total also includes fees paid to the networks of financial advisors;

**suppliers** accounted for approximately **25% of the economic value generated**, totalling EUR **0.69 bn** paid for the purchase of goods and the provision of services (EUR 0.71 bn in the previous year);

**The State, Bodies and Institutions** recorded a total inflow of resources of EUR **0.223 bn**, approximately **9% of the economic value generated and ascribable for around EUR 87 mln to indirect taxes and duties and around EUR 179 mln to taxes and charges related to the banking system, represented by contributions paid to resolution and guarantee funds.** In 2022, the Group also benefited from the reduction for tax credits provided for by Law no. 214/2011;

**The remaining amount, approximately EUR 0.437 bn, 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.
Revenue trends
As at 31 December 2022, the Group achieved total revenues of EUR 3,088 mln, up by 3.6% compared to the previous year.

This trend is mainly due to the net interest income, which benefits from the rise in interest rates. The positive trend in Net interest income absorbed the decline in Net fee and commission income, the decrease of which is mainly due to lower income from asset management, and other income from banking business, which reflect a lower trading result, lower profits resulting from the sale of securities and a lower contribution generated by insurance equity investments in AXA associates.

Revenues for the fourth quarter of 2022 recorded an increase of 15.6% compared to the previous quarter. In particular, there was an increase in the primary net interest and other banking income (+14.3%), thanks to the growth in net interest income (+31.4%), which more than absorbed the decline in net fee and commission income (-5.6%).

Other income from banking business also increased compared to the previous quarter, due to the higher contribution of trading income.

The table below shows the trend in revenues for each of the operating segments identified in accordance with IFRS8.

### SEGMENT REPORTING

<table>
<thead>
<tr>
<th>Main business sectors</th>
<th>Retail Banking</th>
<th>Wealth Management</th>
<th>Corporate Banking</th>
<th>Large Corp. &amp; Investment Banking</th>
<th>Corporate Centre</th>
<th>TOTAL MONTEPASCHI GROUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>(€ mln)</td>
<td>31/12/22</td>
<td>% Chg. Y/Y</td>
<td>31/12/22</td>
<td>% Chg. Y/Y</td>
<td>31/12/22</td>
<td>% Chg. Y/Y</td>
</tr>
</tbody>
</table>

#### ECONOMIC AGGREGATES

- **Net interest income**
  - 387.3, 16.9% growth, 5.0 n.s.
  - 492.0, 12.0% growth, 134.7 -3.7%, 519.7 67.8% growth, (1,538.7) 26.0% growth

- **Net fee and commission income, of which**
  - Fee and commission income
    - 875.2, -11.4% growth, 112.6 -9.6%, 509.9 1.6% growth, 86.3 4.2% growth, 7.4 n.s.
  - Fee and commission expense
    - (75.0), -2.8% growth, (0.9) -2.8%, (23.4) 11.3% growth, (41.0) 15.3% growth, (86.4) 10.8% growth, (226.7) 6.6% growth

- **Other income from financial and insurance management**
  - 49.9, -36.2% growth, 13.6 -41.1%, 23.6 13.3% growth, 8.7 -24.1%, 69.8 -60.6% growth, (165.7) -46.7% growth

- **Other operating income (expenses)**
  - (0.1), -99.2% growth, (0.0) -98.2%, (4.9) -59.0%, 0.9 n.s., 23.5 n.s., (19.4) n.s.

- **Total Revenues**
  - 1,237.4, -5.6% growth, 130.3 -11.4%, 997.2 7.3% growth, 189.6 -4.5%, 534.0 35.2% growth, (3,088.5) 3.6% growth
3.5.2 Integrity in business conduct and the fight against corruption

Our approach

The legality and integrity of business are key, essential elements for the Montepaschi Group: basing company conduct on ethical and risk culture principles and on responsibility and legality, in compliance with the Code of Ethics, through the dissemination of models, codes and procedures, is at the basis of the Group’s daily operations and encourages the pursuit of strategic objectives with a view to sustainable success. Spreading a culture of corporate ethics based on integrity fosters the improvement of reputation as well as relations with stakeholders and Customers.
The table below provides a description of the main risks for the Group related to the material topics described in the chapter and the approach adopted to manage them, in consideration of the internal business processes.

### MAN RISKS RELATED TO INTEGRITY IN BUSINESS CONDUCT AND FIGHT AGAINST CORRUPTION

<table>
<thead>
<tr>
<th>Main topics</th>
<th>Potential risk</th>
<th>Nature of risks involved</th>
<th>Stakeholder impacted</th>
<th>Main management and mitigation safeguards</th>
</tr>
</thead>
<tbody>
<tr>
<td>compliance with external regulations, agreements, standards and codes of conduct</td>
<td>&gt; fines and sanctions</td>
<td>Incurred</td>
<td>Non-financial</td>
<td>&gt; Code of Ethics</td>
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<td></td>
<td>&gt; damage to image</td>
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<td>&gt; Adoption of an updated 231 Model with indication of risk mitigation measures and controls</td>
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<td>&gt; Adoption of an Anti-Corruption Policy and of Whistleblowing channels</td>
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<td></td>
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<td></td>
<td>&gt; Training activities on 231 Model, Code of Ethics and Anti-Corruption delivered to all Group employees.</td>
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<tr>
<td></td>
<td></td>
<td>Direct and operational</td>
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<td></td>
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<td>Indirect and reputational</td>
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<td>Bank</td>
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</tbody>
</table>

For details on the main impacts generated, see the chapter "Materiality Analysis and Stakeholder Engagement".
Managing compliance in the Group

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 Code of Ethics.

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 and, more in general, unlawful conduct. In line with the principles of the United Nations Global Compact and the UNEP Principles for Responsible Banking to which it adheres, the Group is committed to fighting corruption, promoting the protection of human rights and conducting itself with integrity and respect.

In addition to the rules of the Code of Ethics, the Group is committed to complying with internal rules and procedures, the external codes and agreements to which it adheres, including international ones, contractual requirements, and the legal and regulatory obligations in force in every geographical location and area of activity in which it operates. The Group assesses the organisations which it deals with directly and indirectly from the point of view of professionalism and reliability. It pays attention to their possible involvement in activities that are unlawful, infringe on human rights or are harmful to the health and safety of mankind, nature and the environment.

The coordination and consistency of activities aimed at combating corruption are ensured at Group level by the “Centralised Compliance Model”.

CENTRALISED COMPLIANCE MODEL

Direct supervision of the Compliance Function
over all regulatory areas within the scope of business of the Parent Company and the Group’s Italian subsidiaries subject to Supervision

Delivery to the Group’s Italian subsidiaries by the Compliance Function
of services related to oversight on regulatory compliance, using methods and procedures in keeping with the provisions of Supervisory Authority and based on the guidelines and principles established by the Parent Company on the Internal Control System and outsourcing of corporate control functions.

The Group is committed to
fight corruption,
promoting the protection of human rights and conducting itself with integrity and respect.
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.” Taxonomy includes all external rules the compliance of which is monitored by the Compliance Function.

The Compliance Function is not responsible (except for the tasks provided for by specific regulations) for all those regulatory scopes for which monitoring of the risk of regulatory non-compliance is ensured by the Internal Audit Function, the Anti-Money Laundering Function, or the Validation Function, with regard to aspects relating to compliance with the supervisory standards of internal risk measurement models. Compliance monitoring ensured by Control Functions, established pursuant to primary law, is furthermore excluded.

Should the functions above carry out first-level operating activities in corporate processes with significant impact on Group compliance, with particular reference to Customer relations, the Compliance Function may conduct second-level controls.

### The organisation and management model

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 for the identification of activities at risk and the regular assessment of mitigation measures (hereinafter also referred to as “231 Model”) is a valid tool for raising awareness on the need to adopt proper and linear conduct and to prevent the risk of the offences.

The principles defined in the 231 Models of the Group Companies are aimed 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 and, 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.

The Group’s 231 Models 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.

Each Group Company has set up its own 231 Supervisory Body (which is tasked with supervising the operation and compliance of the Models), has 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 and, lastly, defined Control Protocols drawn up for each corporate organisational structure.

The Parent Company’s 231 SB is in charge of providing guidance on creating and updating the Models of Montepaschi Group Companies.

### Training on 231 Models

- Update of two online training courses on the Code of Ethics and the Administrative Liability of Entities
- Specific anti-corruption and anti-Mafia training

Following the updating activities of the 231 Model, which began in 2021, and the results of the risk self-assessment, the 231 Model revision was submitted to the Parent Company’s 231 SB and on 16 June 2022 the Board of Directors resolved to approve the updated 231 Model of Banca MPS. The updating of the 231 Models of the Companies was also completed, followed by approval of the respective Boards of Directors.
The Group's 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. It is an essential component of the general part of the 231 Models of the Group Companies.

Among its fundamental principles, the Montepaschi Group's Code of Ethics calls for the respect for human rights in the conduct of the Group's business and in the relations it holds with its stakeholders.

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 Code of Ethics and any amendments to it are subject to approval by the Board of Directors of the Parent Company, Banca Monte dei Paschi di Siena S.p.A. The Companies of the Group implement and apply the Code.

The application of the Code is ensured through the internal controls system, which constitutes a key element in a company's overall governance system.

Any non-compliance and conduct considered not in line with the Code's specifications may be reported by any Corporate Function as part of the control activities relating to their area of competence. The reports must be sent simultaneously to the Compliance and Internal Audit Functions through the formal communications transmission procedure called "Sisifo". They must be treated confidentially and analysed in order to determine their significance and provide for any corrective measures and/or improvements.

The Compliance Function examines the reports by evaluating the aspects within its scope of competence, informing the Internal Audit Function as well. Through its audit activities, the latter evaluates and identifies the possible behaviours that may indicate a violation of the Code and submits the results to the relevant Corporate Bodies as well as to the 231 Supervisory Body (hereinafter also referred to as 231 SB).

During 2022, as part of the activities to update the 231 Model of Banca MPS, the Code of Ethics was also updated. The purpose of updating the document was 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. An online course on the updated Code of Ethics was delivered to employees, while suppliers and business partners are required to sign the Code when entering into the contractual arrangements.
Communication of critical concerns

Based on their respective responsibilities, the following is required from each Corporate Control Function to carry out their activity:

• periodically report to the Corporate Bodies on the results of the checks carried out and/or promptly notify any critical issues found. More specifically, the Corporate Control Functions are required to submit an annual report to the Board of Directors on the checks carried out and the results achieved, with evidence of the weaknesses detected and the actions identified for their removal. Each Corporate Control Function, for the aspects falling within its responsibility, reports on the completeness, adequacy, efficiency and reliability of the ICS;

• monitor the correct resolution of any deficiencies and critical issues detected (follow-up) by the structures responsible for corrective actions, reporting regularly to the Corporate Bodies. The Compliance Function is responsible for defining and updating the overall Non-Compliance Risk Management process and in this respect prepares suitable and timely information flows to the Corporate Bodies.

Quantitative data on the critical issues identified by the Compliance Function in 2022 are reported below. Together with details for each critical issue, these data are represented and reported on a quarterly basis to the Top Management Bodies (Compliance Tableau de Bord; Quarterly Report to the BoD).

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>INITIAL STOCK</th>
<th>OPEN</th>
<th>CLOSED</th>
<th>FINAL STOCK</th>
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<tbody>
<tr>
<td>I Quarter 2022</td>
<td>24</td>
<td>4</td>
<td>7</td>
<td>21</td>
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<tr>
<td>II Quarter 2022</td>
<td>21</td>
<td>14</td>
<td>9</td>
<td>26</td>
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<tr>
<td>III Quarter 2022</td>
<td>26</td>
<td>5</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td>IV Quarter 2022</td>
<td>18</td>
<td>7</td>
<td>8</td>
<td>17</td>
</tr>
</tbody>
</table>

The fight against corruption and money laundering

The Group 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 over the years.

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

Prevention of corruption

Main safeguards on which the prevention of corruption is based:

• zero tolerance of corrupt conduct or behaviour
• tracing of accounting operations
• monitoring of events that could pose potential risk
integrates existing processes with detailed "anti-corruption" instructions. 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 anticorruption: it conducts a risk self-assessment that is 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; it also develops a training and awareness-raising plan for employees.

The following risks of corruption are assessed for each business process when mapping the risks of perpetration of offences for the administrative liability of entities: bribery in judicial acts; bribery for an act contrary to the duties of office perpetrated by a person in charge of a public service; bribery for an act contrary to the duties of office; extortion; incitement to bribery; bribery for an act contrary to the duties of office; embezzlement, extortion, undue pressure to give or promise benefits, bribery and incitement to bribery of members of the bodies of the European communities and officials of the European communities and foreign states; incitement to bribery between private individuals; bribery between private individuals; embezzlement; embezzlement by profiting from the error of others.

During 2022, there were no significant occurrences of non-compliance with laws and regulations, with no type of fine or non-pecuniary sanction, and there were no proven incidents of corruption.

The Group pursues the objective of broadly disseminating the culture of anti-corruption.

The 231 Model is delivered to all members of the BoD following their appointment, i.e. 100% of the BoD. During the updating of the Organisation Model, the BoD examined the anti-corruption regulatory document adopted by the MPS Group.

Anti-corruption training

- 2 online sessions on Anti-corruption: a training snippet and a more structured course
- Online courses on Anti-Mafia
- Special Board Induction sessions on corporate administrative liability and the structure of the Group's 231 Models for the Boards of Directors of subsidiaries

49 Including: 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.

48 During 2021, there were 2 cases of data breaches involving: i) the destruction of personal data although the legal deadline for their retention had not yet expired. The incident was caused by a technical error on the part of the persons in charge of data retention; ii) the malicious enumeration of email addresses belonging to the Bank’s Home Banking Customers was caused by a cyber attack perpetrated by wrongdoers who deceitfully asked users for their email addresses.
Relations with the Public Administration

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.

COMBATING MONEY LAUNDERING AND TERRORIST FINANCING

Another legality-related topic on which the Bank places particular emphasis is compliance with national and international regulations aimed at combating money laundering and terrorist financing50.

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 Risk Department Manager 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.

Montepaschi Group 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.

Since the outbreak of the Russia-Ukraine conflict, in order to ensure oversight over the operational risks inherent in the new restrictive measures introduced by the Regulators, a Task Force was set up with the duty of verifying existing oversight mechanisms, coordinating risk mitigation measures and identifying any critical issues for the entire Group.

In detail, the mitigation measures assessed as priorities were completed during the first quarter of 2022, and the monitoring, analysis and coordination of residual points of attention, as well as adjustments resulting from changes in the relevant regulations, continued during 2022.

More specifically, the special Task Force, jointly led by the AML and Compliance Functions, focused on the following areas: Advisory, Dual Use, Prohibition of Deposits over EUR 100,000, Prohibition to sell securities issued after 12/04/22, Subjects-Entities and Information Flows.

The restrictive measures taken against Russia and Belarus include a ban on accepting deposits:

• from Russian/Belarusian citizens;

• from natural persons resident in Russia/Belarus51;

• from legal persons, entities or bodies established in Russia/Belarus.

In cases where the total value of deposits of the natural or legal person, entity or body per credit institution is over EUR 100,000.

This limit does not apply to nationals of a European Union or European Economic Area52 (EEA) state or Switzerland, natural persons holding a temporary or permanent residence permit in a European Union or EEA state or Switzerland and to deposits required for non-prohibited cross-border trade in goods and services between the Union and Russia and Belarus.

50 “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, 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”.

51 With regard to euro denominated banknotes, according to EU regulations it is prohibited to sell, supply, transfer or export euro denominated banknotes to Russia or to any natural or legal person, entity or body in Russia, including the government and the Central Bank of Russia, or for use in Russia. The same requirements are applied to Belarus.

52 Iceland, Liechtenstein and Norway, in addition to other EU member States.
Exceptions to the prohibition on deposits over EUR 100,000 are nonetheless envisaged and must be submitted for approval to the relevant national authority in Italy (Financial Security Committee - FSC - at the Ministry of Economy and Finance).

To implement the restrictive measures, the Bank has updated its internal regulations. Furthermore, it has taken steps to:

- apply a **negative information code** to parties affected by the measures;
- apply a **crediting ban** on the accounts of the Customers included in the scope;
- apply **negative information codes** to parties included in the Sanction lists;
- set up **dedicated paths for removing operational blocks** in the event of acceptance of exemptions;
- adjust the **restrictions on the import-export of goods** dual use;
- adjust the restriction on the **Investment services**.

The number of rulings issued and attributable to anti-money laundering disputes, in which the Bank was unsuccessful and/or partially unsuccessful in court and due to which, therefore, sanctions were imposed by the judicial authorities, is 5.

Complaints management

At present, Customers’ disputes may take the form of complaints, requests for mediation pursuant to Legislative Decree 28/2010 and subsequent intervening amendments, and requests for assisted negotiation pursuant to Legislative Decree 132/2014 and subsequent intervening amendments. In addition, following unsuccessful or partially successful complaints or complaints for which no response was provided within the prescribed time limits, Customers may refer the dispute to the Banking and Financial Arbitrator (BFA), which has jurisdiction for disputes concerning banking and financial products and services, and the Arbitrator for Financial Disputes (AFD) regarding the obligations of diligence, fairness, information and transparency for the provision of investment services and collective asset management. The operational supervision of the entire process regarding the handling of complaints, Customer applications to the BFA and AFD, and mediations is guaranteed by the Complaints and Mediations Function.
The complaint management process is composed of the following steps:

- receipt of the complaint; the promptness with which the complaint is forwarded to the Complaints Department, regardless of the receiving structure, is of key importance;
- registration of the complaint, which is done with the aid of the Complaint Management application (GRB);
- the investigation phase, which, depending on the complexity of the complaint and the request made by the Customer, may be entrusted by the Claims Department to the Customer’s Branch/Centre of reference or supported by the Functions that are competent in the matter;
- the decision, in line with the autonomy established from time to time by internal rules;
- complaint accounting and settlement, if the outcome of the complaint leads to disbursement for the Customer.

The complaint may be sent by:

- direct hand delivery to a Branch or a Specialist Centre;
- simple or registered letter;
- online form on the Bank’s website;
- email and certified email of the Complaints Function.

In compliance with regulations, particularly art. 17 of the joint Bank of Italy/Consob Regulation, the Bank of Italy’s Supervisory Provisions on the transparency of banking and financial transactions and services, and ISVAP Regulation No. 24/2008, the Bank has established the following maximum time limits for responding to complaints submitted by Customers:

- 60 calendar days for complaints about banking and financial products and services and investment services, from the date of receipt of the complaint;
- 45 calendar days for complaints about services related to insurance mediation, from the date of receipt of the complaint;
- 15 business days for complaints about payment services, from the date of receipt of the complaint.

The activity carried out by the Complaints Function must always be thoroughly objective and impartial in order to protect stakeholders’ rights and ultimately the Bank’s reputation.

If any elements of concern or risk, as well as areas for improvement for the Bank are found while managing the complaints, the Complaints Function reports such aspects to the relevant Corporate Functions responsible for the matter, informing the Compliance Function and the Risk Function.

The Complaints Function deals with the applications submitted to the BFA and AFD, relying on the support of the Conciliatore Bancario Finanziario (Banking and Financial Conciliator), acting as a liaison with the Boards’ technical secretariats.

Customers turn to the BFA/AFD if they are not wholly or are partly satisfied with the reply they have received to their complaint; the presence of a previous complaint is an essential requirement otherwise the application will not be accepted. In both cases, the procedure is set up on the initiative of the Customer, who submits the application to the BFA/AFD using the appropriate form, and the Secretariat of the Board then notifies the Bank. From the date of receipt of the notification, the Bank has 30 days to forward its counter-arguments to the BFA. The Bank is also entitled to submit a reply rejoinder within a mandatory deadline of 15 days from the date of receipt of the claimant’s responses, if any.

The decision, together with the relevant grounds, is notified to the Bank within 30 days of the ruling being given. If the application is upheld in whole or in part, the intermediary is required to comply within 30 days of notification of the decision, complete with the grounds. Stakeholders (i.e. Customer complainants or claimants) are not involved in the design, review, operation and improvement of the procedure described above. Furthermore, the Bank does not keep trace of how effective the procedures are from the stakeholders’ perspective: the submission of an BFA/AFD application or a repeated complaint is in itself proof of their dissatisfaction with the replies provided by the Bank; similarly, it is expected that the acceptance of a complaint gratifies the Customer.

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53 Exceptions are complaints regarding possible breach of the “Code of Conduct for privately operated information systems in the area of consumer credit, reliability and timeliness of payments”, for which maximum response time is 30 business days (which may extended for a further two months in exceptional and duly motivated cases) as set out in art. 12, paragraph 3 of European Regulation 2016/679 (GDPR).
Quantitative and qualitative monitoring of the activities carried out by the Complaints and Mediations Function in terms of compliance with processing times and in terms of effectiveness is instead conducted. In particular, focus is placed on the number of upheld/partially upheld/rejected complaints and the number of favourable/partially favourable/unfavourable arbitration decisions.

Internal Audit and Whistleblowing

The Parent Company has established a centralised and independent Internal Audit (IA) Function for Subsidiaries, outsourcing of the Function was completed in 2021. 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 reliability of the organisational structure, the Internal Control System and the external regulatory framework, with a view to making the organisation more efficient.

The activities are defined in the annual audit plan and identified according to a risk-based approach and are part of a broader multi-year audit plan submitted to the Board of Directors for approval. 2022 was the second year of the three-year Audit Cycle which will end in 2023.

In order to allow gradual and correct integration of ESG factors in the methods used by the Internal Audit Function, it was agreed to follow an approach aimed at setting up a Sustainability Methodological Framework built on a number of implementation steps. As part of the 2022 Audit Plan, attention was paid to ESG-related contents during the audits.

Whistleblowing is a tool aimed at strengthening the safeguards of legality and transparency

With regard to whistleblowing, 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.

At Group level, internal advisory activities on corporate governance, conflicts of interest and related parties, and advice and assistance on anti-corruption issues are provided by the competent functions beforehand.

Training of Auditors

The following courses were delivered in 2022:

- the “AIIA Diplomas - Italian Association of Internal Auditors” programme
- specialised training courses to obtain qualifying certifications
- specialised ESG training course “ESG risk management and the role of the Internal Auditor”
**Whistleblowing** is a tool aimed at strengthening the safeguards of legality and transparency. It helps to control and prevent even more effectively the risks to which the Company may be exposed following circumstances and actions that are contrary to the law, regulations and its Code of Ethics. Furthermore, it helps implement the Group’s social responsibility policy by promoting integrity and fairness.

Staff can use the Whistleblowing platform to report negligent, unlawful, irregular or improper circumstances and conduct relating to their work. 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.

In cases where the reported person holds the position of Head of Internal Audit or Head of Internal Reporting Systems or belongs to the Fraud Audit structure, the Board of Statutory Auditors receives the reports directly through a specific channel, which cannot be accessed by the above-mentioned persons.

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

The **Head of internal reporting systems**, identified within the Internal Audit Function provides an annual report on the proper operation of the internal reporting systems, the reports received and the initiatives consequently taken - to the Board of Statutory Auditors, the Board of Directors, the Risk and Sustainability Committee, and the Director in charge of the internal control and risk management system.

In particularly important and urgent cases, the Head of internal reporting systems sends, directly and without delay, the information to the Board of Statutory Auditors and the Chairman of the BoD.

During 2022, no cases of corruption involving staff, in relation to whistleblowing, were assessed by Fraud Audit.

**Tax transparency**

The Bank and the Group do not have a specifically coded tax strategy; however, the MPS Group is aware that paying very close attention to tax compliance is capable of mitigating the risk of unethical or illegal conduct.

Correct tax management is monitored by: **specialised structures**, set up in each Group company dedicated to the monitoring of reference regulations, the correct implementation of tax regulations in activities and the management of tax obligations; the **Tax Compliance structure**, set up in the Parent Company and in the main Group companies, as envisaged for banks with specific reference to tax compliance risk.

In the Parent Company, the tax and tax compliance structures are part of the Chief Financial Officer (CFO) Department.

**Disclosure to staff**

During 2022, the following activities continued:

- Training on the internal reporting system for "New Managers" and "New Recruits";
- The annual report, provided to all staff

**Staff** can use the **Whistleblowing platform** to report negligent, unlawful, irregular or improper circumstances and conduct relating to their work.

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54 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 postion of Chief Executive Officer, nor is he the controlling shareholder of BMPS.
Revenue Agency to identify correct tax treatment where there is any uncertainty. In the event of Tax Authority claims, where the outcome of litigation (if any) is uncertain, 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, and confirmed by the Commission in 2022.

In line with these commitments, the Parent Company will need to close the Shanghai branch by the end of 2024. In addition, with regard to MP Banque, the bank will need to continue to terminate activities on the basis of a defined time schedule and refrain from carrying out any new business.

As at 31 December 2022, the foreign branches still in operation were located in the following countries: China (Shanghai branch) and France (Monte Paschi Banque S.A. and its subsidiaries).

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’).

The protection of free competition

The Group operates in compliance with free market and competition principles. Fair and correct competition is indeed a key condition for developing and maintaining Group companies in the markets in which they operate, ensuring formal and substantial compliance with relevant regulations, fostering the development, efficiency and sustainable growth of markets, and guaranteeing the well-being of stakeholders.

The Group organises its business activities in compliance with the rules on competition and agrees not to undertake initiatives that may breach the rules governing this regulatory framework and to refrain from engaging in illegitimate, or in any case improper, conduct to achieve its economic objectives. It neither implements nor accepts agreements or concerted practices between undertakings aimed at restricting competition in the market.

The Group competes in the markets, strengthened by the quality and transparency of its products and services. It avoids agreements and other conduct restricting competition and refrains from conduct considered collusive or predatory in nature or conduct constituting an abuse of a dominant position.
3.5.3 Responsible supply chain management

Our approach

The MPS Group undertakes to implement supply chain management practices aimed at achieving social and environmental sustainability principles, through the development of relationships with suppliers based on the respect for human and labour rights. Proactive supply chain management is indeed necessary to reduce the negative social and environmental impacts that can be caused by ineffective control of supplier selection, assessment and monitoring processes according to ESG criteria.

**RESULTS 2022**

- 1,844 suppliers were informed of the MPS Group’s anti-corruption policies and procedures
- Relations with a Russian supplier were interrupted following the outbreak of the Russia-Ukraine conflict
- 100% of new suppliers (72) were also assessed according to environmental and social criteria.

Increasingly cooperate with suppliers holding social and environmental certifications in order to reduce the impact in these areas while keeping in mind the economic aspect of the goods and services supplied to the MPS Group.
The table below provides a description of the main risks for the Group related to the material topics described in the chapter and the approach adopted to manage them, in consideration of the internal business processes.

<table>
<thead>
<tr>
<th>Main topics</th>
<th>Potential risk</th>
<th>Nature of risks involved</th>
<th>Stakeholder impacted</th>
<th>Main management and mitigation safeguards</th>
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</thead>
<tbody>
<tr>
<td>conduct of suppliers consistent with applicable external regulations</td>
<td>&gt; damage to image due to the conduct of suppliers</td>
<td>Incurred</td>
<td>Non-financial</td>
<td>Indirect and reputational</td>
</tr>
<tr>
<td>conduct of suppliers consistent with the Group’s ESG and ethical principles</td>
<td>&gt; damage due to disputes with suppliers</td>
<td>Incurred</td>
<td>Financial</td>
<td>Direct and operational</td>
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</tbody>
</table>

For details on the main impacts generated, see the chapter “Materiality Analysis and Stakeholder Engagement”
Group Procurement plays a leading role 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.

The Group’s 231 Model, which generally oversees relations with partners, does not allow relations with suppliers unless they declare and guarantee that they know and will comply with Legislative Decree 231/2001. For specific product categories, where protecting workers’ physical well-being and moral character is of key importance, special focus is given by the Group to examining the supplier’s economic and financial conditions 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. The Group’s anti-corruption policies and procedures is disclosed to each single supplier, covering 100% of suppliers with whom the Bank has a business relationship.

In relations with suppliers - based on the principles of equal opportunities and inclusion, mutual loyalty, transparency, cooperation, fairness and integrity - are ensured, avoiding any risk of conflict of interest or unlawful conduct. Suppliers are made aware that in providing their services they must follow standards of conduct in keeping with those set out in the Group’s Code of Ethics. In particular, they must ensure professionalism in the activities they are expected to perform, respect the rights of their workers, invest in quality, and responsibly manage environmental and social impacts.

MPS Group’s suppliers provide many different types of services, mainly in the areas of consulting (with firms or individual professionals, both Italian and foreign, for expert opinions, legal aspects, etc.), cleaning services, construction work, IT services (assistance and maintenance, hardware and software supply). All activities are governed by contracts entered into with the suppliers (centralised in the Parent Company or directly managed by the Expenditure Centres, depending on the amount of the supply), with varying durations also depending on the type of supply, which may range from one spot contracts for single projects to multi-year contracts.

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, 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.

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.

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 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.

In its relations with third parties, the Group defines contractual conditions aimed at complying with applicable anti-corruption
Our integrity regulations. To be entered in the Supplier Register, Group suppliers are required to certify that they have not been criminally convicted, including convictions related to the commission of corruption offences.

Holding leading certifications and adopting a code of ethics/conduct positively influence the objective score assigned to the supplier which is calculated by means of a mathematical algorithm at the time of entry in the Group’s Supplier Register. ESG-related aspects have a 30% weight on the total assessment score: holding certifications accounts for 25% and the adoption of a code of ethics/conduct accounts for 5%.

The overall value obtained contributes to determining the overall assessment of the supplier that is selected in the tender phase for the assignment of supplies and services, as required by relevant company regulations (document “Management of relations with suppliers”).

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 aspects. To be entered in the Supplier Register, Group suppliers are required to certify that they have not been criminally convicted, including convictions related to the commission of corruption offences.

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The overall value obtained contributes to determining the overall assessment of the supplier that is selected in the tender phase for the assignment of supplies and services, as required by relevant company regulations (document “Management of relations with suppliers”).

GRI 403-7

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, taking into account the specific techniques for performing the activities.

With reference to safety management rules, 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.
Measurement

4.1 Methodological note
4.2 Sustainability Indicators and GRI content index
The process of collecting and checking qualitative and quantitative information was strengthened in 2022 with the completion of an "Operational Protocol". The Consolidated Non-Financial Statement 2022 (NFS) of the Montepaschi 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 chapter "Materiality and Stakeholder engagement analysis".

The NFS refers to the period from 1 January 2022 to 31 December 2022 (previous reporting NFS 2021). For comparison purposes, it includes the figures for previous years, as required by Legislative Decree 254/2016, to enable a broader understanding of the performance of the Group’s activities. The reporting period of the NFS is the same as that of the Consolidated Financial Statements. The deadline for publication required by Article 154 of TUB (Consolidated Law on Banking) is 30 March 2023.

The Sustainability and ESG Staff was responsible for collecting the data and drafting the Non Financial Statement, involving in all phases the relevant corporate structures of the MPS Group companies included in the scope.

The data collection process was strengthened in 2022 through completion of an "Operational Protocol": corporate function representatives were asked to detail the source of their qualitative and quantitative contributions and the method used to ensure that it complied with the requirements of the reporting standard. Where possible, the forms used for collecting quantitative data had automatic checks to verify the consistency of the figures with those from previous years and with other Group documents.

A specific project is being implemented within the broader ESG Programme aimed at creating a single ESG data environment within the corporate data warehouse, which centralises relevant data and enables its use by all corporate functions.

The purpose of the project is to create a single environment for acquiring and handling all 'elementary' ESG data, recalculating and transforming the data, and distributing the data to the interested Bank functions. This environment will store data promptly collected from Customers on the basis of the questionnaire, data acquired from external providers and all other risk information, in order to develop a comprehensive reporting system ensuring a complete and integrated view as well as periodic monitoring.

The information presented in the MPS Group’s NFS 2022 was defined by taking as a methodological reference the "GRI Sustainability Reporting Standards" issued by the Global Reporting Initiative (GRI), a leading international association in the development of sustainability reporting standards.

Information was reported in accordance with the GRI Standards 2021, including the "Financial Services Sector Disclosure" defined by the GRI – Global Reporting Initiative. The Group took into account the reporting principles set out in the GRI Standards: completeness; sustainability context;
balance; comparability; accuracy; timeliness; clarity and verifiability. The "Guidelines on the application of the GRI (Global Reporting Initiative) Environmental Standards in Banks" published by ABI Lab (version of 15 December 2022) were also considered when drafting the document.

During the 2022 reporting process, the method used for calculating certain GRI indicators was revised, as reported in the notes to the relevant tables. In particular, the updated data is reported in the paragraph: Responsible Supply Chain Management (GRI 308-1 and GRI 414-1). Furthermore, in consideration of the limited relevance of the breakdown of data by geographical area, it was decided not to report the same as required by GRI 2-7 and GRI 401-1.

This document takes into account ESMA's Public Statement of October 2022, reported by Consob in its November newsletter, on the impacts of the Russian-Ukrainian conflict, the ensuing energy crisis and the measures taken in relation to climate issues.

Lastly, the NFS 2022 reports the evidence that emerged from the analyses conducted by the Group with respect to Article 8 of EU Regulation 2020/852 of 18 June 2020 (EU Taxonomy) and Delegated Regulations 2021/2178 and 2021/2139.

The evidence that emerged as well as the description of the methodological definition process are reported in the section "The EU Taxonomy of Environmentally Sustainable Activities". In compliance with current regulatory interpretations, limited assurance does not cover the information and data pertaining to the EU Taxonomy or the requirements of Article 8 of EU Regulation 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. The auditors are an independent third company.


Specifically, the scope does not include:

• the foreign-law Bank Monte Paschi Banque S.A;
• 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 liquidation; 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. Any changes to this scope are duly reported in the document.

As regards the employees included in the scope, there was a significant reduction in the workforce of more than 4,000 employees. These exclusions do not affect the understanding of the company's activities, its performance, its results and the impact it has produced.
resources in FY 2022 compared to FY 2021. This was the result of the reduction established in the 2022-2026 Restructuring Plan and managed in agreement with the Trade Unions through a voluntary exit plan.

Montepaschi Group’s total actual workforce stood at 17,020 employees at the end of 2022. Overall 17,206 employees were on payroll; this figure also includes Group company employees working for companies outside the scope of consolidation.

The total number of employees within the scope considered in the Non-Financial Statement 2022 was 16,827.

The reporting scope excludes 193 employees, accounting for 1% of Group personnel. 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.

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4.2 Sustainability Indicators and GRI content index

4.2.1 GRI content index

The table below presents the index of GRI Standards used to draw up the report in accordance with the GRI Standards. It shows 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.

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<td><strong>Sustainable Finance</strong></td>
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<td>GRI 302 Energy 2016</td>
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## Direct Environmental Impact

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<td><strong>GRI 306</strong> Waste 2020</td>
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## Relations with Customers and Strong Link to the Local Area

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## GRI 417 Marketing and labeling 2016

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<td>GRI 401 Employment 2016</td>
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<td>The Group does not report the number of employees broken down by geographical area</td>
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<td>401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees</td>
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<td>PP. 135, 142</td>
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In continuity with previous years, the scope of reporting refers only to Companies operating in Italy, therefore it was decided not to break down employees by geographical area.
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<td>403-8 a) i. ii. iii. Data relating to workers who are not employees but whose work and/or place of work is controlled by the organisation</td>
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<td>404-1</td>
<td>Average hours of training per year per employee</td>
<td>PP. 127, 194</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>404-2</td>
<td>Programs for upgrading employee skills and transition assistance programs</td>
<td>PP. 127, 133</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>404-3</td>
<td>Percentage of employees receiving regular performance and career development reviews</td>
<td>PP. 127, 134, 195</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI STANDARD</td>
<td>DISCLOSURE</td>
<td>LOCATION</td>
<td>REQUIREMENTS</td>
<td>REASON</td>
<td>EXPLANATION</td>
</tr>
<tr>
<td>--------------------</td>
<td>-----------------------------------------------------------------------------</td>
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</tr>
<tr>
<td><strong>Diversity &amp; Inclusion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 3 Material Topics 2021</td>
<td>3-3 Management of material topics</td>
<td>Page 143</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 405 Diversity and equal opportunity 2016</td>
<td>405-1 Diversity of governance bodies and employees</td>
<td>PP. 31, 34, 143, 146, 195-198</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>405-2 Ratio of basic salary and remuneration of women to men</td>
<td>PP 143, 198</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Economic performance and solidity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>GRI 3 Material Topics 2021</td>
<td>3-3 Management of material topics</td>
<td>P. 147</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 201 Economic performance 2016</td>
<td>201-1 Direct economic value generated and distributed</td>
<td>PP. 199, 200</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Integrity in business conduct and fight against corruption</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>GRI 3 Material Topics 2021</td>
<td>3-3 Management of material topics</td>
<td>P. 153</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 205 Anti-corruption 2016</td>
<td>205-2 Communication and training about anti-corruption policies and procedures</td>
<td>PP. 153, 158, 166, 201</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>205-3 Confirmed incidents of corruption and actions taken</td>
<td>PP. 153, 158, 202</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 206 Anti-competitive behaviour</td>
<td>206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices</td>
<td>PP. 153, 202</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI STANDARD</td>
<td>DISCLOSURE</td>
<td>LOCATION</td>
<td>OMission</td>
<td>SDGs</td>
<td>PRB</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>----------</td>
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</tr>
<tr>
<td></td>
<td><strong>Integrity in business conduct and the fight against corruption</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>GRI 207 Tax 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>207-1 Approach to tax</td>
<td>PP. 153, 164</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>207-2 Tax governance, control and risk management</td>
<td>PP. 153, 164</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>207-3 Stakeholder engagement and management of concerns related to tax</td>
<td>PP. 153, 164</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>207-4 Country-by-country reporting</td>
<td>PP. 153, 164, 202</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Responsible supply chain management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>GRI 3 Material Topics 2021</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3-3 Management of material topics</td>
<td>P. 166</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>GRI 308 Supplier environmental assessment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>308-1 New suppliers that were screened using environmental criteria</td>
<td>PP. 19, 166, 203</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>GRI 414 Supplier social assessment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>414-1 New suppliers that were screened using social criteria</td>
<td>PP. 19, 166, 203</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 4.2.2 Sustainability Indicators

#### SUSTAINABLE FINANCE

**FS8 - Monetary value of products and services designed to deliver a specific environmental benefit**

<table>
<thead>
<tr>
<th>Monetary value of products and services designed to deliver a specific environmental benefit (€/mln)</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>485.1</td>
<td>351.46</td>
</tr>
<tr>
<td>Renewable energies</td>
<td>40.39</td>
<td>58.15</td>
</tr>
<tr>
<td>SACE Green New Deal Loans</td>
<td>56.82</td>
<td>N.A.</td>
</tr>
<tr>
<td>Sustainability Linked Loans</td>
<td>146.5</td>
<td>76.69</td>
</tr>
<tr>
<td>Ecobonus</td>
<td>241.41</td>
<td>216.62</td>
</tr>
</tbody>
</table>

* The products Renewable Energies and Sustainability Linked Loans are products of MPS CS.

**FS7 - Monetary value of products and services designed to deliver a specific social benefit**

<table>
<thead>
<tr>
<th>Monetary value of products and services designed to deliver a specific social benefit (€/mln)</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>11,195.65</td>
<td>11,108.29</td>
</tr>
<tr>
<td>Consap mortgages for private customers</td>
<td>1,203.52</td>
<td>645.16</td>
</tr>
<tr>
<td>Resto al Sud</td>
<td>31.27</td>
<td>24.48</td>
</tr>
<tr>
<td>Art. 13 Liquidity Decree</td>
<td>8,020</td>
<td>8,600</td>
</tr>
<tr>
<td>Art. 1 (SACE)</td>
<td>1.74</td>
<td>1,800</td>
</tr>
<tr>
<td>Consumer Credit E. B.I. TEMP</td>
<td>3.12</td>
<td>N.A.</td>
</tr>
<tr>
<td>Subsidised Loans “Plafond Siama ed Eventi Calamitosi” (Natural Disasters and Earthquakes credit pool)</td>
<td>30.63</td>
<td>35.66</td>
</tr>
<tr>
<td>Ant-usury loans</td>
<td>2.46</td>
<td>2.2</td>
</tr>
<tr>
<td>Female Entrepreneurship</td>
<td>4.73</td>
<td>N.A.</td>
</tr>
<tr>
<td>Temporary Crisis Framework</td>
<td>41.35</td>
<td>N.A.</td>
</tr>
<tr>
<td>Supportitalia</td>
<td>75.43</td>
<td>N.A.</td>
</tr>
<tr>
<td>Microcredito di Solidarietà S.p.A*</td>
<td>0.588</td>
<td>0.588</td>
</tr>
</tbody>
</table>

* Microcredito di Solidarietà S.p.A, partially owned by BMPS, is not included in the scope of reporting of the NFS 2022. This Company disburses micro-credit with its own funds, deriving from initial endowment of its shareholders and subsequent contribution.
### DIRECT ENVIRONMENTAL IMPACT

#### 301-1 Materials used by weight or volume

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total paper used (Kg)</td>
<td>1,648,748</td>
<td>1,496,893</td>
<td>1,541,118</td>
</tr>
<tr>
<td>Paper used internally</td>
<td>868,473</td>
<td>903,477</td>
<td>940,322</td>
</tr>
<tr>
<td>Paper used externally*</td>
<td>816,275</td>
<td>593,416</td>
<td>600,796</td>
</tr>
<tr>
<td>Total toner or cartridges used (Kg)</td>
<td>23,210</td>
<td>16,404</td>
<td>14,798</td>
</tr>
<tr>
<td>Original toner</td>
<td>23,210</td>
<td>16,404</td>
<td>13,048</td>
</tr>
<tr>
<td>Regenerated toner</td>
<td>0</td>
<td>0</td>
<td>1,750</td>
</tr>
</tbody>
</table>

* the reporting process was implemented by integrating the paper used for the envelopes for correspondence sent to Customers.

#### 302-1 Energy consumption within the organisation

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity consumption (MWh)</td>
<td>104,867</td>
<td>110,908</td>
<td>113,791</td>
</tr>
<tr>
<td>from renewable sources</td>
<td>104,867</td>
<td>110,908</td>
<td>113,791</td>
</tr>
<tr>
<td>% from renewable sources</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Natural gas consumption (m³)</td>
<td>3,638,728</td>
<td>4,563,482</td>
<td>4,752,978</td>
</tr>
<tr>
<td>Heating oil consumption (L)</td>
<td>52,295</td>
<td>156,637</td>
<td>254,717</td>
</tr>
<tr>
<td>2022</td>
<td>377,521</td>
<td>399,269</td>
<td>409,648</td>
</tr>
<tr>
<td>from renewable sources</td>
<td>377,521</td>
<td>399,269</td>
<td>409,648</td>
</tr>
<tr>
<td>% from renewable sources</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Natural gas consumption (Gj)</td>
<td>124,772</td>
<td>156,468</td>
<td>162,970</td>
</tr>
<tr>
<td>Heating oil consumption (Gj)</td>
<td>1,883</td>
<td>5,642</td>
<td>9,175</td>
</tr>
<tr>
<td>Consumption of oil for generating sets (Gj)</td>
<td>97</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total energy consumption within the organisation (electricity, natural gas and oil) in Gj</td>
<td>504,273</td>
<td>561,379</td>
<td>581,792</td>
</tr>
<tr>
<td>Total energy consumption within the organisation (car fleet) in Gj</td>
<td>28,375</td>
<td>26,183</td>
<td>20,208</td>
</tr>
<tr>
<td>Total consumption (Gj)</td>
<td>532,648</td>
<td>587,562</td>
<td>602,000</td>
</tr>
</tbody>
</table>
### 302-1 Car fleet

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total (GJ)</strong></td>
<td>28,375</td>
<td>26,138</td>
<td>20,207</td>
</tr>
<tr>
<td><strong>Cars for personal and business use – Petrol (L)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In tonnes</td>
<td>3,373</td>
<td>1,809</td>
<td>681</td>
</tr>
<tr>
<td>Gj</td>
<td>108</td>
<td>57</td>
<td>22</td>
</tr>
<tr>
<td><strong>Cars for personal and business use – Diesel (L)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In tonnes</td>
<td>413,634</td>
<td>376,189</td>
<td>317,107</td>
</tr>
<tr>
<td>Gj</td>
<td>14,888</td>
<td>13,518</td>
<td>11,396</td>
</tr>
<tr>
<td><strong>Cars for business use – Petrol (L)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In tonnes</td>
<td>176,002</td>
<td>156,963</td>
<td>46,782</td>
</tr>
<tr>
<td>Gj</td>
<td>130</td>
<td>116</td>
<td>36</td>
</tr>
<tr>
<td><strong>Cars for business use – Diesel (L)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In tonnes</td>
<td>215,648</td>
<td>212,441</td>
<td>203,376</td>
</tr>
<tr>
<td>Gj</td>
<td>181</td>
<td>178</td>
<td>171</td>
</tr>
</tbody>
</table>

### 302-3 Energy intensity

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total energy per area (Gj/sqm)</strong></td>
<td>0.342</td>
<td>0.323</td>
<td>0.316</td>
</tr>
<tr>
<td>Of which electricity</td>
<td>0.256</td>
<td>0.230</td>
<td>0.223</td>
</tr>
<tr>
<td><strong>Total energy per employee (Gj/emp.)</strong></td>
<td>29.968</td>
<td>26.690</td>
<td>27.429</td>
</tr>
<tr>
<td>Of which electricity</td>
<td>22.435</td>
<td>18.983</td>
<td>19.313</td>
</tr>
</tbody>
</table>

*Note: total energy includes electricity, natural gas and heating oil, excluding the car fleet*

### 302-4 Reduction of energy consumption

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reduction of energy consumption (Gj)</strong></td>
<td>23,400</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

### 305-1 Direct (Scope 1) GHG emissions

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total (Scope 1) emissions (tCO₂ eq.)</strong></td>
<td>5,525.1</td>
<td>7,459.2</td>
<td>11,161.9</td>
</tr>
</tbody>
</table>
### 305-2 Energy indirect (Scope 2) GHG emissions

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total gross, location-based indirect emissions from energy consumption (Scope 2) (tCO₂ eq.)</td>
<td>27,342.2</td>
<td>30,936.0</td>
<td>33,903.4</td>
</tr>
<tr>
<td>Total gross, market-based indirect emissions from energy consumption (Scope 2) (tCO₂ eq.)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### 305-3 Other indirect (Scope 3) GHG emissions

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (Scope 3) indirect emissions (tCO₂ eq.)</td>
<td>2,064.6</td>
<td>2,396.6</td>
<td>2,950.4</td>
</tr>
</tbody>
</table>

### 305-4 GHG emissions intensity**

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG emissions intensity rate per area (tCO₂ eq./sqm)</td>
<td>0.00375</td>
<td>0.00430</td>
<td>0.00631</td>
</tr>
<tr>
<td>GHG emissions intensity rate per employee (tCO₂ eq./emp)</td>
<td>0.32835</td>
<td>0.35464</td>
<td>0.52623</td>
</tr>
</tbody>
</table>

** GHG emission intensity rates include direct (Scope 1) emissions (disclosure 305-1), but not indirect (Scope 2) emissions, as the contribution from the Market Based methodology is 0.

** 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).

### 305-5 Reduction of GHG emissions

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of GHG emissions (tCO₂ eq.)</td>
<td>1,713.84</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

### 306-3 Waste generated

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total weight of waste generated (t)</td>
<td>915.75</td>
<td>977.6</td>
<td>N.A.</td>
</tr>
<tr>
<td>Paper or cardboard</td>
<td>579.9</td>
<td>804.9</td>
<td>N.A.</td>
</tr>
<tr>
<td>Mixed and unseparated</td>
<td>204.17</td>
<td>118.0</td>
<td>N.A.</td>
</tr>
<tr>
<td>Wood</td>
<td>71.2</td>
<td>22.3</td>
<td>N.A.</td>
</tr>
<tr>
<td>Iron</td>
<td>37.3</td>
<td>5.5</td>
<td>N.A.</td>
</tr>
<tr>
<td>Toner</td>
<td>23.2</td>
<td>16.4</td>
<td>N.A.</td>
</tr>
<tr>
<td>IT equipment</td>
<td>0</td>
<td>10.6</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

Sustainable finance and Climate change
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.

On 12 June 2020, on completion of the inspection on Transparency conducted at MPS and Banca 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.

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.

<table>
<thead>
<tr>
<th>RELATIONS WITH CUSTOMERS AND STRONG LINK TO THE LOCAL AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>417-2 Incidents of non-compliance concerning product and service information and labeling</td>
</tr>
<tr>
<td>Total number of cases of non-compliance with regulations and/or self-governance codes (No.)</td>
</tr>
<tr>
<td>Cases of non-compliance with regulations leading to a fine or sanction</td>
</tr>
<tr>
<td>Cases of non-compliance with regulations leading to a warning</td>
</tr>
<tr>
<td>Cases of non-compliance with self-governance codes</td>
</tr>
</tbody>
</table>

* 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.
** On 12 June 2020, on completion of the inspection on Transparency conducted at MPS and Banca 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.

<table>
<thead>
<tr>
<th>417-3 Incidents of non-compliance concerning marketing communications</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of cases of non-compliance with regulations and/or self-governance codes concerning marketing disclosures, including advertising, promotion and sponsorship (No.)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cases of non-compliance with regulations leading to a fine or sanction</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cases of non-compliance with regulations leading to a warning</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cases of non-compliance with self-governance codes</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DIGITALISATION AND IT SECURITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>418-1 Substantiated complaints concerning breaches of Customer privacy and losses of Customer data</td>
</tr>
<tr>
<td>Total number of proven complaints received regarding Customer privacy violations (No.)</td>
</tr>
<tr>
<td>Complaints received from external parties and confirmed by the organisation</td>
</tr>
<tr>
<td>Complaints from regulatory authorities</td>
</tr>
<tr>
<td>Total number of Customer data leaks, theft or loss (No.)</td>
</tr>
</tbody>
</table>
### PROTECTION OF HUMAN RESOURCES

<table>
<thead>
<tr>
<th>2-7 Employees</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total employees</strong></td>
<td>16,827</td>
<td>21,033</td>
<td>21,211</td>
</tr>
<tr>
<td><strong>Of which Men</strong></td>
<td>7,886</td>
<td>10,170</td>
<td>10,316</td>
</tr>
<tr>
<td></td>
<td>47%</td>
<td>48%</td>
<td>49%</td>
</tr>
<tr>
<td><strong>Of which Women</strong></td>
<td>8,961</td>
<td>10,863</td>
<td>10,895</td>
</tr>
<tr>
<td></td>
<td>53%</td>
<td>52%</td>
<td>51%</td>
</tr>
<tr>
<td><strong>Fixed-term workers</strong></td>
<td>16,786</td>
<td>20,978</td>
<td>21,197</td>
</tr>
<tr>
<td><strong>Of which Men</strong></td>
<td>7,848</td>
<td>10,143</td>
<td>10,308</td>
</tr>
<tr>
<td></td>
<td>47%</td>
<td>48%</td>
<td>49%</td>
</tr>
<tr>
<td><strong>Of which Women</strong></td>
<td>8,938</td>
<td>10,835</td>
<td>10,889</td>
</tr>
<tr>
<td></td>
<td>53%</td>
<td>52%</td>
<td>51%</td>
</tr>
<tr>
<td><strong>Fixed-term workers</strong></td>
<td>41</td>
<td>55</td>
<td>14</td>
</tr>
<tr>
<td><strong>Of which Men</strong></td>
<td>18</td>
<td>27</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>44%</td>
<td>49%</td>
<td>57%</td>
</tr>
<tr>
<td><strong>Of which Women</strong></td>
<td>23</td>
<td>28</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>56%</td>
<td>51%</td>
<td>43%</td>
</tr>
<tr>
<td><strong>Full-Time workers</strong></td>
<td>14,968</td>
<td>18,862</td>
<td>19,049</td>
</tr>
<tr>
<td><strong>Of which Men</strong></td>
<td>7,779</td>
<td>10,061</td>
<td>10,212</td>
</tr>
<tr>
<td></td>
<td>52%</td>
<td>53%</td>
<td>54%</td>
</tr>
<tr>
<td><strong>Of which Women</strong></td>
<td>7,189</td>
<td>8,801</td>
<td>8,837</td>
</tr>
<tr>
<td></td>
<td>48%</td>
<td>47%</td>
<td>46%</td>
</tr>
</tbody>
</table>
## 2-7 Employees

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part-Time workers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Of which Men</td>
<td>87</td>
<td>109</td>
<td>104</td>
</tr>
<tr>
<td></td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Of which Women</td>
<td>1,772</td>
<td>2,062</td>
<td>2,058</td>
</tr>
<tr>
<td></td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>Non-guaranteed hours employees</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total employees per category</strong></td>
<td><strong>16,827</strong></td>
<td><strong>21,033</strong></td>
<td><strong>21,211</strong></td>
</tr>
<tr>
<td>Executive managers</td>
<td>177</td>
<td>222</td>
<td>245</td>
</tr>
<tr>
<td></td>
<td>1.05%</td>
<td>1.06%</td>
<td>1.16%</td>
</tr>
<tr>
<td>Middle managers</td>
<td>6,018</td>
<td>8,133</td>
<td>8,200</td>
</tr>
<tr>
<td></td>
<td>35.76%</td>
<td>38.67%</td>
<td>38.66%</td>
</tr>
<tr>
<td>Office workers</td>
<td>10,632</td>
<td>12,678</td>
<td>12,766</td>
</tr>
<tr>
<td></td>
<td>63.18%</td>
<td>60.28%</td>
<td>60.19%</td>
</tr>
</tbody>
</table>

* the figure is shown in headcount. The figure shown refers to 1 January after the financial year indicated. A facilitated exit measure (incentive redundancy/solidarity fund) was set up in 2022, which led to the termination of approx. 4,400 resources.
### 2-8 Workers who are not employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>4 Credit Office Specialists</td>
</tr>
<tr>
<td></td>
<td>1 Development Project Sector Specialist</td>
</tr>
<tr>
<td></td>
<td>2 Communication Office Specialists</td>
</tr>
<tr>
<td></td>
<td>1 Planning and Management Control Office Specialist</td>
</tr>
<tr>
<td></td>
<td>1 Financial Consulting Administration Office Specialist</td>
</tr>
<tr>
<td>2021</td>
<td>1 Planning and Management Control Office Specialist</td>
</tr>
<tr>
<td></td>
<td>4 Credit Office Specialists</td>
</tr>
<tr>
<td></td>
<td>2 Communication Office Specialists</td>
</tr>
<tr>
<td></td>
<td>1 Development Project Sector Specialist</td>
</tr>
<tr>
<td></td>
<td>1 Banking &amp; Payments Office Specialist</td>
</tr>
<tr>
<td>2020</td>
<td>1 Planning and Management Control Office Specialist</td>
</tr>
<tr>
<td></td>
<td>4 Credit Office Specialists</td>
</tr>
<tr>
<td></td>
<td>1 Communication Office Specialist</td>
</tr>
</tbody>
</table>

* Only Banca Widiba has workers who are not employees. The figure is shown in headcount. The figure shown refers to 1 January after the financial year indicated. All staffing contracts were entered into with Employment Agencies.

### 2-30 Collective bargaining agreements

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees covered by NCLAs (No.)</td>
<td>16,827</td>
<td>21,033</td>
<td>21,211</td>
</tr>
<tr>
<td>Percentage of total employees (%)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
### 401.1 New employee hires and employee turnover

**Number and total % of new employees hired during the year by gender and age range**

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Men</th>
<th>Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 30 years of age</td>
<td>34  (0.4%)</td>
<td>44  (0.5%)</td>
<td>78  (0.5%)</td>
</tr>
<tr>
<td>Between 31 and 50 years of age</td>
<td>44  (0.5%)</td>
<td>49  (0.6%)</td>
<td>93  (0.6%)</td>
</tr>
<tr>
<td>Over 50 years of age</td>
<td>12  (0.2%)</td>
<td>6  (0.1%)</td>
<td>18  (0.1%)</td>
</tr>
</tbody>
</table>

### Number and total % of employees who left the organisation during the year by gender and age range

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Men</th>
<th>Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 30 years of age</td>
<td>17  (6%)</td>
<td>31  (10.8%)</td>
<td>48  (2.1%)</td>
</tr>
<tr>
<td>Between 31 and 50 years of age</td>
<td>163 (2%)</td>
<td>127 (1.2%)</td>
<td>290 (1.2%)</td>
</tr>
<tr>
<td>Over 50 years of age</td>
<td>4,228 (62%)</td>
<td>258 (2.6%)</td>
<td>4,486 (2.6%)</td>
</tr>
</tbody>
</table>
### 401-1 New employee hires and employee turnover

#### Employee turnover by gender and age range

<table>
<thead>
<tr>
<th>Age Range</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-4,330</td>
<td>-278</td>
<td>-680</td>
</tr>
<tr>
<td>Of which Men</td>
<td>-2,383</td>
<td>-196</td>
<td>-453</td>
</tr>
<tr>
<td></td>
<td>-30%</td>
<td>-1.9%</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Of which Women</td>
<td>-1,947</td>
<td>-82</td>
<td>-227</td>
</tr>
<tr>
<td></td>
<td>-22%</td>
<td>-0.8%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Up to 30 years of age</td>
<td>26</td>
<td>63</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td>9%</td>
<td>22%</td>
<td>14.9%</td>
</tr>
<tr>
<td>Between 31 and 50 years of age</td>
<td>-140</td>
<td>-91</td>
<td>-56</td>
</tr>
<tr>
<td></td>
<td>-1%</td>
<td>-0.8%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Over 50 years of age</td>
<td>-4,216</td>
<td>-250</td>
<td>-666</td>
</tr>
<tr>
<td></td>
<td>-62%</td>
<td>-2.5%</td>
<td>-7.1%</td>
</tr>
</tbody>
</table>

### 401-3 Parental leave

#### Total number of employees eligible for parental leave (No.)

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,183</td>
<td>6,601</td>
<td>6,925</td>
</tr>
<tr>
<td>Of which Men</td>
<td>2,486</td>
<td>2,652</td>
<td>2,782</td>
</tr>
<tr>
<td>Of which Women</td>
<td>2,697</td>
<td>3,949</td>
<td>4,143</td>
</tr>
</tbody>
</table>

#### Total number of employees who took parental leave (No.)

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,364</td>
<td>1,229</td>
<td>1,191</td>
</tr>
<tr>
<td>Of which Men</td>
<td>145</td>
<td>101</td>
<td>85</td>
</tr>
<tr>
<td>Of which Women</td>
<td>1,219</td>
<td>1,128</td>
<td>1,058</td>
</tr>
</tbody>
</table>

#### Total number of employees who returned to work during the reporting period after taking parental leave (No.)

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,313</td>
<td>1,165</td>
<td>1,143</td>
</tr>
<tr>
<td>Of which Men</td>
<td>137</td>
<td>100</td>
<td>85</td>
</tr>
<tr>
<td>Of which Women</td>
<td>1,176</td>
<td>1,065</td>
<td>1,058</td>
</tr>
</tbody>
</table>

---

**Our People**
### 401-3 Parental leave

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>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 (No.)</td>
<td>1,144</td>
<td>1,133</td>
<td>1,607</td>
</tr>
<tr>
<td>Of which Men</td>
<td>95</td>
<td>84</td>
<td>96</td>
</tr>
<tr>
<td>Of which Women</td>
<td>1,049</td>
<td>1,049</td>
<td>1,511</td>
</tr>
<tr>
<td>Rate of return to work of employees who took parental leave (%)</td>
<td>96.26%</td>
<td>94.79%</td>
<td>95.96%</td>
</tr>
<tr>
<td>Rate of retention in the company of employees who took parental leave (%)</td>
<td>98.20%</td>
<td>99.12%</td>
<td>99.63%</td>
</tr>
</tbody>
</table>

* 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.

### 403-3 Occupational health services

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Periodic examinations (No.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examinations on request (No.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical inspections (No.)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 403-8 Workers covered by an occupational health and safety management system

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees covered by the health and safety management system (No.)</td>
<td>16,447</td>
<td>20,591</td>
<td>20,767</td>
</tr>
<tr>
<td>Percentage of employees covered by the health and safety management system (%)</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
</tr>
</tbody>
</table>

### 403-10 Work-related ill health

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of work-related illnesses by employee (No.)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total number of recordable cases of work-related ill health</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>cases caused by work-related ill health</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
### Work-related injuries

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of deaths as a result of accidents in the workplace (No.)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total number of serious accidents in the workplace (excluding deaths) (No.)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total number of recordable accidents in the workplace (No.)</td>
<td>63</td>
<td>59</td>
<td>71</td>
</tr>
<tr>
<td>Hours worked (No.)</td>
<td>29,939,743.2</td>
<td>31,656,416.9</td>
<td>31,389,982.1</td>
</tr>
<tr>
<td>Rate of deaths as a result of accidents in the workplace</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rate of serious accidents in the workplace (excluding deaths)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rate of recordable accidents in the workplace</td>
<td>2.10</td>
<td>1.86</td>
<td>2.26</td>
</tr>
<tr>
<td>Accidents to/from workplace</td>
<td>121</td>
<td>84</td>
<td>97</td>
</tr>
<tr>
<td>Accident rate to/from workplace</td>
<td>4.04</td>
<td>2.65</td>
<td>3.09</td>
</tr>
</tbody>
</table>

* The scope of reporting does not include CASSA MPS and CASSA MUTUA ASSISTENZA DIP. MPS.

### Average hours of training per year per employee

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of average hours of training per employee (No.)</td>
<td>43.8</td>
<td>44.0</td>
<td>47.3</td>
</tr>
<tr>
<td>Male employees</td>
<td>42.6</td>
<td>42.8</td>
<td>45.8</td>
</tr>
<tr>
<td>Female employees</td>
<td>45.0</td>
<td>45.1</td>
<td>48.6</td>
</tr>
<tr>
<td>Executive managers</td>
<td>17.2</td>
<td>24.6</td>
<td>28.9</td>
</tr>
<tr>
<td>Middle managers</td>
<td>44.2</td>
<td>45.4</td>
<td>47.0</td>
</tr>
<tr>
<td>Office workers</td>
<td>44.1</td>
<td>43.4</td>
<td>47.8</td>
</tr>
<tr>
<td>Total training hours delivered (No.)</td>
<td>737,645</td>
<td>924,682</td>
<td>1,002,184</td>
</tr>
<tr>
<td>Male employees</td>
<td>334,735</td>
<td>434,787</td>
<td>472,159</td>
</tr>
<tr>
<td>Female employees</td>
<td>402,910</td>
<td>489,895</td>
<td>530,025</td>
</tr>
<tr>
<td>Executive managers</td>
<td>3,042</td>
<td>5,470</td>
<td>7,091</td>
</tr>
<tr>
<td>Middle managers</td>
<td>266,235</td>
<td>369,458</td>
<td>385,125</td>
</tr>
<tr>
<td>Office workers</td>
<td>468,368</td>
<td>549,754</td>
<td>609,969</td>
</tr>
</tbody>
</table>

* The total number of hours in 2022 decreased due to the reduction of almost 20% of the workforce. A facilitated exit measure (incentive redundancy/solidarity fund) was set up in 2022, which led to the termination of approx. 4,400 resources.
### 404-3 Percentage of employees receiving regular performance and career development reviews

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees who received regular performance and career plan evaluations</td>
<td>21,033</td>
<td>21,166</td>
<td>21,781</td>
</tr>
<tr>
<td></td>
<td>99.8%</td>
<td>99.8%</td>
<td>99.8%</td>
</tr>
<tr>
<td>Men</td>
<td>10,157</td>
<td>10,296</td>
<td>10,724</td>
</tr>
<tr>
<td></td>
<td>99.9%</td>
<td>99.8%</td>
<td>99.9%</td>
</tr>
<tr>
<td>Women</td>
<td>10,864</td>
<td>10,870</td>
<td>11,057</td>
</tr>
<tr>
<td></td>
<td>99.8%</td>
<td>99.8%</td>
<td>99.9%</td>
</tr>
<tr>
<td>Executive managers</td>
<td>222</td>
<td>244</td>
<td>273</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>99.6%</td>
<td>100%</td>
</tr>
<tr>
<td>Middle managers</td>
<td>8,130</td>
<td>8,183</td>
<td>8,458</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>99.8%</td>
<td>100%</td>
</tr>
<tr>
<td>Office workers</td>
<td>12,651</td>
<td>12,739</td>
<td>13,050</td>
</tr>
<tr>
<td></td>
<td>99.8%</td>
<td>99.8%</td>
<td>99.8%</td>
</tr>
</tbody>
</table>

* 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 2022, the performance assessment carried out in 2021 and the workforce as at 31 December 2021 are taken into account). The figure refers to the number of employees receiving the BMPS assessment process. The aim of the process is to measure the performance of employees and their suitability for roles of greater responsibility.

### DIVERSITY & INCLUSION

### 405-1 Diversity of governance bodies and employees

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of members of the organisation's governing bodies by gender and age range</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Of which Men</td>
<td>9</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>60%</td>
<td>53%</td>
<td>53%</td>
</tr>
<tr>
<td>Of which Women</td>
<td>6</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>40%</td>
<td>47%</td>
<td>47%</td>
</tr>
<tr>
<td>Up to 30 years of age</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Between 31 and 50 years of age</td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>6.7%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Over 50 years of age</td>
<td>14</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>93.3%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>405-1 Diversity of governance bodies and employees</td>
<td>2022</td>
<td>2021</td>
<td>2020</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td><strong>Total number of employees by gender and age range</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Of which Men</td>
<td>7,866</td>
<td>10,170</td>
<td>10,316</td>
</tr>
<tr>
<td></td>
<td>46.75%</td>
<td>48.35%</td>
<td>48.64%</td>
</tr>
<tr>
<td>Of which Women</td>
<td>8,961</td>
<td>10,863</td>
<td>10,895</td>
</tr>
<tr>
<td></td>
<td>53.25%</td>
<td>52.65%</td>
<td>51.36%</td>
</tr>
<tr>
<td>Up to 30 years of age</td>
<td>277</td>
<td>286</td>
<td>281</td>
</tr>
<tr>
<td></td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Between 31 and 50 years of age</td>
<td>9,702</td>
<td>10,750</td>
<td>11,602</td>
</tr>
<tr>
<td></td>
<td>58%</td>
<td>51%</td>
<td>55%</td>
</tr>
<tr>
<td>Over 50 years of age</td>
<td>6,848</td>
<td>9,997</td>
<td>9,328</td>
</tr>
<tr>
<td></td>
<td>42%</td>
<td>49%</td>
<td>45%</td>
</tr>
<tr>
<td><strong>Total Executive managers</strong></td>
<td>177</td>
<td>222</td>
<td>245</td>
</tr>
<tr>
<td>Of which Men</td>
<td>143</td>
<td>185</td>
<td>206</td>
</tr>
<tr>
<td></td>
<td>81%</td>
<td>83%</td>
<td>84%</td>
</tr>
<tr>
<td>Of which Women</td>
<td>34</td>
<td>37</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>19%</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>Up to 30 years of age</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Between 31 and 50 years of age</td>
<td>35</td>
<td>52</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>20%</td>
<td>23%</td>
<td>26%</td>
</tr>
<tr>
<td>Over 50 years of age</td>
<td>142</td>
<td>170</td>
<td>181</td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>77%</td>
<td>74%</td>
</tr>
</tbody>
</table>

Our People
### Diversity of governance bodies and employees

<table>
<thead>
<tr>
<th>Category</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total middle managers</td>
<td>6,018</td>
<td>8,133</td>
<td>8,200</td>
</tr>
<tr>
<td>Of which Men</td>
<td>3,656</td>
<td>5,016</td>
<td>5,073</td>
</tr>
<tr>
<td></td>
<td>61%</td>
<td>62%</td>
<td>62%</td>
</tr>
<tr>
<td>Of which Women</td>
<td>2,362</td>
<td>3,117</td>
<td>3,127</td>
</tr>
<tr>
<td></td>
<td>39%</td>
<td>38%</td>
<td>38%</td>
</tr>
<tr>
<td>Up to 30 years of age</td>
<td>2</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Between 31 and 50 years of age</td>
<td>2,628</td>
<td>3,037</td>
<td>3,418</td>
</tr>
<tr>
<td></td>
<td>44%</td>
<td>37%</td>
<td>42%</td>
</tr>
<tr>
<td>Over 50 years of age</td>
<td>3,388</td>
<td>5,093</td>
<td>4,776</td>
</tr>
<tr>
<td></td>
<td>56%</td>
<td>63%</td>
<td>58%</td>
</tr>
<tr>
<td>Total Office workers</td>
<td>10,632</td>
<td>12,678</td>
<td>12,766</td>
</tr>
<tr>
<td>Of which Men</td>
<td>4,067</td>
<td>4,969</td>
<td>5,037</td>
</tr>
<tr>
<td></td>
<td>38%</td>
<td>39%</td>
<td>39%</td>
</tr>
<tr>
<td>Of which Women</td>
<td>6,565</td>
<td>7,709</td>
<td>7,729</td>
</tr>
<tr>
<td></td>
<td>62%</td>
<td>61%</td>
<td>61%</td>
</tr>
<tr>
<td>Up to 30 years of age</td>
<td>275</td>
<td>283</td>
<td>275</td>
</tr>
<tr>
<td></td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Between 31 and 50 years of age</td>
<td>7,039</td>
<td>7,661</td>
<td>8,120</td>
</tr>
<tr>
<td></td>
<td>66%</td>
<td>62%</td>
<td>64%</td>
</tr>
<tr>
<td>Over 50 years of age</td>
<td>3,318</td>
<td>4,374</td>
<td>4,371</td>
</tr>
<tr>
<td></td>
<td>31%</td>
<td>36%</td>
<td>34%</td>
</tr>
</tbody>
</table>
### 405-1 Diversity of governance bodies and employees

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total number of individuals in protected categories</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Of which Men</td>
<td>613</td>
<td>811</td>
<td>823</td>
</tr>
<tr>
<td></td>
<td>71%</td>
<td>55%</td>
<td>42%</td>
</tr>
<tr>
<td>Of which Women</td>
<td>544</td>
<td>654</td>
<td>643</td>
</tr>
<tr>
<td></td>
<td>29%</td>
<td>45%</td>
<td>58%</td>
</tr>
<tr>
<td>Up to 30 years of age</td>
<td>15</td>
<td>18</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Between 31 and 50 years of age</td>
<td>576</td>
<td>644</td>
<td>686</td>
</tr>
<tr>
<td></td>
<td>50%</td>
<td>44%</td>
<td>45%</td>
</tr>
<tr>
<td>Over 50 years of age</td>
<td>566</td>
<td>803</td>
<td>755</td>
</tr>
<tr>
<td></td>
<td>49%</td>
<td>55%</td>
<td>53%</td>
</tr>
<tr>
<td><strong>Individuals in protected categories out of total employees</strong></td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
</tbody>
</table>

### 405-2 Ratio of basic salary and remuneration of women to men

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Women/men basic salary ratio by category (%)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive managers</td>
<td>85.3%</td>
<td>86.6%</td>
<td>87.0%</td>
</tr>
<tr>
<td>Middle managers</td>
<td>93.2%</td>
<td>92.5%</td>
<td>92.5%</td>
</tr>
<tr>
<td>Office workers</td>
<td>100.9%</td>
<td>101.1%</td>
<td>101%</td>
</tr>
<tr>
<td><strong>Women/men remuneration ratio by category (%)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive managers</td>
<td>86.1%</td>
<td>87.7%</td>
<td>86.5%</td>
</tr>
<tr>
<td>Middle managers</td>
<td>92.6%</td>
<td>92.1%</td>
<td>92.0%</td>
</tr>
<tr>
<td>Office workers</td>
<td>100.5%</td>
<td>100.7%</td>
<td>100.5%</td>
</tr>
</tbody>
</table>

* Values calculated on theoretical remuneration data at the end of 2022.

** In the basic salary table, RAL (Gross Annual Salary) was used, which in addition to basic salary, also includes seniority increments, former wage restructuring, ad personam and provisions from collective National Collective Labour Agreements and Collective Company Contracts, including past ones. The Gross Annual Salary items cannot be cancelled at the company’s discretion; therefore, they are part of the basic salary paid to the employee.

In the table on remuneration, which is presented as recurring, non-deferred monetary remuneration, RTA (Total Annual Salary) was used, which includes, in addition to the items in the RAL (Gross Annual Salary), indemnities related to the employee’s role/position and agreements regarding the permanence/stability/non-competition of the employee’s employment contract. All items additional to the RAL and included in the RTA may be cancelled if the conditions based on which they were assigned change.
# ECONOMIC PERFORMANCE AND SOLIDITY

### 201-1 Direct economic value generated and distributed (€ thousand)

<table>
<thead>
<tr>
<th>Description</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest income and similar revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense and similar charges</td>
<td>(614,485)</td>
<td>(680,342)</td>
<td>(703,663)</td>
</tr>
<tr>
<td>Fee and commission income</td>
<td>1,584,991</td>
<td>1,696,611</td>
<td>1,595,743</td>
</tr>
<tr>
<td>Fee and commission expense*</td>
<td>(176,364)</td>
<td>(155,415)</td>
<td>(157,675)</td>
</tr>
<tr>
<td><strong>Dividends and similar income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net profit (loss) from trading</strong></td>
<td>(23,749)</td>
<td>19,769</td>
<td>33,969</td>
</tr>
<tr>
<td><strong>Net profit (loss) from hedging</strong></td>
<td>6,177</td>
<td>12,565</td>
<td>2,620</td>
</tr>
<tr>
<td><strong>Gains (losses) on disposal / repurchase of:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) financial assets measured at amortised cost</td>
<td>50,834</td>
<td>123,336</td>
<td>113,465</td>
</tr>
<tr>
<td>b) financial assets measured at fair value through other comprehensive income</td>
<td>1,236</td>
<td>11,434</td>
<td>174</td>
</tr>
<tr>
<td>c) financial liabilities</td>
<td>12</td>
<td>5,073</td>
<td>4,864</td>
</tr>
<tr>
<td><strong>Net profit (loss) from other financial assets and liabilities measured at fair value through profit and loss</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) financial assets and liabilities measured at fair value</td>
<td>31,650</td>
<td>8,962</td>
<td>195</td>
</tr>
<tr>
<td>b) other financial assets measured at fair value as per mandatory requirements</td>
<td>18,430</td>
<td>(41,121)</td>
<td>(14,815)</td>
</tr>
<tr>
<td><strong>Net impairment (losses)/reversals for credit risk of:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) financial assets measured at amortised cost</td>
<td>(430,488)</td>
<td>(193,570)</td>
<td>(749,178)</td>
</tr>
<tr>
<td>b) financial assets measured at fair value through other comprehensive income</td>
<td>(430,286)</td>
<td>(196,420)</td>
<td>(749,336)</td>
</tr>
<tr>
<td><strong>Gains/losses from contractual changes without cancellation</strong></td>
<td>4,335</td>
<td>(7,620)</td>
<td>(18,763)</td>
</tr>
<tr>
<td><strong>Net premiums</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other net insurance income/expense</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other management charges/income</strong></td>
<td>227,555</td>
<td>223,319</td>
<td>229,675</td>
</tr>
<tr>
<td><strong>Gains (losses) on equity investments</strong></td>
<td>-</td>
<td>7</td>
<td>-</td>
</tr>
</tbody>
</table>
## 201-1 Direct economic value generated and distributed (€ thousand)

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gains (losses) on disposals of investments</td>
<td>838</td>
<td>14,449</td>
<td>55,511</td>
</tr>
<tr>
<td><strong>Profit (loss) after tax from assets held for sale and discontinued operations</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total economic value generated</strong></td>
<td>2,857,040</td>
<td>2,948,564</td>
<td>2,377,494</td>
</tr>
<tr>
<td><strong>b) other administrative expenses</strong>* (net of indirect taxes, gifts/donations and charges for resolution and deposit guarantee funds)</td>
<td>(698,768)</td>
<td>(713,233)</td>
<td>(804,328)</td>
</tr>
<tr>
<td><strong>ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS</strong></td>
<td>(698,768)</td>
<td>(713,233)</td>
<td>(804,328)</td>
</tr>
<tr>
<td><strong>a) personnel expenses</strong> **</td>
<td>(2,372,481)</td>
<td>(1,488,829)</td>
<td>(1,553,801)</td>
</tr>
<tr>
<td><strong>ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND CONTRACT STAFF</strong></td>
<td>(2,372,481)</td>
<td>(1,488,829)</td>
<td>(1,553,801)</td>
</tr>
<tr>
<td><strong>Profit (loss) for the year attributable to non-controlling interests</strong></td>
<td>148</td>
<td>176</td>
<td>129</td>
</tr>
<tr>
<td><strong>ECONOMIC VALUE DISTRIBUTED TO THIRD PARTIES</strong></td>
<td>148</td>
<td>176</td>
<td>129</td>
</tr>
<tr>
<td><strong>Profit (loss) for the year attributable to the Parent Company - Share attributed to shareholders</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit (loss) for the year attributable to the Parent Company - Share attributed to holders of equity instruments</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS AND HOLDERS OF EQUITY INSTRUMENTS</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>b) other administrative expenses: indirect duties and taxes</strong></td>
<td>(94,259)</td>
<td>(90,044)</td>
<td>(101,060)</td>
</tr>
<tr>
<td><strong>b) other administrative expenses: charges for resolution and deposit guarantee funds</strong></td>
<td>(178,795)</td>
<td>(166,638)</td>
<td>(136,749)</td>
</tr>
<tr>
<td><strong>Income taxes for the year (current taxes)</strong>*****</td>
<td>49,870</td>
<td>123,333</td>
<td>135,467</td>
</tr>
<tr>
<td><strong>ECONOMIC VALUE DISTRIBUTED TO THE STATE, BODIES AND INSTITUTIONS</strong></td>
<td>(223,184)</td>
<td>(133,349)</td>
<td>(102,342)</td>
</tr>
<tr>
<td><strong>b) other administrative expenses: gifts and donations</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit (loss) for the year attributable to the Parent Company - Share attributed to the charity fund</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total economic value distributed</strong></td>
<td>(3,294,285)</td>
<td>(2,335,235)</td>
<td>(2,460,342)</td>
</tr>
<tr>
<td><strong>Total economic value retained (withdrawn) by the Group</strong>****</td>
<td>437,245</td>
<td>613,329</td>
<td>82,847</td>
</tr>
</tbody>
</table>

* 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.
** 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.
*** 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.
**** 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.
***** 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.
****** Represented by value adjustments/reversals and provisions, deferred tax assets and liabilities and consolidated profit net of dividends distributed by the Parent Company.
## INTEGRITY IN BUSINESS CONDUCT AND THE FIGHT AGAINST CORRUPTION

<table>
<thead>
<tr>
<th>205-2 Communication and training about anti-corruption policies and procedures</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>BoD members to whom the organisation's anti-corruption policies and procedures have been communicated</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Employees to whom the organisation's anti-corruption policies and procedures have been communicated</td>
<td>16,287</td>
<td>21,033</td>
<td>21,211</td>
</tr>
<tr>
<td>Commercial partners to whom the organisation's anti-corruption policies and procedures have been communicated</td>
<td>1,844</td>
<td>1,801</td>
<td>1,566</td>
</tr>
<tr>
<td>Italian companies</td>
<td>1,202</td>
<td>1,185</td>
<td>993</td>
</tr>
<tr>
<td>Professionals</td>
<td>568</td>
<td>548</td>
<td>515</td>
</tr>
<tr>
<td>Foreign companies</td>
<td>74</td>
<td>68</td>
<td>58</td>
</tr>
<tr>
<td>Members of the Board of Directors who have received anti-corruption training</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Employees who have received anti-corruption training</td>
<td>16,576</td>
<td>19,789</td>
<td>19,671</td>
</tr>
<tr>
<td>Executive managers</td>
<td>156</td>
<td>183</td>
<td>151</td>
</tr>
<tr>
<td>Middle managers</td>
<td>5,981</td>
<td>7,667</td>
<td>7,636</td>
</tr>
<tr>
<td>Office workers</td>
<td>10,493</td>
<td>12,029</td>
<td>11,884</td>
</tr>
</tbody>
</table>

*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.*
2022 Consolidated Non-Financial Statement

1. Our Vision
2. Our Identity
3. Our Approach
4. Measurement
5. The Group’s commitment

Our integrity

205-3 Confirmed incidents of corruption and actions taken

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>0. Specify the total number and nature of the ascertained incidents of corruption (No.)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1. Specify the total number of ascertained incidents in which employees were dismissed or received disciplinary action for corruption</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2. Specify the total number of ascertained incidents where agreements with commercial partners were terminated or not renewed due to corruption-related violations</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>0. Specify the total number and nature of the ascertained incidents of corruption (No.)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1. Number of legal actions pending or concluded regarding anti-competitive behaviour due to corruption</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2. Number of antitrust violations in which the organisation was identified as a participant</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3. Number of antitrust violations relating to monopoly practices in which the organisation was identified as a participant</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

207-4 Country-by-country reporting

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number of employees (No.)</td>
<td>20,146</td>
<td>20,507</td>
</tr>
<tr>
<td>2. Revenues from sales to third parties (€)</td>
<td>3,768,056,277</td>
<td>3,725,781,536</td>
</tr>
<tr>
<td>3. Revenues from intercompany transactions (€)</td>
<td>250,199,083</td>
<td>308,205,960</td>
</tr>
<tr>
<td>4. Profit/loss before tax (€)</td>
<td>186,251,973</td>
<td>-1,503,420,310</td>
</tr>
<tr>
<td>5. Property, plant and equipment other than cash and cash equivalents (€)</td>
<td>2,559,917,690</td>
<td>2,430,276,776</td>
</tr>
<tr>
<td>6. Income tax of companies paid in cash8 (€)</td>
<td>-9,327,022</td>
<td>-96,239,373</td>
</tr>
<tr>
<td>7. Income tax of companies accrued on profit/losses7 (€)</td>
<td>15,295,882</td>
<td>5,351,908</td>
</tr>
</tbody>
</table>

* The figures shown in the table refer to 2021 (the last period covered by the "Country-by-Country Reporting" sent to the Revenue Agency in December 2022).
7) The figures shown in the table refer to all the companies consolidated in the Montepaschi Group’s financial statements and belonging to the Italian tax jurisdiction (including MPS Tenimenti S.p.A., Magazzini Generali Fiduciari di Mantova S.p.A., AIACE REOCO S.r.l and ENEA REOCO S.r.l in liquidazione and the special purpose vehicles).
8) The accrued tax figure includes taxes for 2021 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 2021 payables for the same type of tax (e.g. IRES 2020 against IRES 2021);
• includes the offsetting of other types of credit in 2021 against income tax payables (IRES and IRAP) (e.g. VAT 2020 against IRES 2021);
• excluding taxes on dividends received from entities included in the Report.

Please note that income tax refunds are not included in the “Revenues” aggregate.
With reference to Italy, about EUR 12 million of IRES and IRAP tax refunds are reported referring to tax years prior to 2021.
**RESPONSIBLE SUPPLY CHAIN MANAGEMENT**

<table>
<thead>
<tr>
<th>308-1 New suppliers that were screened using environmental criteria</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new suppliers assessed using these criteria (No.)</td>
<td>72</td>
<td>129</td>
<td>138</td>
</tr>
<tr>
<td>% of new suppliers assessed compared to total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

* The figures (relating to Italian companies only) are taken from the comparison/integration between the supplier report and the supplier registration data report, both provided by the Platform and attached to the documentation. The figures in the 2020 and 2021 columns differ from those in the Group’s 2021 Non-Financial Statement because the figures previously entered referred to the total number of suppliers (Italian companies) for the respective years, and not to the “New Suppliers” for each year.

<table>
<thead>
<tr>
<th>414-1 New suppliers that were screened using social criteria</th>
<th>2022</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new suppliers assessed using these criteria (No.)</td>
<td>72</td>
<td>129</td>
<td>138</td>
</tr>
<tr>
<td>% of new suppliers assessed compared to total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

* The figures (relating to Italian companies only) are taken from the comparison/integration between the supplier report and the supplier registration data report, both provided by the Platform and attached to the documentation. The figures in the 2020 and 2021 columns differ from those in the Group’s 2021 Non-Financial Statement because the figures previously entered referred to the total number of suppliers (Italian companies) for the respective years, and not to the “New Suppliers” for each year.
**Energy Consumption** The reporting period for energy consumption data runs from 1 January to 31 December 2022, and, for 2022, 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 2022 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** The scope of reporting on consumption and related emissions is based on the concept of control.

For 2022, 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 2022 version).

The gases included in the calculation - and specified in the Guidelines - are CO\textsubscript{2}, CH\textsubscript{4}, N\textsubscript{2}O. In addition, it is specified that for the purposes of calculating CO\textsubscript{2} equivalent emissions, the emissions 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\textsubscript{4} and N\textsubscript{2}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" (December 2022 version). 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 2022). 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).

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.

**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 in 2021 based on water withdrawals.

The estimate complied with ABI guidelines and showed a consumption of approximately 27/29 m\textsuperscript{3}/year per employee. If we consider that the average annual consumption per capita is 153 m\textsuperscript{3} (ISTAT data), it is possible to state that water is not a material resource for the Group.
5. The Group’s commitment

5.1 Principles for Responsible Banking
5.1 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 report was drawn up in compliance with the guidelines published by UNEP in September 2022.

**PRINCIPLE 1: ALIGNMENT**

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

**BUSINESS MODEL**

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 in the main geographies in which your Bank has operations or provides products and services. Please also quantify the information by for example disclosing the distribution of your Bank’s portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of Customers served.

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 Banca Widiba financial advisor network.

Details on the Bank’s operating segments are given below:

- Retail Banking, which includes the income statement/balance sheet results of Retail Customers (Value and Premium segments) and Banca Widiba S.p.A. (Financial Advisor Network and Self-service channel);
- Wealth Management, which includes the income statement/balance sheet results of Private Banking Customers (Private Banking and Family Office segments) and the subsidiary MPS Fiduciaria;
- Corporate Banking, which includes the income statement/balance sheet results of Business Customers (SME, Corporate Client and Small Business segments), the Foreign Branches, the subsidiary MPS Leasing & Factoring and the foreign bank MP Banque;
- Large Corporate and Investment Banking, which includes the economic/financial results of Large Group Customers and the subsidiary MPS Capital Services;

<table>
<thead>
<tr>
<th>Main business sectors:</th>
<th>Percentage total business segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Banking</td>
<td>48.4%</td>
</tr>
<tr>
<td>Corporate Banking</td>
<td>39.0%</td>
</tr>
<tr>
<td>Wealth Management</td>
<td>5.1%</td>
</tr>
<tr>
<td>Large Corp. &amp; Inv. Banking</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

**Links and references**

- 2022 Non-Financial Statement - 2.1. The Group in a nutshell
- 2022 Non-Financial Statement - 1. Our vision
- 2022-2026 Group Business Plan
PRINCIPLE 1: ALIGNMENT

STRATEGY ALIGNMENT

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your Bank?  Yes ☑  No ☐

Describe how your Bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your Bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

☐ UN Guiding Principles on Business and Human Rights
☐ International Labour Organization fundamental conventions
☐ UN Global Compact
☒ UN Declaration on the Rights of Indigenous Peoples
☐ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: ECB Supervisory expectations relating to risk management and disclosure, Net-Zero Banking Alliance, Global Reporting Initiative (GRI), Italian Legislative Decree no. 254 of 30 December 2016, Guide on climate-related and environmental risks – ECB, Public Disclosure Pillar 3
☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: Global Reporting Initiative (GRI), Italian Legislative Decree no. 254 of 30 December 2016
☐ None of the above

RESPONSE

Sustainable development and social equity have been a key feature of the MPS Group’s activities since its foundation. In recent years, this commitment has taken on strategic importance, in line with the latest market and stakeholder sensitivities. Joining the UN’s Principles for Responsible Banking in 2019, as one of the first signatories, triggered a process of significant change in the Group’s business model. This led to the signing of the Net-Zero Banking Alliance in 2022, which includes setting decarbonisation targets for the lending and investment portfolio, and the drafting of the Sustainability Policy, which identifies the strategic pillars and ESG responsibilities within the Bank.

These commitments found material expression in the 2022-2026 Business Plan, which defines the Group’s strategic direction in the ESG area, with the aim of making a positive contribution to the Country’s sustainable development by integrating ESG principles into its corporate strategy. The Plan will allow the Group to strengthen its path towards a sustainable development model and achieve a distinctive market positioning, supporting its Customers in the green transition processes and contributing to the creation of a more sustainable, fair and inclusive society.

In February 2022, the Bank’s sustainability rating was upgraded by Standard Ethics, an internationally renowned rating agency. The Bank obtained a corporate rating of EE, which confirms the Group’s good positioning in terms of Sustainability topics.

Links and references

• 2022-2026 Group Business Plan
• 2022 Non-Financial Statement - 1.2 Executive Summary: the Group’s strategy and results
• 2022 Non-Financial Statement - 1.5 Participation in national and international programmes and association membership
• MPS NZBA Membership
PRINCIPLE 2: IMPACT AND TARGET SETTING

We will continually increase our positive impacts while reducing the negative ones and managing the risks to people and the environment resulting from our activities, products and services. We will do this by setting and publishing targets where we can have the most significant impact.

2.1 IMPACT ANALYSIS (STEP 1)

Show that your Bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfill the following requirements/elements (a-d):

a) **Scope:** What is the scope of your Bank's impact analysis? Describe which parts of the Bank’s core business areas, products/services across the main geographies that the Bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

The Group has conducted an analysis to identify the areas with the most significant negative and positive impacts, also taking into account the context in which it operates.

The products, services and activities of the Group's Retail and Corporate banking portfolios in Italy were analysed, covering almost 90% of its activities/products/services.

Wealth Management and Large Corporate and Investment Banking activities were not included in the analysis at this stage.

b) **Portfolio composition:** Has your Bank considered the composition of its portfolio (in %) in the analysis? Please provide a proportional composition of your portfolio globally and per geographical scope:

i) by sectors and industries for business\(^56\), corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products and services and by types of Customers for consumer and retail banking portfolios.

If your Bank has taken another approach to determine the bank’s scale of exposure, please elaborate, to show how you have considered where the Bank’s core business/major activities lie in terms of industries or sectors.

\(^{54}\) That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time

\(^{55}\) Further instructions may be found in the interactive guide on impact analysis and definition of goals. Key sectors related to different impact areas, i.e. those sectors whose positive and negative impacts are especially strong, are particularly relevant for the analysis
PRINCIPLE 2: IMPACT AND TARGET SETTING

With regard to the Corporate banking portfolio, the main sectors, industries and technologies financed through the Group’s activities, according to the NACE Sector classification, are as follows:

FINREP DATA – 30 09 2022

<table>
<thead>
<tr>
<th>NACE Sector</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>A AGRICULTURE, FORESTRY AND FISHING</td>
<td>2.21%</td>
</tr>
<tr>
<td>B MINING AND QUARRYING</td>
<td>0.17%</td>
</tr>
<tr>
<td>C MANUFACTURING</td>
<td>29.28%</td>
</tr>
<tr>
<td>D ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY</td>
<td>2.38%</td>
</tr>
<tr>
<td>E WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION</td>
<td>1.80%</td>
</tr>
<tr>
<td>F CONSTRUCTION</td>
<td>7.87%</td>
</tr>
<tr>
<td>G WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES</td>
<td>16.51%</td>
</tr>
<tr>
<td>H TRANSPORTATION AND STORAGE</td>
<td>3.35%</td>
</tr>
<tr>
<td>I ACCOMMODATION AND FOOD SERVICE</td>
<td>3.09%</td>
</tr>
<tr>
<td>J INFORMATION AND COMMUNICATION</td>
<td>2.28%</td>
</tr>
<tr>
<td>K FINANCIAL AND INSURANCE ACTIVITIES</td>
<td>0.26%</td>
</tr>
<tr>
<td>L REAL ESTATE ACTIVITIES</td>
<td>6.15%</td>
</tr>
<tr>
<td>M PROFESSIONAL, SCIENTIFIC AND TECHNICAL</td>
<td>3.33%</td>
</tr>
<tr>
<td>N ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES</td>
<td>2.28%</td>
</tr>
<tr>
<td>O PUBLIC ADMINISTRATION AND DEFENCE</td>
<td>0.02%</td>
</tr>
<tr>
<td>P EDUCATION</td>
<td>0.09%</td>
</tr>
<tr>
<td>Q HUMAN HEALTH AND SOCIAL WORK</td>
<td>1.08%</td>
</tr>
<tr>
<td>R ARTS, ENTERTAINMENT AND RECREATION</td>
<td>0.49%</td>
</tr>
<tr>
<td>S OTHER SERVICE ACTIVITIES</td>
<td>0.37%</td>
</tr>
<tr>
<td>Other</td>
<td>16.99%</td>
</tr>
</tbody>
</table>

With regard to retail banking, the following products were analysed using the “Consumer tool”:

- Current accounts (with and without payment services);
- Deposit accounts;
- Deposit certificates;
- Mortgages;
- Personal loans;
- Credit cards.

With regard to products, the 3 indicators analysed are:

- Number of Customers;
- Number of products;
- Amount.

For these products, Customer details were analysed in terms of:

- Income;
- Gender;
- Age;
- Residence (urban or rural).
### PRINCIPLE 2: IMPACT AND TARGET SETTING

**Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your Bank and/or your Customers operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your Bank’s portfolio impacts into the context of society’s needs.

<table>
<thead>
<tr>
<th>CRM figures as at 31/12/2022</th>
<th>% of portfolio analysed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Products (first 3)</strong></td>
<td></td>
</tr>
<tr>
<td>Current accounts with payment services</td>
<td>43%</td>
</tr>
<tr>
<td>Mortgages</td>
<td>40%</td>
</tr>
<tr>
<td>Consumer credit</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
</tr>
<tr>
<td>Low-income population (annual income of less than or equal to EUR 12,000)</td>
<td>14%</td>
</tr>
<tr>
<td>Medium-income population (annual income between EUR 12,000 and EUR 36,000)</td>
<td>39%</td>
</tr>
<tr>
<td>High-income population (annual income greater than EUR 36,000)</td>
<td>12%</td>
</tr>
<tr>
<td>Unspecified income</td>
<td>34%</td>
</tr>
<tr>
<td><strong>Type of Customers</strong></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>50%</td>
</tr>
<tr>
<td>Women</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Customer origin</strong></td>
<td></td>
</tr>
<tr>
<td>Urban area (municipality of residence with high population density)</td>
<td>54%</td>
</tr>
<tr>
<td>Rural area (municipality of residence with medium/low population density)</td>
<td>45%</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
</tr>
<tr>
<td>18-30</td>
<td>8%</td>
</tr>
<tr>
<td>30-60</td>
<td>53%</td>
</tr>
<tr>
<td>+60</td>
<td>38%</td>
</tr>
</tbody>
</table>

---

Links and references

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PRINCIPLE 2: IMPACT AND TARGET SETTING

The MPS Group has identified the following priority areas and needs in relation to the context in which it operates. Their link to the goals of the 2030 Agenda is also reported below:

- Availability, accessibility, affordability and quality of resources and services;
- Climate stability;
- Biodiversity and healthy ecosystems;
- Circular economy;
- Gender equality;

These priorities were identified with the help of the tools provided by UNEP FI, in addition to other aspects, in particular Gender Equality in Italy. Based on the Gender Equality Index 2022, Italy ranks 15th, below the European average. Specifically, in terms of access to the labour market and working conditions, Italy ranks last in Europe. On 3 December 2021, Italy signed a new law on equal pay (Italian Law 162/2021) that aims to bridge the gender pay gap and encourage women's participation in the labour market. The law introduces some significant amendments to the Equal Opportunities Code (Italian Leg. Decree 198/2006), which prohibits any direct or indirect pay discrimination for equal work or work of equal value. The new law focuses on transparency and rewards, and is in line with the National Recovery and Resilience Plan (NRRP), which includes, among other things, a National Gender Equality Strategy 2021-2026, inspired by the Gender Equality Strategy 2020-2025 approved by the European Union Parliament.

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your Bank identified? Which (at least two) significant impact areas did you prioritise to pursue your target setting strategy (see 2.2)? Please disclose.

RESPONSE

The impact analysis carried out by the MPS Group identified a wide range of impact areas, spanning the social, environmental and economic spheres. The most significant impact areas related to the 2030 Agenda Goals are reported below.

In relation to “Corporate Banking” the significant impact area is 'Climate Stability' (SDGs: 1. No Poverty, 7. Affordable and Clean Energy, 12. Responsible consumption and production, 13. Climate action), in line with the "Sustainable finance and climate change" theme that was central to the MPS Group’s 2022 materiality analysis and with the commitment confirmed in the 2022-2026 Business Plan to play an active role in the transformation of the economic and social context, promoting the transition to sustainable and inclusive business development models and contributing to the development of a low-emission economy. The impact analysis carried out using the Institutional Banking Tool provided by UNEP FI also highlighted ‘climate stability’ as one of the main impact areas, together with other areas such as 'Health and Safety' and 'Circular Economy'. Based on these findings, a more detailed measurement of the GHG emission impacts related to the loan portfolio will be carried out in 2023 in order to set

Links and references

- 2022 Non-Financial Statement 3.1 Materiality analysis and stakeholder engagement
- 2022 Non-Financial Statement 3.2 Sustainable finance and climate change
- 2021 Non-Financial Statement 3.2 Sustainable finance and climate change
- 2022 Non-Financial Statement 3.4 Our people
- 2022 Non-Financial Statement 3.3.1 Relations with Customers and strong link to the local area

57 Value 3 or 4 of the “level of need” indicator of the UNEP FI Context Module, Country & Local Results
PRINCIPLE 2: IMPACT AND TARGET SETTING

RESPONSE

decarbonisation targets in line with the commitments related to joining the Net Zero Banking Alliance. With reference to "Retail Banking", the significant impact area is "Financial Inclusion and Health" (SDGs: 8. Decent work and economic growth, 9. Industry, innovation and infrastructure, 10. Reducing inequalities), given the Group’s nationwide coverage and commitment to supporting Customers and the Community in accessing financial services and increasing their financial education, also in keeping with the commitments related to the Group’s material topics: “Customer relations and strong links to the local area” and “Culture and Community”. The third area of impact, which relates to both “retail” and “corporate banking” is “gender equality” (SDGs: 3. Health and Wellbeing, 4. Quality education, 5. Gender equality, 8. Decent work and economic growth, 10. Reducing inequalities), continuing the work started in recent years and in line with the commitments already undertaken, for example, through programmes dedicated to gender equality and female entrepreneurship. The impact analysis carried out using the Consumer Banking Tool provided by UNEP FI also highlighted how the Group’s products can generate a positive impact on Customers by giving them access to the financial system in a well-functioning economy. Conversely, by issuing credit cards and loans, the Group can generate negative impacts in terms of over-indebtedness of its customers. 

For these (min. two prioritised impact areas): Performance measurement: Has your bank identified which sectors and industries as well as types of Customers financed or invested in are causing the strongest actual positive or negative impacts? Describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your Bank’s context. 

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank’s current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. If you have identified climate and/or financial health and inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank’s activities and provision of products and services, please describe this. 

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact. 

With regard to the Climate Stability Area, a more in-depth performance measurement will be carried out during the first half of 2023, in keeping with the commitments related to joining the Net Zero Banking Alliance. 

With regard to ‘Financial inclusion’ and ‘Gender equality’, the Group will conduct analyses to assess the definition of specific initiatives. 

Links and references

• 2022 Non-Financial Statement 3.3.3 Culture and community 
• 2022 Non-Financial Statement 3.1 Materiality analysis and stakeholder engagement 

• 2021 Non-Financial Statement 3.2 Sustainable finance and climate change 
• 2022 Non-Financial Statement 3.4 Our people 
• 2022 Non-Financial Statement 3.3.1 Relations with Customers and strong link to the local area
PRINCIPLE 2: IMPACT AND TARGET SETTING

SELF-ASSESSMENT SUMMARY

Which of the following components of impact analysis has your Bank completed, in order to identify the areas in which your Bank has its most significant (potential) positive and negative impacts?59

Scope: ☒ Yes ☐ In progress ☐ No
Portfolio composition: ☒ Yes ☐ In progress ☐ No
Context: ☒ Yes ☐ In progress ☐ No
Performance Measurement: ☒ Yes ☐ In progress ☐ No

Which most significant impact areas have you identified for your Bank, as a result of the impact analysis?

Climate stability, Financial health and inclusion, Gender equality

How recent is the data used for and disclosed in the impact analysis?

☒ Up to 6 months prior to publication
☐ Up to 12 months prior to publication
☐ Up to 18 months prior to publication
☐ More than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

59 You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.
With regard to gender equality, the targets will be aligned with one or more directly related SDGs: 3 (Good health and well-being), 4 (Quality education), 5 (Gender equality), 8 (Decent work and economic growth), and 10 (Reduced inequalities).

Financial inclusion initiatives will be consistent with one or more related SDGs: 1 (No poverty), 5 (Gender equality), 8 (Decent work and economic growth), 9 (Industry, innovation and infrastructure), 10 (Reduced inequality) and 17 (Partnerships for the goals).
### PRINCIPLE 2: IMPACT AND TARGET SETTING

#### b) Baseline:
Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health and inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your Bank has prioritised climate mitigation and/or financial health and inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex. Please use a summary table that includes the impact area, all relevant indicators and the indicator code. If other and/or additional indicators have been identified as relevant to determine the baseline and assess the level of alignment towards impact-driven targets, please disclose them.

**RESPONSE**

- Measurement of the baseline against the identified impact areas will be carried out in 2023.

#### c) SMART targets:
(including key performance indicators (KPIs))
Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

**RESPONSE**

During 2023, the Group will set portfolio SMART targets in relation to the identified impact areas. However, the operational targets already defined by the Bank will remain in place:


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 embarked on a process to join carbon offset initiatives through the purchase of carbon credits, which led to its 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 national 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.

[62] Key performance indicators are chosen indicators by the Bank for the purpose of monitoring progress towards targets.
**PRINCIPLE 2: IMPACT AND TARGET SETTING**

**RESPONSE**

**OPERATIONAL SMART 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 that support and enhance the potential of people.
- promoting an awareness and culture of diversity issues from an inclusive perspective. The Group is committed to achieving 35% female representation in positions of responsibility by 2023.

**d) Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.
Please also show that your Bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

**RESPONSE**

With regard to the new portfolio SMART targets, the Bank will prepare action plans at the same time as the new targets are set. With regard to the operational targets already set, each year, in the Non-Financial Statement
- the impact areas identified by internal and external stakeholders as being among the most important issues will be monitored;
- the progress of both targets will be checked.

In addition, with regard to the Smart Target on gender equality, a committee comprising all HR functions has been set up to review the percentage and list of applications received for positions of responsibility on a quarterly basis.

**Links and references**

- 2022 Non-Financial Statement 3.4 Our people
- 2022 Non-Financial Statement 3.2 Sustainable finance and climate change
- 2022 Non-Financial Statement 3.3 Our community
- 2022 Non-Financial Statement 3.4 Our people
### PRINCIPLE 2: IMPACT AND TARGET SETTING

#### SELF-ASSESSMENT SUMMARY

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

<table>
<thead>
<tr>
<th>First area of most significant impact: Climate stability</th>
<th>Second area of most significant impact: Gender equality</th>
<th>(If you are setting targets in more impact areas) …your third (and subsequent) area(s) of impact: Financial inclusion</th>
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<td><strong>SMART targets</strong></td>
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<td><strong>Action plan</strong></td>
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</table>
**PRINCIPLE 2: IMPACT AND TARGET SETTING**

**2.3 TARGET IMPLEMENTATION AND MONITORING (STEP 2)**

For each target separately:
Show that your Bank has implemented the actions it had previously defined to meet the set target. Report on your Bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only):
describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

**RESPONSE**

OPERATIONAL SMART TARGET - CLIMATE CHANGE – ADAPTATION:
The target is to offset 60% of scope 1 emissions in 2025 compared to the 2017 baseline. In 2022, the Group offset the emissions from the use of 2 million scm of natural gas, equal to over 50% of consumption: at a national geographical level, the CO2 eq. emissions of the entire North-East, Central and Sardinia regions (which include Veneto, Trentino Alto Adige, Friuli Venezia Giulia, Emilia Romagna, Lazio, Abruzzo, Molise, Sardinia, Umbria and Marche) have been fully offset.

OPERATIONAL SMART TARGET - IMPACT AREA GENDER EQUALITY:
The target is to have 35% of women in positions of responsibility by 2023. In 2022, 35.9% of positions of responsibility in the Groups were held by women. The document "Rules on Inclusion" was also published.

**Links and references**

- 2022 Non-Financial Statement 3.2 Sustainable finance and climate change
- 2022 Non-Financial Statement 3.4 Our people
We will work responsibly with our Clients to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 CLIENT ENGAGEMENT

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

☐ Yes  □ In progress  ☐ No

Does your Bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

□ Yes  ☒ In progress  ☐ No

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. It should include information on relevant policies, actions planned/implemented to support Clients’ transition, selected indicators on Client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the Bank (see P2).

RESPONSE

In pursuing the goal of a fully sustainable economy, the Group has established a dialogue with its customers and communities through the Group’s extensive network, enabling it to identify customer needs and prepare specific products aimed at promoting local economies. Banca MPS has drawn up its own “Group Sustainability and ESG Policy”. The Policy defines the organisational model adopted by the Monte dei Paschi Group to manage the implementation of commitments, models and rules of conduct in line with the Code of Ethics, external regulations, Italian and international guidelines and the standards and initiatives to which the Group has voluntarily adhered in the area of Sustainability and ESG. With this Policy, the Group aims to promote the spread of a culture of Sustainability and to raise awareness of how these issues may affect the Group’s operating processes.

With regard to “Sustainable Finance”, the MPS Group operates in line with the most recent developments in sustainable finance. The Group aims to reduce the indirect environmental impact of its financial activities by taking into account the sustainability profiles of its customers, investors and business partners when making financial decisions. More specifically, it encourages the transition of companies towards sustainable models through products and services with high environmental and social added value and the gradual introduction of ESG products in the Group’s commercial offer.

A client engagement process is a process of supporting Clients towards transitioning their business models in line with sustainability goals by strategically guiding them through a variety of customer relationship channels.

Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.
PRINCIPLE 3: CUSTOMERS

RESPONSE

The main activities to support the Group’s ongoing sustainable development are as follows:

- expansion of its commercial offer by selecting investment products and financial instruments that genuinely meet Sustainability criteria, avoiding the introduction of financial products and instruments that perhaps claim to pursue sustainability goals but do not actually do so (greenwashing). Furthermore, the ‘ESG Project - Impact on the Distribution Model’ enables the Group to ensure compliance with the new monitoring required by the ESG requirement for the distribution of financial investment products;

- significant results have been achieved in terms of credit policies with the launch of portfolio analysis projects as a basis for integrating ESG criteria into credit granting and management procedures; for example, a new ESG questionnaire has been introduced for all corporate clients;

A Sustainability and Exclusion Policy is also being developed for sectors where the greatest negative impacts have been identified.

3.2 BUSINESS OPPORTUNITIES

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your Bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a percentage of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

RESPONSE

In line with the strategic guidelines to support the agri-food sector, the Group continued to be involved in the creation of so-called “Agrifood Centres”. These regional structures, located in the country’s main agricultural areas, are designed to promote business activities and make the Group one of the major players in the sector, as well as to support and encourage businesses to develop through innovation, production and financial sustainability.

Cooperation activities with SACE were launched in 2022 within the framework of the guarantee instrument called SACE Green New Deal, and a number of projects have been identified that could benefit from SACE’s support.

With regard to products with environmental objectives, sustainability linked-loans are disbursed for renewable energy and sustainable mobility. As for social products, microcredit disbursements continued in 2022 in order to meet the financial needs of individuals and households experiencing difficulties in accessing ordinary bank credit channels and to help them overcome temporary financial difficulties or start up a new business activity. The Group’s commitment continues with a variety of offers, including Consap mortgages, Plafond Eventi Calamitosi (Natural Disasters Fund) subsidised loans, and facilitated loans for reconstruction following the Central Italy earthquake.
PRINCIPLE 4: STAKEHOLDERS

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

4.1 STAKEHOLDER IDENTIFICATION AND CONSULTATION

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

☐ Yes  ☐ In progress  ☐ No

Describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

RESPONSE

The Bank has always made listening to its stakeholders a priority. As a result of listening and sharing activities with management and employees, a list of our stakeholders has been established and is constantly monitored and updated. Specifically, the MPS Group's stakeholders have been identified as follows: Customers, Shareholders, Employees, Institutions, Industry associations, Academics, Suppliers, Analysts, Investors, Media representatives.

In 2022, in accordance with the new GRI requirements, an activity was carried out directly involving qualified representatives/opinion leaders with expertise in sustainability.

The activity consists of 4 stages:

- Identifying potentially relevant issues and related impacts;
- Identifying stakeholders and experts that should be involved;
- Engaging stakeholders and broadening the range of impacts with the evidence gathered;
- Analysing the results obtained, prioritising the most significant impacts and identifying the material issues.

The interviews conducted provided an opportunity to look in depth at industry trends and ESG expectations, assess the material impacts related to the Group's activities and gather stakeholders' perceptions of the sustainability risks and opportunities for banks and the MPS Group.

Links and references

- 2022 Non-Financial Statement: 3.1 Materiality analysis and stakeholder engagement

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65 Such as regulators, investors, governments, suppliers, Customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organisations
We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 GOVERNANCE STRUCTURE FOR IMPLEMENTATION OF THE PRINCIPLES

Does your Bank have a governance system in place that incorporates the PRB?

☐ Yes ☐ In progress ☐ No

Please 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 the effective implementation of the Principles. This includes information about:

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

RESPONSE

Montepaschi Group’s sustainability governance has been strengthened in line with the evolving regulatory context, in which the values of sustainability increasingly guide the company’s activities and strategies towards the development of business models and policies that are capable of creating long-term value.

The Shareholders’ Resolution of 15 September 2022 introduced an explicit reference to sustainability was introduced directly into the By-Laws, confirming the Montepaschi Group’s broad commitment to a model of sustainable development and the projects that the Group intends to implement in the coming years.

The responsibilities of each function, according to four guidelines (strategy, actions and policies, risk management, monitoring and reporting), are set out in the “Group Sustainability and ESG Policy”.

The Board of Directors is a Strategic Supervision body and is therefore responsible for integrating sustainability aspects into the Business Plan, the internal control and risk management system and the remuneration policy.

The BoD is supported by the Risk and Sustainability Committee in its oversight of sustainability issues through its investigative, proposal-making and advisory functions, as well as in sustainability-related assessments and decisions, and monitors the Group’s ESG positioning. At the same time, the Steering Committee of the Parent Company, through dedicated ESG and Sustainability sessions, supports the Chief Executive Officer in providing strategic and cross-cutting guidance by coordinating activities and resolving critical issues identified in the implementation and monitoring of the strategic framework.

The Sustainability and ESG Manager is the company’s point of contact for Sustainability and ESG issues and promotes compliance with national and supranational Sustainability and ESG initiatives and oversees their implementation, including the PRBs.
## PRINCIPLE 5: GOVERNANCE & CULTURE

### 5.2 PROMOTING A CULTURE OF RESPONSIBLE BANKING:

Describe the initiatives and measures of your Bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

### RESPONSE

As in previous years, the Bank continued to improve the dissemination of specialist know-how on ESG issues, for example:

- As part of the "Credit Inside" cycle of meetings, a session was organised on the relevance of the "Social" sphere with a focus on motivational aspects in the workplace;
- A training cycle called "Green Deal Finance" was organised, focusing on issues related to the evaluation of business plans for "green" investments, as well as a session on public funds and tenders for financing investments with environmental purposes;
- A technical workshop was organised on "Financial Reporting and ESG Criteria".

### 5.3 POLICIES AND DUE DILIGENCE PROCESSES

Does your Bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

### RESPONSE

- In the Risk Management area, ESG risk factors have received special attention and analysis in terms of their identification, measurement, management and mitigation, also as a result of clear indications from regulators and supervisors.
- Taking into account the increasing importance of ESG risk factors in regulations, government policies and stakeholder awareness, and also following specific initiatives promoted by the ECB, in particular on Climate-related and Environmental Risks - C&E Risks, the Montepaschi Group is pursuing the "E-Risk ECB Action Plan" project as part of a broader multifunctional ESG Programme. This multi-annual programme of activities was launched in 2021 and aims to identify and measure climate and environmental risk factors and gradually integrate them into traditional risks and the Risk Management Framework.

### Links and references

- 2022 Non-Financial Statement 3.2 Sustainable finance and climate change
- 2022 Non-Financial Statement 3.4 Our people

### Applicable examples of types of policies are:

- exclusion policies for certain sectors/activities;
- zero-deforestation policies;
- zero-tolerance policies;
- gender-related policies;
- social due diligence policies;
- stakeholder engagement policies;
- whistleblowing policies etc., or any applicable national guidelines related to social risks.
PRINCIPLE 5: GOVERNANCE & CULTURE

SELF-ASSESSMENT SUMMARY

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the Bank’s governance system?

☐ Yes ☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☐ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☐ Yes ☐ No

PRINCIPLE 6: TRANSPARENCY AND 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 ASSURANCE

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☐ Yes ☐ Partially ☐ No

If applicable, please include the link or description of the assurance statement.

RESPONSE

A qualified third-party review of the accuracy of the data and the traceability of the Group’s target setting and monitoring process will take place once the process of setting the S.M.A.R.T. target and Net-Zero Banking Alliance goals has been completed.

Links and references

• 2022 Non-Financial Statement Certifications
## PRINCIPLE 6: TRANSPARENCY AND ACCOUNTABILITY

### 6.2 REPORTING ON OTHER FRAMEWORKS

Does your Bank disclose sustainability information in any of the listed below standards and frameworks?

- [x] GRI
- [ ] SASB
- [ ] CDP
- [ ] IFRS Sustainability Disclosure Standards (to be published)
- [ ] TCFD
- [ ] Other: ...

### RESPONSE

The Group draws up an annual Consolidated Non-Financial Statement in accordance with GRI Standards and with Italian and European laws on Sustainability reporting.

### 6.3 OUTLOOK

What are the next steps your Bank will undertake in the next 12 month-reporting period (particularly on impact analysis\(^{67}\), target setting\(^{68}\) and governance structure for implementing the PRB)? Please describe briefly.

### RESPONSE

As part of the ESG Programme, the Group has planned to start defining the S.M.A.R.T. target on climate change in the first half of 2023, in line with the commitments undertaken as part of the Net Zero Banking Alliance programme.

With regard to the other impact areas identified, the Group will start carrying out performance measurement activities over the next 12 months and then define the initiatives aimed at generating a positive impact in the areas of gender equality and financial inclusion.

For the above targets, a qualified third party will review data accuracy and the traceability of the process supported by the Group to set and monitor the data. The review will take place in 2024, when the fourth PRB report will be prepared with information on the targets.

\(^{67}\) For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

\(^{68}\) For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.
PRINCIPLE 6: TRANSPARENCY AND ACCOUNTABILITY

6.4 CHALLENGES

Here is a short section to find out about challenges your Bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritised to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your Bank has prioritised to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- Embedding PRB oversight into governance
- Gaining or maintaining momentum in the bank
- Getting started: where to start and what to focus on in the beginning
- Conducting an impact analysis
- Assessing negative environmental and social impacts
- Choosing the right performance measurement methodology/ies
- Setting targets
- Other: ...

- Customer engagement
- Stakeholder engagement
- Data availability
- Data quality
- Access to resources
- Reporting
- Assurance
- Prioritising actions internally

If desired, you can elaborate on challenges and how you are tackling these:
Certifications
Supervision activities of the Board of Statutory Auditors on non-financial information (Legislative Decree no. 254/16).

The Board of Statutory Auditors, having taken note of the provisions set forth in Legislative Decree no. 254/2016, implementing Directive 2014/95/EU regarding the disclosure of non-financial information, and the implementing Regulation issued by Consob through resolution no. 20267 of January 18, 2018, has supervised, in the exercise of its function, compliance with the provisions contained therein concerning the preparation of the Consolidated Non-Financial Statement (hereinafter referred to as the NFS or Statement), reported in accordance with the Global Reporting Initiative (GRI) international standards.

The NFS, referring to the period January 1 - December 31, 2022, provides comparative data for two previous fiscal years, as required by the aforementioned Legislative Decree no. 254/16, to allow for a broader understanding of the Group’s activities. The Statement includes a significant reporting scope, as it corresponds, unless otherwise specified, to the consolidation perimeter adopted for the preparation of the Consolidated Financial Statements, including the Parent Company, WIDIBA, MPS Capital Services Spa, MPS Leasing & Factoring Spa, and Monte Paschi Fiduciaria Spa. The foreign network and controlled companies that, although part of the Group, are not significant for reporting purposes due to the absence of an organized operational structure and their own employees, are excluded.

The Board of Statutory Auditors has noted that the 2022 NFS has been prepared in accordance with the new Global Reporting Initiative (GRI) Universal Standards 2021, has taken into account the recommendations received from the Auditors during the closure of the 2021 NFR, and contains all the information required by the ESMA Guidelines.

Since the adoption of GRI 2016, over the years, the Group has progressively increased the quantity and quality of information provided to stakeholders in accordance with reporting standards, ultimately reaching the “in accordance” option in 2022, in compliance with the aforementioned GRI 2021, thus achieving the highest level of disclosure, aiming to enhance transparency and comparability, and opting for a more user-friendly digital layout.

The 2022 NFS reports the material topics identified based on the materiality analysis conducted in 2022, following the principles of impact materiality, which require assessing the effects that the company has on society and the surrounding environment through its activities and business relationships, in accordance with the Global Reporting Initiative.

The methodology adopted by the Group for the aforementioned materiality analysis, consisting of interviews involving internal and external stakeholders, has led to the identification of 11 potentially relevant topics within the four main ESG pillars (sustainable finance and climate change, our community, our people, our integrity). For the assessment of the generated impact, the following topics are highlighted: Sustainable finance and climate change, Integrity in business conduct and the fight against corruption, Staff development and Protecting personnel.

The Board of Statutory Auditors has also taken note that the NFS also complies with the indications provided in ESMA’s Public Statement of October 28, 2022, as reported by Consob in newsletter no. 37 of November 2022, regarding the impacts of the Russian-Ukrainian conflict, the resulting energy crisis, and the measures adopted in relation to climate issues. Specifically, for the 2022 reporting, the Group pays attention to:

- Providing information on how the consequences of the Russia-Ukraine war are influencing sustainability plans and the achievement of related objectives and targets;
- Disclosing the policies adopted in relation to climate issues, the process of identifying climate risks, as well as the results of these policies and the need to provide climate-related indicators and target achievement levels;
- Complying with the information obligations set forth in Article 88 of the “Taxonomy Regulation,” some of which have been in effect since last year, and others effective from January 1, 2023;
- Ensuring the reporting scope and data quality.

In continuity with the path initiated in 2021, the 2022 NFS also integrates the annual report on progress made regarding the commitments of the Principles for Responsible Banking (PRB) of the UNEP’s Financial Initiative (United Nations Environment Program), in order to consolidate all sustainability-related information into a single document,
promoting completeness of information and transparency for all stakeholders. The preparation of this report has also taken into account the feedback received from UNEP in the "Individual Feedback & Support Meeting Report" regarding the Group’s activities implemented from 2019 to 2021. The Board of Statutory Auditors acknowledges that the NF S represents an important step towards integrated sustainability reporting, characterized by a greater strategic orientation and the integration of non-financial and financial elements. The 2022 Statement contains qualitative and quantitative information regarding the Group’s strategy on material ESG (Environmental, Social, and Governance) topics, management of related risks, and initiatives and results achieved during 2022.

The Board of Statutory Auditors acknowledges that the 2022 NF S already includes some aspects of the Corporate Sustainability Reporting Directive (CSRD), which will come into effect from 2024, allowing the Bank to anticipate the progressive pursuit of the following advantages: (i) monitoring activities, identifying areas for improvement, and initiating integration into the Financial Statement; (ii) improving corporate reputation and gaining competitive advantages with customers who are increasingly attentive to a company’s sustainability factors, as well as with investors who identify companies focused on sustainability as a better investment option; (iii) receiving better ratings from major ESG rating agencies and benefiting from improved access to financing sources and/or capital.

In this regard, the Board of Statutory Auditors notes that the Bank has always been involved in ESG topics, as evidenced by the numerous actions pursued in recent years, such as the adoption of the aforementioned "Principles for Responsible Banking" signed in 2019 and, since 2022, the "Net-Zero Banking Alliance." One of the Group’s objectives is to strengthen its path towards a sustainable development model in order to achieve a distinctive positioning in the market regarding ESG profiles. The 2022-2026 Industrial Plan outlines certain lines of development in the ESG field, aiming to proactively contribute to sustainable development by integrating sustainability principles into the corporate strategy. This additional objective will enable the Group to evolve towards a business model focused on core activities with greater efficiency, including digitalization, and sustainability principles for the benefit of all stakeholders.

In light of the importance of ESG issues, the Board of Statutory Auditors has periodically met with the relevant Business Functions to receive updates on the overall projects of the "ESG Program" initiated by the Bank, to be completed by 2024. The program includes initiatives aimed at fully integrating ESG criteria into strategic and management processes, supporting ecological transition and the development of sustainable models, promoting a low-carbon impact economy, and protecting and developing the skills of human resources to support the transition through the promotion of ESG culture and training.

The Board notes that as part of the ESG program, the Group has planned to initiate the definition of S.M.A.R.T. targets related to climate change, in line with the commitments made within the Net Zero Banking Alliance program, which include the definition of gradual objectives for sectors subject to transition by the end of 2024.

Regarding other identified areas of impact, the Group will initiate activities in the next 12 months to define initiatives aimed at generating a positive impact in the areas of gender equality and financial inclusion.

For the aforementioned targets, the Group has shared with UNEP that the start of review activities by a qualified third party entity, concerning data accuracy and the traceability of the Group’s process for determining and monitoring these targets, will occur once the process of defining the S.M.A.R.T. target and Net-Zero Banking Alliance objectives is concluded.

During its supervisory activities, the Board of Statutory Auditors will continue to monitor the Bank’s ongoing projects in this area throughout 2023, as well as verify the definition of decarbonization targets planned for the current year, primarily focusing on financing counterparties in sectors with high climate impact, in line with the commitment made by joining the Net-Zero Banking Alliance.

From a governance perspective, in addition to the existing measures, the Board of Statutory Auditors has also noted that the following objectives were achieved during 2022: (i) finalization of an important statutory amendment, assigning the Board of Directors the definition of Group strategic lines integrated with environmental, social, and governance (ESG) aspects; (ii) publication of the "Directive on Sustainability and ESG" and (iii) preparation of the Sustainability Plan. The plan identifies all priority ESG initiatives, their deadlines, goals, and deadlines, and ownership, in order to achieve the strategic objectives defined in the Industrial Plan, which include regulatory requirements, supervisory authorities’ demands, and voluntarily undertaken commitments.

During 2022, the upgrade of the Bank MIF’s ESG rating issued by Standard Ethics LTD, which raised the corporate rating from "EE" ("Adequate") to "EE" ("Strong") and the long-term expected rating to "EE+", confirms concrete progress in strengthening sustainability governance and integrating ESG criteria into strategy and risk management. This demonstrates the Bank’s commitment to continue along the path of cross-functional integration of ESG themes into its strategic vision.

In terms of promoting ESG culture through awareness and training programs, the oversight body also recognizes the results achieved in Diversity & Inclusion, including (i) a 36% representation of women in leadership roles, (ii) adoption of “Inclusion Rules” for the entire workforce, and (iii) the implementation of remediation policies aimed at a progressive and substantial reduction of the gender pay gap (as of December 31, 2022, equal to -12.5%).

The Board of Statutory Auditors has held joint working sessions with the department responsible for preparing the NF S, examining the available documentation, integrated with the findings of compliance checks entrusted to the Compliance Function. Overall, this verification has allowed for an "Overall Compliant" judgment, as the Statement complies with the requirements for its preparation set forth in Legislative Decree no. 254 of December 30, 2016, Consob Resolution no. 20267 of January 16, 2018, Regulation 2020/852/EU, Delegated Regulation 2021/2139/EU, Delegated Regulation 2021/2178/EU, and the ECB’s Guide on Climate and Environmental Risks.

The NF S document underwent a limited assurance review by the auditing firm PricewaterhouseCoopers Spa in accordance with the principles indicated in the revised ISAE 3000 standard. The verification procedures performed and the results reported in the "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 resolution no. 20267 of January 2018" were presented to the Board of Statutory Auditors, respectively, during the meetings held on March 6 and March 24, 2023. The Board of Statutory Auditors also notes from the aforementioned report issued by PwC that no elements have come to their attention that would lead them to believe that the Group’s NF S for the fiscal year ended December 31, 2021, is not prepared, in all material aspects, in accordance with the relevant regulations. The conclusions of the audit firm regarding the Group’s NF S do not extend to the information contained in the "EU Taxonomy for Eco-Sustainable Activities" paragraph, as required by Article 8 of European Regulation 2020/852.

The same audit firm draws attention to certain areas for improvement in the process, primarily related to management aspects of collecting and processing accurate and timely information, including environmental/climate-related information. These improvements can be achieved through the implementation of appropriate IT procedures in line with the evolving regulatory context, where sustainability values increasingly guide business activities and strategies in the development of business models and policies capable of creating long-term value.

Based on the information acquired, this Board of Statutory Auditors certifies that, as provided for in Article 3, paragraph 7 of Legislative Decree no. 254/2016, within the scope of the functions assigned to it by the law, taking into account the results of the checks carried out by the Compliance Function and the audit firm PwC, no elements of non-compliance and/or violations of the relevant regulatory provisions have emerged. The 2022 Consolidated Non-Financial Statement was approved by the Board of Directors on March 8, 2023.

Rome, March 27 2023
For the Board of Statutory Auditors
Chairperson
Enrico Ciai

Monopoli
INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED 
NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, 
PARAGRAPH 10, OF LEGISLATIVE DECREES NO. 254/2016 AND 
ARTICLE 3 OF CONSOB REGULATION NO. 20267 OF JANUARY 
2018

YEAR ENDED 31 DECEMBER 2022

Independent auditor’s report on the consolidated non-financial statement
pursuant to Art. 3, c. 10, Legislative Decree 254/2016 and Art. 5 CONSOB Regulations adopted by resolution no. 20267 of January 2018

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 December 30, 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 SpA and its subsidiaries (the "Group") for the year ended 31 December, 2022 prepared in accordance with Article 4 of the Decree, approved by the Board of Directors on March 8, 2023 (the "NFS").

Our review does not extend to the information set out in the "The EU taxonomy of environmentally sustainable activities" paragraph 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 the GRI-Sustainability Reporting Standards set forth in 2021 (hereinafter "GRI Standards") indicated in the "Methodological Note" section of the NFS, which they identified 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 organizational 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, compliance with the Decree.
Auditor's Independence and Quality Control

We are independent in accordance with the ethics and independence principles of 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 behavior. 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 the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereinafter “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 does not contain material misstatements. 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 to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison between the economic and financial data and information reported in the NFS with the data and information reported in the Group's consolidated financial statements;
4. understanding of the following aspects:
   a. business and organizational 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 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 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 SpA, MPS Capital Services, 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 Monte dei Paschi Group for the year ended 31 December, 2022 is not prepared, in all material respects, in accordance with Articles 3 and 4 of the Decree and the GRI Standards.

Our conclusions on the NFS of Monte dei Paschi Group do not extend to the information set out in the paragraph “The EU taxonomy of environmentally sustainable activities” of the NFS, required by Article 8 of European Regulation 2020/852.

Firenze, 27 marzo 2023

PricewaterhouseCoopers SpA

Marco Palumbo
(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 2022 translation.
Some of the images reproduced herein are details of 15th to 19th century artworks from the collections of Banca Monte dei Paschi di Siena.

List of works:

- Unknown XVII-century Roman painter, Landscape with fisherman, friar and buildings, oil on canvas, c. 1680/1700, Chigi Saracini collection;
- Domenico Beccafumi, Cleopatra, tempera on panel, c. 1610, Chigi Saracini collection;
- Bartolomeo di David, Minerva, oil on panel, c. 1530, Chigi Saracini collection;
- Agostino Tassi, Marina with ship at anchor and other boats, oil on canvas, c. 1610/1620, Chigi Saracini collection;
- Andrea Amato, Chief Financial Officer Department
- Sandra Bartolommei, Chief Human Capital Officer Department
- Roberta Bassi, Chief Human Capital Officer Department
- Carlotta Bati, Communications Staff Unit
- Stefania Canestri, Chief Risk Officer Department
- Marco Caracciolo, Chief Commercial Officer Corporate and Private Department
- Umberto Cerasuolo, Chief Financial Officer Department
- Chiara Cifoni, Chief Operating Officer Department
- Alice Cipparone, Chief Financial Officer Department
- Antonella Cirina, Chief Human Capital Officer Department
- Rosaria Cottito, Chief Risk Officer Department
- Francesco Angelo Curione, Chief Compliance Executive Department
- Sabrina Cutini, Chief Lending Officer Department
- Giuseppe Di Leo, Chief Risk Officer Department
- Annamaria Di Raimo, Chief Commercial Officer Retail Department
- Ida Ferrari, Chief Safety Officer Department
- Claudia Fortunati, Chief Commercial Officer Retail Department
- Mario Ghirardini, Chief Compliance Executive Department
- Michele Giovani, Chief Operating Officer Department
- Herbert Graf, Chief Audit Executive Department
- Filippo Grossi, Chief Financial Officer Department
- Gabriele Iommi, Chief Lending Officer Department
- Luisa Lapucci, Group General Counsel Department
- Maria Costante, Silvia Machetti, Sabrina Miniati, Stefano Naldini, Federico Pacciani.

The different contributions were collected by the members of the Sustainability Workgroup:

- Maria Elena Aggravi, Banca Widiba
- Andrea Amato, Chief Financial Officer Department
- Sandra Bartolommei, Chief Human Capital Officer Department
- Roberta Bassi, Chief Human Capital Officer Department
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- Marco Caracciolo, Chief Commercial Officer Corporate and Private Department
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- Chiara Cifoni, Chief Operating Officer Department
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- Michela Rossi, Chief Commercial Officer Retail Department
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- Rosaria Santovito, Chief Financial Officer Department
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- Barbara Tiralongo, Chief Compliance Executive Department
- Claudia Zappa, Chief Human Capital Officer Department

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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